

The Insolvency Act 1986

**Notice of move from
administration to dissolution**

2.35B

Name of Company Democon Limited
--

Company number 06377227

In the High Court, Chancery Division, Leeds District Registry (full name of court)

Court case number 133

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

We (a) Gareth David Rusing
The P&A Partnership Limited
93 Queen Street
Sheffield
S1 1WF
DX 10616 Sheffield

John Russell
The P&A Partnership Limited
93 Queen Street
Sheffield
S1 1WF
DX 10616 Sheffield

(b) Insert name and address of registered office of company

having been appointed administrator(s) of (b) Democon Limited 93 Queen Street Sheffield

(c) Insert date of appointment

on (c) 13 February, 2014 by (d) John Russell

(d) Insert name of applicant/appointor

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 apply

We attach a copy of the final progress report

Signed

Joint Administrators

Dated

28 July 2015

Contact Details:

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

Gareth David Rusing
The P&A Partnership Limited
93 Queen Street
Sheffield
S1 1WF
DX 10616 Sheffield

DX Number

0114 2755033
DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

WEDNESDAY



A22 29/07/2015 #69
COMPANIES HOUSE

DEMOCON LIMITED

**FINAL REPORT TO CREDITORS
PURSUANT TO RULE 2.118 OF THE INSOLVENCY RULES 1986**

**Gareth David Rusling & John Russell
Joint Administrators
(Replacing C M White as detailed at Paragraph 1.4 of the Report)**

**The P&A Partnership Limited
93 Queen Street
Sheffield
S1 1WF**

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IN THE MATTER OF DEMOCON LIMITED ("the Company")

AND

IN THE MATTER OF THE INSOLVENCY ACT 1986

**FINAL REPORT TO CREDITORS
PURSUANT TO RULE 2.118
OF THE INSOLVENCY RULES 1986**

1. STATUTORY INFORMATION

- 1 2 On 13 February 2014 the Directors filed a Notice of Appointment of Administrators pursuant to Paragraphs 22 & 29 of Schedule B1 to the Act Christopher Michael White and Gareth David Rusling of The P&A Partnership Limited, (Formerly The P&A Partnership) 93 Queen Street, Sheffield S1 1WF were appointed Joint Administrators of the Company
- 1 2 The Administration is registered in the High Court, Chancery Division, Leeds District Registry under reference number 133 of 2014
- 1 3 As previously advised, Christopher Michael White resigned from office as Joint Administrator of the Company on 14 August 2014 and John Russell was appointed in his place
- 1 4 The Joint Administrators are licensed to act as Insolvency Practitioners in the UK by the Insolvency Practitioners-Association In accordance with Paragraph 100 (2) of Schedule B1 to the Act, the Joint Administrators may exercise any or all of their functions acting jointly or alone
- 1 5 The trading address of the Company was Pole Position, London Road, Bassetts Pole, Sutton Coldfield, B75 5SA
- 1 6 The registered office of the Company is 93 Queen Street, Sheffield, S1 1WF and its registered number is 06377227
- 1 7 The Administration period was extended with the consent of the unsecured creditors until the 12 August 2015

2.- STRATEGY

- 2 1 Our Proposals for achieving the purpose of Administration were deemed approved on 4 April 2014 The objective of the Administration was to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up without first being in Administration
- 2 2. Achieving the above objective of the Administration was dependent upon the successful collection of the Company's book debt ledger However, as detailed in section 3 of the report, book debt realisations have been significantly lower than first envisioned Consequently, a distribution to the unsecured creditors will not be available
- 2 3 Notwithstanding the above, an objective of Administration has been achieved, as a partial dividend has been made to the Company's preferential creditors Therefore, an objective of Administration has been achieved and this is our final report on the outcome of the Administration

