

Joint liquidators' progress report from 16 June 2019 to 15 June 2020

12 August 2020
Euromix Concrete Limited (in liquidation)

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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
Company	Euromix Concrete Limited – in liquidation
Liquidators	David Baxendale and Zelf Hussain
Firm	PricewaterhouseCoopers LLP
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
CVL	Creditors' voluntary liquidation
HMRC	HM Revenue and Customs
VAT	Value Added Tax
Prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
Secured creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
Preferential creditors	Generally, claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
Natwest	National Westminster Bank Plc, a secured creditor
RBSIF	Royal Bank of Scotland Invoice Finance Limited, a secured creditor
RPS	Redundancy Payments Service, an executive agency sponsored by the Department for Business, Energy and Industrial Strategy, which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
Unsecured creditors	Creditors who are neither secured nor preferential

This report has been prepared by David Baxendale and Zelf Hussain the Joint Liquidators of the Company, solely to comply with the Joint Liquidators' statutory duty to report to creditors under IR16 on the progress of the liquidation, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company. Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors. Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Liquidators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Liquidators' previous reports issued to the Company's creditors, which can be found at www.pwc.co.uk/euromix. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

David Baxendale and Zelf Hussain have been appointed as Joint Liquidators of the Company. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Liquidators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Liquidators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Liquidators.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Key messages

Why we've sent you this report

I'm writing to update you on the progress of the liquidation of Euromix Concrete Limited in the 12 months since our last report dated 12 August 2019.

You are still able to view our earlier reports on our website at www.pwc.co.uk/euromix.

How much creditors have received

The following table summarises the possible outcome for creditors*, based on what we currently know.

Class of creditor	Current estimate (p in £)	Previous estimate (p in £)
Preferential creditors	Not Applicable	Not Applicable
Unsecured creditors	46	47

**Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision or debt trading.*

What you need to do

We have previously paid an interim dividend to unsecured creditors of 31p in the £. We expect a further final unsecured distribution to be made in the next six months.

If you are an unsecured creditor and have not already submitted a claim, please send your claim to us so that it can be agreed. A claim form can be downloaded from our website at www.pwc.co.uk/euromix

Overview of what we've done to date

On 20 December 2013, Zelf Hussain and I of PricewaterhouseCoopers LLP were appointed joint administrators of the Company. The administration ended on 16 June 2015, when the Company subsequently went into CVL and we were appointed as liquidators.

This is our fifth progress report. You may wish to refer to our previous reports which can be found at www.pwc.co.uk/euromix. As explained in our earlier reports, total funds of £2,004,532 were transferred from the administration to the liquidation. We then received a VAT reclaim due to the administration of £45,051, bringing the total surplus transferred to the liquidation to £2,049,573.

Please note that all assets specifically pledged to creditors (Natwest and RBSIF) were realised in the previous administration. Therefore there are no assets specifically pledged to a creditor to be realised in the liquidation.

We remained in office mainly because of ongoing investigations, as agreed with the creditors' committee, into a number of transactions which took place prior to the administration. These investigations formed the main bulk of our work in the liquidation. We have now concluded our work on the investigations, and therefore the main focus of the liquidation will be to finalise costs, distribute remaining funds and file for dissolution of the Company.

Outcome for creditors

Secured creditors

At the date of administration, Natwest was owed £1.203 million, and a further £4.047 million had been advanced by RBSIF. Following the sale of the business in the administration, Natwest's lending was repaid in full from the sale proceeds. RBSIF also recovered its lending in full during the administration.

Preferential creditors (mainly employees)

All employees transferred to the purchaser of the business in the administration therefore avoiding the crystallisation of preferential claims.

Unsecured creditors

Dividends become available for unsecured creditors when there are sufficient funds (after costs of the liquidation) to pay the secured and preferential creditors in full, with an amount left over. In certain circumstances, part of the amount available for secured creditors may be ring-fenced for the benefit of unsecured creditors. This prescribed part is paid out of 'net property', which is floating charge realisations after costs, and after paying - or setting aside enough to pay - preferential creditors in full. But it only has to be made available where the floating charge was created on or after 15 September 2003.

As the secured creditors have been repaid in full it is not necessary to ring-fence a prescribed part fund as all surplus realisations (net of costs) will be available for unsecured creditors.

An interim dividend of 31p in the £ was paid to unsecured creditors in November 2014 during the administration. Total funds of £2.253 million were distributed in relation to this dividend.