3. PROGRESS OF THE ADMINISTRATION

- 3 1 The progress of the Administration up to 28 January 2015 was detailed in our previous report
- 3 2 In accordance with the terms of the Sale Agreement entered into on 13 February 2014, Democon UK Limited ("the Purchaser") was entitled to offset the costs they incurred discharging staff wages and essential payments in the week immediately preceding our appointment. These payments allowed the Company to continue trading whilst the sale was negotiated and prevented any further on site delays and decrease in the value of the contract debts. The Purchaser has been able to verify payments totalling £10,902 and we have therefore consented to this sum being offset
- 3 3 Payments totalling £6,510 have been received to date in respect of the sales consideration. The Purchaser is currently £2,748 in arrears. A request was made to the Purchaser for the arrears to be brought up to date but as at the date of the report the arrears have not been paid
- 3 4 Our in house Quantity Surveyor was instructed to oversee the Purchaser's progress in collecting the debts. The collection of contract debts has proven to be much more drawn out than originally anticipated following a large number of terminations. Consequently, the debtors' obligation to make short term payments is suspended until completion of the contracts and the expiry of defect liability periods, which could take up to 12 years depending on the liability period prescribed in the contracts. This, along with the provision of cross contract set-off being applicable in many of the contracts has resulted in the collection process becoming extremely protracted
- 3 5 We previously advised that we were in negotiations with Lovell Partnership in relation to an outstanding debt in the sum of £95,000. This debt has now been written off as they have substantiated a counter claim which exceeds the sum due
- 3 6 Certus UK Associates Limited ("Certus") were instructed to act as our agents in respect of the outstanding Wates Construction Limited ("Wates") contracts due to their intricate knowledge of the projects. Wates submitted a settlement offer in the sum of £80,000 and following consultation with Certus the offer was accepted. To date we have received the sum of £55,643.91 from Wates
- 3 7 Carillion Plc have to date made payment against two of the five outstanding debts in the sum of £22,194.58. The outstanding balance of approximately £28,000 is subject to set-off claims for an ongoing project. The set-off claim is due to defects and the costs of repairs required rectifying the problems. The costs of the remedial works exceed the balance due and the remaining balance is therefore not considered collectable

4. UNREALISED ASSETS

- 4 1 The remaining debt due from Wates has now been reassigned to The P&A Partnership Limited to collect. It was concluded that it was not cost effective to extend the Administration by court order to continue to collect the remaining sum. The outstanding debt that is to be collected by The P&A Partnership Limited will be utilised to discharge the Joint Administrators' outstanding remuneration. These monies would not be available to creditors given the extent of the outstanding Administration costs
- 4 2 The Purchaser has arrears of £2,748 in respect of the sales consideration. This outstanding debt is also to be collected by The P&A Partnership Limited and used to discharge the Joint Administrators' outstanding costs

5. INVESTIGATIONS

- 5 1 In accordance with the Company Directors Disqualification Act 1986 we have submitted a report on the conduct of the directors of the Company to The Department for Business Innovation & Skills ("DBIS"). The contents of the report are confidential therefore cannot be disclosed to the creditors

5.2 Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting (where held) or as a response to our request to complete an investigation questionnaire. The investigations have not revealed any issues requiring further report.

6. RECEIPTS AND PAYMENTS

6.1 A summary of the our Receipts and Payments covering the period 29 January 2015 to 27 July 2015, together with a cumulative total for the entire period of Administration is enclosed at Appendix A.

7. POST APPOINTMENT PROFESSIONAL FEES

7.1 The Company's creditors have approved that the basis of our remuneration be fixed by reference to time properly spent by us and our staff in managing the Administration. Given that a distribution to unsecured creditors is no longer available, additional authority from the Company's secured and preferential creditors has been obtained.

7.2 Our time costs for the period from the 29 January 2015 to 27 July 2015 are £17,946.90. This represents 79 hours at an average rate of £227.18 per hour. Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this period in respect of the costs fixed by reference to time properly spent by me in managing the Administration. To date, £39,602.69 of remuneration has been drawn on account during the period of this report.

7.3 Our time costs have reached this level as a result of the following issues,

7.3.1 The collection of the Company's book debts and dealing with complex negotiations with contracts,

7.3.2 Reviewing preferential claims

7.3.3 The above is in addition to our statutory duties

7.4 Also attached as Appendix C is a cumulative Time Analysis for the period from 13 February 2014 to 17 July 2015 which provides details of our time costs since appointment.

A Creditors' Guide to Administrators' Fees is available and provides explanations of creditors' rights. This can be accessed via the Internet at www.thepandagroup.co.uk/requirements or alternatively a copy can be requested by telephoning The P&A Partnership Limited Help Desk +44 (0)114 275 5033.

7.6 Enclosed at Appendix D is additional information in relation to The P&A Partnership Limited's policy on staffing, the use of subcontractors, disbursements and details of our current charge out rates by staff grade.

7.7 Additional post-appointment professional costs are as follows:-

7.7.1 As advised previously, we retained the services of Charterfields and they are to be paid a fee equating to 10% of the sales consideration plus disbursements. Charterfields have been paid a sum of £4,016 plus disbursements of £112.57 during the period of this report.

7.7.2 Clarion Solicitors ("Clarion") remained instructed to provide legal advice. Clarion's remuneration is calculated on a time cost basis. Clarion's have received a sum of £12,012.50 plus disbursements of £41 during the period of this report and have no further outstanding costs.

7.7.3 Certus remain instructed to provide assistance with the collection of the Wates debt. Certus are to be paid a fee equating to 20% of realisations achieved. During the period of this report Certus have received a sum of £13,200.

9. CREDITORS' RIGHTS

- 9 1 Any secured creditor, any unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including that creditor), or any unsecured creditor with the permission of the Court, has a period of twenty one days from the date of receipt of this progress report to request further information in respect of our remuneration and expenses
- 9 2 Any secured creditor, any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor), or any unsecured creditor with the permission of the Court, may make an application to the Court on the grounds that the remuneration charged and or expenses incurred by the us are excessive or the basis fixed for the our remuneration is inappropriate. Such an application to the Court must be made within eight weeks of the date of receipt of this progress report

10. OUTCOME FOR CREDITORS

10 1 Secured Creditor

As at the date of the appointment, the Company was indebted to Lloyds Banking Group ("the Bank") in the approximate sum of £85,000. The outstanding balance related to an overdraft facility of approximately £25,000 and a long term business loan of approximately £60,000

Due to the low level of realisations, a floating charge distribution will not be available to the Bank

10 2 Preferential Creditors

The Company made 13 employees redundant in January 2014 and had failed to make any compensatory payments to these former employees. In addition, The Company's 19 employee's were owed wage arrears at the date of our appointment

Preferential creditors have received a dividend of 15.68p in the £ during the period covered by this report.

10 3 Unsecured Creditors

The Company's books and records indicated that the claims of the unsecured creditors amounted to £935,511

Creditor claims totalling £1,009,379 have been received during the course of the Administration

As stated above, a dividend to unsecured creditors will not be available due to insufficient realisations.

- 10 4 Within the Act there are provisions for a fund, called the Prescribed Part, to be set aside for distribution to the unsecured creditors. The fund is calculated on the net realisations of property subject to a floating charge contained in a debenture created on or after 15 September 2003. The floating charge was created on 11 December 2012 therefore, the above provisions will apply. However, as there will be no floating charge distribution to the Bank, no Prescribed Part will be available to unsecured creditors

11. ENDING THE ADMINISTRATION

- 11 2 The most appropriate exit route of the Administration is for the Company to be dissolved pursuant to paragraph 84(1) of Schedule B1 to the Insolvency Act 1986. This option is in accordance with the Administrators' Proposals, approved by creditors on insert date

10 3 Upon the Company proceeding into dissolution, the Joint Administrators' discharge from liability, pursuant to paragraph 98 of Schedule B1, shall take immediate effect, in accordance with the Administrators' Proposals; approved by creditors on insert date

Dated this 27th day of July 2015



John Russell
Joint Administrator
Acting as agent of the Company
without personal liability

DEMOCON LIMITED – IN ADMINISTRATION

APPENDIX A

**RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD 29 JANUARY 2015 TO 27 JULY 2015
(TOGETHER WITH A CUMULATIVE TOTAL FOR THE ENTIRE PERIOD OF
ADMINISTRATION)**