A catch up dividend of £482k was paid from the liquidation in July 2015 to creditors who had not originally participated in the interim distribution.

We expect to pay a final unsecured dividend in the next six months, after which we will move to dissolve the Company.

The total dividend which may be available to the unsecured creditors (including the 31p in the £ already paid) is currently estimated to be 46p in the £.

Progress since we last reported

Realisation of assets – assets specifically pledged to a creditor

Natwest and RBSIF were both repaid in full in the administration. There are therefore no assets specifically pledged to a creditor to be realised in the liquidation.

Realisation of assets – assets not specifically pledged

To date, we have realised the Company's assets in the liquidation as follows:

	Actual Realisations (£)
Assets not specifically pledged	
Surplus from administration	2,049,573.11
Book debts	6,993.18
Bank interest	17,403.59
Bank refund and interest	160,590.28
Other refunds	11.68
	2,234,571.84

During the period, £1,408.95 was received in relation to interest accrued on the estate account. This account has now been removed from interest-bearing in order to seek tax clearance from HMRC.

£3,142.89 was received from Worldpay (UK) Limited in relation to a pre-appointment credit balance from the Company's former acquiring facility.

As referenced in the prior report, a refund of £69,040.80 was received from RBS, including interest, in relation to an overpayment of a termination fee prior to the Company's insolvency proceedings.

No further asset realisations are anticipated.

Forensic Investigations

As detailed in our previous report, the bulk of the work in the liquidation was focused on investigations into a small number of transactions which took place prior to the administration. These investigations became increasingly protracted and therefore, with the agreement of the creditors' committee, it was decided it was no longer in the best interests of creditors to pursue the investigations further.

Statutory and compliance

During the period of this report, we prepared the previous year's progress report and have filed this with Companies House. The liquidators have also undertaken two case reviews in line with their statutory requirements. We have also dealt with creditor queries.

Additionally, in the period of this report, tax computations were completed and submitted to HMRC, along with a request for clearance from HMRC to enable us to finalise costs of the estate. We are currently awaiting confirmation from HMRC that this clearance has been granted.

We have also continued to monitor the VAT position of the liquidation estate in the event that further VAT reclaims need to be made. A final VAT reclaim is expected to be submitted shortly in order to maximise funds available for distribution to creditors.

Investigations and actions

Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the liquidation from 16 June 2019 to 15 June 2020.

Our expenses

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

Our fees

We set out in Appendix C an update on our fees, disbursements and other related matters.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge our fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

<https://www.r3.org.uk/media/documents/publications/professional/Liquidations%20Creditor%20Fee%20Guide%20April%202017.pdf>

You can also get a copy free of charge by telephoning Bryony Ball on 07841 560429.

What we still need to do

We are awaiting confirmation from HMRC that the Company has been granted tax clearance, after which we will submit a final VAT reclaim and distribute remaining funds to creditors (pending the resolution of a small number of remaining unadjudicated claims). Once funds have been distributed, we will progress the case to closure.

Next report

We expect to send our next report to creditors at the end of the liquidation or in about 12 months, whichever is the sooner.

If you've got any questions, please get in touch with Bryony Ball on 07841 560429.

Yours faithfully



David Robert Baxendale
Joint Liquidator

David Robert Baxendale and Zelf Hussain have been appointed as joint liquidators of Euromix Concrete Limited. Both are licensed in the United Kingdom to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England and Wales. The joint liquidators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>. The joint liquidators may act as Data Controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the joint liquidators. Personal data will be kept secure and processed only for matters relating to the joint liquidators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the joint liquidators.

Appendices

Appendix A:

Receipts and payments

	16 June 2015 to 15 June 2019 (£)	16 June 2019 to 15 June 2020 (£)	Total (£)
Receipts			
Prior appointee balance	2,049,573.11	-	2,049,573.11
Bank interest	15,994.64	1,408.95	17,403.59
Book debts	3,850.29	3,142.89	6,993.18
Refunds	11.68	-	11.68
RBS Refund (inc. interest)	91,549.48	69,040.80	160,590.28
Total Receipts	2,160,979.20	73,592.64	2,234,571.84
Payments			
Administrators' fees	(40,000.00)	-	(40,000.00)
Liquidators' fees	(100,000.00)	(90,000.00)	(190,000.00)
Liquidators' expenses	-	-	-
Legal fees - investigations	(37,000.00)	(53,250.00)	(90,250.00)
Legal fees - other	(1,000.00)	-	(1,000.00)
Legal expenses	(2,229.92)	-	(2,229.92)
Other professional fees	(5,000.00)	-	(5,000.00)
Office costs, stationery & postage	(320.00)	-	(320.00)
Statutory advertising	(76.72)	-	(76.72)
Corporation tax	(3,415.64)	(8,221.11)	(11,636.75)
Bank charges	(15.00)	-	(15.00)
Total Payments	(189,057.28)	(151,471.11)	(340,528.39)
VAT Control Account	(200.00)	(28,650.00)	(28,850.00)
Net position (before distributions)	1,971,721.92	(106,528.47)	1,865,193.45
Distributions			
Catch up distribution to unsecured creditors (31p in the £)	(481,576.64)	-	(481,576.64)
Cash at bank (held in non interest-bearing account)	1,490,145.28	(106,528.47)	1,383,616.81

Notes

- All figures are stated net of VAT.
- Total distributions of £2,734,454 have been paid to unsecured creditors in the Administration and Liquidation, being 31p in the £. The first interim distribution was declared in the Administration on 1 December 2014.
- There are no figures for the Statement of Affairs as the Company was moved to liquidation from administration and a statement of affairs was not produced.

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as liquidators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as a liquidation expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

	Brought forward from preceding period £	Incurred in the period under review £	Cumulative £	Estimated future £	Anticipated total £
Liquidators' Fees	204,504	16,140	224,644	15,000	239,644
Liquidators' Expenses	1,956	498	2,454	1,000	3,454
Legal Fees	112,000	-	112,000	-	112,000
Legal Disbursements	3,250	-	-	-	3,250
Total	321,710	16,638	339,098	16,000	358,348

Appendix C: Remuneration update

During the administration, the creditors' committee passed a resolution fixing the administrators' fees by reference to time properly given by the administrators and their staff in dealing with the administration.

The fee basis agreed in the administration continues to apply in the liquidation. This means that our fees as liquidators will also be calculated by reference to time properly given.

The time cost charges incurred in the period from 16 June 2019 to 15 June 2020 are £16,140.25. This represents 54.30 hours, which equates to an average hourly rate of £297. The total time costs to date are £224,643.70.

In line with the resolutions passed by the Liquidation Committee, a total of £190,000 has been drawn in relation to our fees as liquidators. No further fees will be drawn.

We set out later in this Appendix details of our work to date, anticipated future work, disbursements, subcontracted work and payments to associates.

Our hours and average rates

The below table represents an analysis of time costs for the period from 16 June 2019 to 15 June 2020.

Aspect of assignment	Partner (Hrs)	Director (Hrs)	Senior Manager (Hrs)	Manager (Hrs)	Senior Associate (Hrs)	Associate (Hrs)	Total (Hrs)	Time cost £	Average hourly rate £
Accounting & treasury	-	-	-	0.40	2.40	2.40	5.20	1,215.00	233.65
Assets	-	-	-	-	0.60	-	0.60	138.00	230.00
Creditors	-	-	-	0.75	1.25	0.90	2.90	791.25	272.84
Statutory & compliance	-	-	0.65	1.65	15.70	1.10	19.10	4,845.00	253.66
Strategy & planning	1.35	-	0.40	2.60	4.90	0.30	9.55	3,673.00	384.61
Tax and VAT	-	0.50	-	0.20	14.35	1.90	16.95	5,478.00	323.19
Total for the period	1.35	0.50	1.05	5.60	39.20	6.60	54.30	16,140.25	297.24
Brought forward at 15 June 2019							558.12	208,503.45	
Total							612.42	224,643.70	

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the liquidation. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the liquidation (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. For the avoidance of doubt, work carried out by our cashiers, support and secretarial staff is charged on a time costs basis and is included in the analysis of hourly rates charged by partners or other staff members. Time is charged in three minute units (i.e. 0.05 units). We don't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the liquidation.

We call on colleagues in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

Grade	Maximum Hourly Rate: 1 July 2018 to 30 June 2019	Maximum Hourly Rate: 1 July 2019 to 30 June 2020	Maximum Specialist Hourly rate
Partner	890	910	1,520
Director	780	800	1,465
Senior Manager	590	605	1,290
Manager	510	525	775
Senior Associate	425	435	575
Associate	265	325	305
Support staff	135	140	250

In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

Payments to associates

We have not made any payment to associates in the period.

Our work in the period

Earlier in this section we have included an analysis of the time spent by the various grades of staff.

Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work.