**DEMOCON LIMITED
(IN ADMINISTRATION).**

JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

	Statement of affairs £	From 29/01/2015 To 27/07/2015 £	From 13/02/2014 To 27/07/2015 £
RECEIPTS			
Goodwill & IP	5,000 00	NIL	NIL
Plant & Machinery	567,800 00	NIL	NIL
Plant & Equipment	4,860 00	NIL	NIL
Furniture &-Equipment	1,000 00	NIL	NIL
Motor Vehicles	9,300 00	930 00	6,510 00
WIP/Commision for Tendered Contracts	Uncertain	NIL	NIL
Book Debts	167,250 00	80,853 14	109,288 76
Retentions - Ongoing Contracts	25,000 00	NIL	NIL
Retentions - Completed Contracts	40,000 00	NIL	NIL
Bank Interest Gross		4 67	5 29
		81,787.81	115,804 05
PAYMENTS			
Advertising / PR		0 00	250 00
Specific Bond		0 00	375 00
Office Holders Fees			
Pre Appointment Fees		0 00	5,000 00
Post Appointment Fees		39,602 69	63,032 69
Debt Collection Costs		11,050 00	11,050 00
Disbursements			
Money Laundering Searches		0 00	8 44
Courner Charges		0 00	231 00
Mileage		0 00	738 30
Postage		172 68	439 83
Storage		855 00	2,497 50
Telephone		0 00	21 53
Agents/Valuers Costs			
Post Appointment Fees		4,016 00	4,016 00
Post Appointment Disbs		112 57	112 57
Legal Costs			
Pre Appointment Fees		8,505 00	8,505 00
Pre Appointment Disbs		41 00	41 00
Post Appointment Fees		3,529 70	3,629 70
Post Appointment Disbs		0 00	58 40
Bank Charges		25 75	25 75
Statutory Advertising		0 00	162 26
BIS RPO - National Insurance Fund		2,660 73	2,660 73
Employees - Preferential Creditors		274 20	274 20
HM Revenue & Customs		66 80	66 80
CIS Tax Deductions		12,043 98	12,607 35
		82,956.10	115,804.05
Balance in Hand			0.00

DEMOCON-LIMITED – IN ADMINISTRATION

APPENDIX B

TIME COST SUMMARY FOR THE PERIOD 29 JANUARY 2015 TO 27 JULY 2015

SIP 9 - Time & Cost Summary

Period 29/01/15 27/07/15

Time Summary

Classification of work function	Hours					Total Hours	Time Cost (£)	Average hourly rate (£)
	IP/Director	Manager	Other Senior Professionals	Assistants				
Administration & planning	2 10	4 30	17 40	2 00		25 60	5 023 60	194 71
Investigations	0 00	0 00	0 00	0 00		0 00	0 00	0 00
Realisations of assets	4 70	22 10	3 30	0 20		30 30	7,854 30	259 22
Trading	0 00	0 00	0 00	0 00		0 00	0 00	0 00
Creditors	0 80	10 60	1 50	0 10		13 00	2 948 10	226 78
Case specific matters	0 00	2 50	7 40	0 00		9 90	2,120 90	214 23
Pre Sip9 Time Recording	0 00	0 00	0 00	0 00		0 00	0 00	0 00
Total Hours	7 60	39 50	29 60	2 30		79 00	17,946 90	227 18
Total Time Cost (£)	2,477 00	9,857 50	5,520 40	92 00				

DEMOCON LIMITED – IN ADMINISTRATION

APPENDIX C

TIME COST SUMMARY FOR THE ENTIRE PERIOD OF ADMINISTRATION

SIP 9 - Time & Cost Summary

Period 13/02/14 27/07/15

Time Summary

Classification of work function	Hours				Total Hours	Time Cost (£)	Average hourly rate (£)
	IP/Director	Manager	Other Senior Professionals	Assistants			
Administration & planning	21 40	51 00	74 60	7 10	154 10	33,392 90	216 70
Investigations	1 20	2 40	1 40	0 00	5 00	1,221 40	244 28
Realisations of assets	22 20	204 13	4 10	0 60	231 03	59,884 48	259 21
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	13 00	133 60	8 70	7 00	162 30	37,018 00	228 08
Case specific matters	1 10	7 30	13 20	0 00	21 60	4,781 20	221 35
Pre Sip9 Time Recording	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	58 90	398 43	102 00	14 70	574 03	136 297 98	237 44
Total Time Cost (£)	19,662 50	96,998 38	19,049 10	588 00			

DEMOCON LIMITED – IN ADMINISTRATION

APPENDIX D

**CREDITORS GUIDE TO THE FEES, EXPENSES AND DISBURSEMENT CHARGED BY THE P&A
PARTNERSHIP LIMITED RATES APPLICABLE FROM THE 1 FEBRUARY 2015**