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors or whether it was required by statute
Strategy and planning	<ul style="list-style-type: none"> Review of costs incurred on the case Holding team meeting to discuss the administration of the case and updating the appointees 	<ul style="list-style-type: none"> To ensure appropriate management of case 	<ul style="list-style-type: none"> Ensures proper management of the case
Creditors	<ul style="list-style-type: none"> Dealing with creditor queries Dealing with returned correspondence from creditors Updating website 	<ul style="list-style-type: none"> To ensure creditors are kept up to date 	<ul style="list-style-type: none"> Ensuring creditors are kept updated
Accounting and treasury	<ul style="list-style-type: none"> Processing receipts and payments in relation to the Company Performing bank reconciliations Ensuring interest is appropriately dealt with. 	<ul style="list-style-type: none"> Maintain the Company's bank account and liquidators' records 	<ul style="list-style-type: none"> Ensures the correct stewardship of estate funds
Statutory and compliance	<ul style="list-style-type: none"> Preparing and issuing fourth annual progress report and ensured filed correctly at Companies House 	<ul style="list-style-type: none"> Required by statute 	<ul style="list-style-type: none"> No financial benefit

- Maintaining case records
- Ensuring books and records are properly stored and costs are paid appropriately
- Manager and appointee reviews of case strategy
- Case progression meetings
- Team meetings
- Updating the Creditors' Committee, both informally and via a formal meeting of the Committee

Tax & VAT	<ul style="list-style-type: none"> • Preparation and filing tax returns • Dealing with internal tax queries • Requesting tax clearance 	<ul style="list-style-type: none"> • Required by HMRC • Ensures correct tax is paid and VAT reclaimed 	<ul style="list-style-type: none"> • Recovery of funds for the benefit of creditors. Some tasks required by statute
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Our future work

We still need to do the following work in the liquidation.

Area of work	Work undertaken	Estimated cost £	Whether or not the work will provide a financial benefit to creditors
Creditors	<ul style="list-style-type: none"> • Creditor queries • Continuing to maintain website • Finalising remaining unadjudicated claims • Paying final dividend to creditors 	<ul style="list-style-type: none"> • 7,000 	<ul style="list-style-type: none"> • Facilitating payment to creditors and ensuring they are kept abreast of developments
Accounting and treasury	<ul style="list-style-type: none"> • Processing payments in relation to the Company • Performing bank reconciliations • Closure of bank accounts 	<ul style="list-style-type: none"> • 1,000 	<ul style="list-style-type: none"> • No financial benefit
Statutory and compliance	<ul style="list-style-type: none"> • Maintaining case records • Ensuring books and records are properly stored in Iron Mountain and costs are paid appropriately • Manager and appointee reviews of case strategy 	<ul style="list-style-type: none"> • 2,000 	<ul style="list-style-type: none"> • Required by statute
Tax and VAT	<ul style="list-style-type: none"> • Correspondence with HMRC regarding clearance • Completion of VAT 426 reclaims to recover costs in Liquidation 	<ul style="list-style-type: none"> • 2,000 	<ul style="list-style-type: none"> • Recovery of funds for the benefit of creditors
Closure	<ul style="list-style-type: none"> • Paying final costs • Drafting and issuing final report 	<ul style="list-style-type: none"> • 3,000 	<ul style="list-style-type: none"> • Some tasks required by statute

Disbursements

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called 'Category 2' disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allows for all properly incurred expenses to be recharged to the liquidation [and has been approved by the Liquidation Committee where required.

The following disbursements arose in the period of this report.

Category	Policy	Costs incurred (£)
1	Postage	427.91
2	Storage	69.66
Total		497.57

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the liquidation where the relationship could give rise to a conflict of interest.

Details of subcontracted work

None of the work, which we or our staff would normally do, has been done by subcontractors.

Legal and other professional firms

We instructed the following professionals on this case:

Service provided	Name of firm/organisation	Reason selected	Basis of fees
Investigation work	PCR London	Expertise	Fixed Fee
Legal Advice	Addleshaw Goddard LLP	Expertise	Time costs

Appendix D: Other information

Company's registered name:	Euromix Concrete Limited
Trading name:	Euromix Concrete Limited
Registered number:	01720534
Registered address:	Central Square 8th Floor, 29 Wellington Street, Leeds, LS1 4DL
Date of the Liquidators' appointment:	16 June 2015
Liquidators' names, addresses and contact details:	David Baxendale and Zelf Hussain of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT. For enquiries, please contact Bryony Ball on 07841 560429 or by post at PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL.