Creditors Guide to the Fees, Expenses and Disbursements charged by The P&A Partnership Limited
Rates applicable from the 1st February 2015

Details of Insolvency Practitioners Licensing Bodies

John Russell, Brendan Ambrose Guilfoyle, Gareth David Rushing, Ashleigh William Fletcher, Jeremy Michael Bennett and Joanne Louise Hammond are all licensed by the Insolvency Practitioners Association of Valiant House, 4-10 Heneage Lane, London, EC3A 5DQ

Insolvency Practitioners Fees

The Insolvency Rules 1986 entitles the Insolvency Practitioner to receive remuneration for his services and sets out the basis of how such remuneration shall be fixed which includes a percentage of the assets realised and monies distributed to creditors, a set amount, by reference to the time properly given by the office holders, their Directors and staff in attending to matters arising, or one or more of the above bases and different basis may be fixed for different things. Where it has been agreed by resolution of the secured creditors, a creditor's committee or creditors generally, that the office holders remuneration will be calculated by reference to a time basis, then such remuneration will be calculated in units of 6 minutes at the following hourly standard rates -

Grade	Total Hourly Standard Rate
	£
Directors/Office Holders	365
Senior Managers	325
Managers	305
Senior Administrators	230
Administrators	191
Junior Administrators	80
Support	40

These are our current hourly charge out rates and are exclusive of value added tax. Rates are reviewed annually and creditors will be advised of any alteration thereto. In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to obtain authority from the secured creditors, creditor's committee or the creditors generally, that their remuneration be based on a higher rate to reflect such complexity or risk.

Debt Collection, Contested Asset Recovery and Related Services

Contested debt collection will be referred to P&A Receivables Services PLC, an associated company of The P&A Partnership Limited and its dedicated legal firm James Peters & Co. The fees of P&A Receivables Services PLC shall be charged by reference to the time properly given by their staff, such fees will be calculated in units of 6 minutes at the hourly rate of £80. P&A Receivables Services PLC may also be used to recover items such as plant and machinery, to locate debtors and to serve documents. The fees for work of this nature will be calculated in accordance with P&A Receivables Services PLC's standard rates.

James Peters & Co fees will be charged by-reference to time costs properly incurred, calculated in 6 minute units at an hourly rate of between £111 and £217, plus their disbursements. These fees are in accordance with the guideline rates for summary assessment of costs following consultation between the legal profession and the Designated Civil Judge and are typical of legal firms in this geographical area.

Expenses and Disbursements

The payment of Category 1 disbursements will be a charge against the estate to recover the actual cost of the disbursement paid out in respect of the administration of the estate, typically statutory advertising, searches, external room hire or travel expenses. A separate amount will be charged by way of an expense to recover the cost of Category 2 disbursements for services provided by the insolvency practitioner's firm. Category 2 disbursements will include storage of company's books and records at the insolvency practitioner's own storage facility. The books and records will be stored in banker's boxes and a storage fee will be charged at the rate of £7.50 per box per month. This charge covers the transportation of records from the company's premises, storage, retrieval of books and records in storage for administration purposes and the destruction of such books and records after the first anniversary of the completion of the insolvency administration. Travelling by motor vehicle on business for the administration of the insolvency will be charged to the estate per mile at the appropriate rate currently published by the "AA" for the type of vehicle and engine size used. All circulars will be sent out by first class post and the actual postage costs will be charged as an expense to the estate.

Introduction to Lending Sources

The P&A Partnership Limited may make referrals to P&A Lender Services Ltd ('PALS') being an associated company. PALS and its authorised representatives are not authorised under the Financial Services and Markets Act 2000 or by the Financial Conduct Authority to provide specific investment advice but they may be able to introduce funding seeking parties ('FSP's') to one or more reputable lending services ('Lender').

In such circumstances where any party associated with the referral is subsequently subject to any formal insolvency procedure and the Directors of The P&A Partnership Limited are appointed office holders in relation to any formal insolvency, then any arrangement fees or commissions or payments becoming due to PALS (if any) from any Lender in respect of the acquisition or future trading of the business and assets of the insolvent party, will be paid into the realisation fund in the formal insolvency for the benefit of creditors.

Our Ref D367214/JJLH/KR/TW