

The Insolvency Act 1986

**Notice of move from administration  
to creditors' voluntary liquidation****2.34B**

Name of Company

TTG Europe Plc

Company number

01665606

In the

High Court of Justice, Chancery Division, Companies Court

[full name of court]

For court use only

Court case number

3035 of 2005

(a) Insert name(s) and  
address(es) of  
administrator(s)I / We (a) Stephen Cork & Joanne Milner of Smith & Williamson Limited, Prospect House, 2  
Athenaeum Road, London N20 9YU.(b) Insert name and address of  
registered office of companyhaving been appointed administrators of (b) TTG Europe Plc, Prospect House, 2 Athenaeum Road,  
London N20 9YU.

on (c) 10 May 2005.

(d) Insert name of applicant /  
appointor

by (d) the directors of the Company

(e) Insert name(s) and  
address(es) of liquidator(s)

hereby give notice that:

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply,

and it is proposed that (e) Stephen Cork & Joanne Milner of Smith & Williamson Limited, Prospect  
House, 2 Athenaeum Road, London N20 9YU.

will be the liquidators of the company (IP No 8627 &amp; 8761)

I / We attach a copy of the final progress report.

Signed

Joanne Milner – Joint Administrator

Dated 19 October 2006

**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

Stephen Wicks

(f) Prospect House, 2 Athenaeum Road, London N20 9YU.

Tel 020 8492 8600

DX Number 37113

DX Exchange Whetstone



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

ADMINISTRATORS' FINAL REPORT PURSUANT TO RULE 2.110  
OF THE INSOLVENCY RULES 1986

**TTG EUROPE PLC**  
(IN ADMINISTRATION)

*19 October 2006*

**Smith & Williamson Limited**

Prospect House  
2 Athenaeum Road  
London N20 9YU

Tel: +44 (0) 20 8492 8680  
Fax: +44 (0) 20 8492 8601  
Ref: JEM/SW/C1059

## 1. Introduction

Creditors will recall that Stephen Cork and Joanne Milner were appointed Joint Administrators of TTG Europe Plc (in Administration) ("the Company") on 10 May 2005 following an application made by the directors of the Company.

I have formed the opinion that it will be beneficial for the Company to enter Creditors' Voluntary Liquidation ("Liquidation") as it will be more cost effective to make any future distributions to creditors during Liquidation rather than make an application to Court for permission to distribute funds as Administrators.

As the objective of the Administration has been achieved I am pleased to provide creditors with my final report as required by Rules 2.47 and 2.110 of the Insolvency Rules. In addition to the usual matters dealt with by the six monthly progress report, I will provide a summary of the proposals, details of any major amendments or deviations, steps taken during the Administration and the outcome.

## 2. Statutory Details

The statutory details of the Company are as follows:-

<b>Company name, including trading names and any former names</b>	TTG Europe Plc
<b>Company number</b>	01665606
<b>Registered office address</b>	Prospect House 2 Athenaeum Road London N20 9YU
<b>Court Details</b>	High Court of Justice, Chancery Division, Companies Court
<b>Court Number</b>	3035 of 2005
<b>Appointees</b>	Stephen Cork & Joanne Milner Smith & Williamson Limited Prospect House 2 Athenaeum Road London N20 9YU
<b>Appointor</b>	The Directors of the Company

<b>Changes in office holder</b>	None
<b>Details of any extensions to initial period of appointment</b>	Creditors agreed at the first meeting that the Administration may be extended by a further six months pursuant to Paragraph 76 of Schedule B1. This was exercised and the Administration extended to 10 November 2006.

### 3. Summary of Administrators' Proposals

I summarise below the proposals modified and approved by the creditors at the initial creditors' meeting:

1. The Joint Administrators will continue to manage the Company's affairs in accordance with the statutory purpose until a decision has been reached on which exit route will be most appropriate for the Company.
2. The Joint Administrators' fees will be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration. Remuneration is to be drawn at the discretion of the Joint Administrators.
3. Should it be considered appropriate, the Joint Administrators will seek to exit from Administration by means of a Company Voluntary Arrangement ("CVA"). Should this exit route be deemed most appropriate, the Joint Administrators will write to creditors with detailed proposals for a CVA, approval of which will require the consent of 75% of unsecured creditors, by value.
4. The Joint Administrators be authorised to make an application to the Court pursuant to Paragraph 65 of Schedule B1 for permission to make a distribution to the Creditors without placing the Company into liquidation. Should the Joint Administrators and the Creditors Committee (if formed) conclude that there are claims which should be pursued against other parties and which are best advanced via a liquidation appointment, the Joint Administrators will seek to place the Company into Creditors Voluntary Liquidation.
5. The Joint Administrators consult with any duly appointed creditors' committee as to any proposed course of action or investigation into prior transactions. If no creditors committee is formed the Joint Administrators will take whatever actions they believe appropriate in the interests of creditors. This includes the placing of the Company into liquidation if it appears that this would be in the best interests of the general body of creditors. It is proposed that the Joint Administrators shall become the joint liquidators. Creditors are advised pursuant to Paragraph 83 (7) and Rule 2.117 (3), that they may appoint a different person as the proposed liquidators, provided that the

nomination is made after the receipt of these proposals and before these proposals are approved.

6. It is proposed that once the Joint Administrators have concluded their investigations into the Company's affairs and the conduct of its directors prior to appointment and have made any distribution to the creditors under paragraph 65 of Schedule B1 then the Company be struck off from the Companies Register under the dissolution rules provided under paragraph 84 of the Insolvency Act 1986, unless the Company has already proceeded into CVA or liquidation (as outlined above).
7. The Joint Administrators' liability, in respect of any actions as Joint Administrators, shall be discharged, in accordance with Paragraph 98 of Schedule B1, immediately upon the appointment ceasing to have effect.
8. Should there be a need to place the Company into Liquidation it is proposed that the Joint Liquidators' remuneration be fixed by reference to the time properly given by the Joint Liquidators and their staff in attending to matters arising in the Liquidation. Remuneration is to be drawn at the discretion of the Joint Liquidators.
9. Should there be a need to extend the Administration, it may be extended by 6 months in accordance with Paragraph 76 of Schedule B1 in order to allow the Administrators to attend to any remaining statutory tasks.

Please note that at the Creditors meeting on 19 July 2005, a Committee of Creditors was formed. The Committee of Creditors will continue during the Creditors' Voluntary Liquidation. I also advise that there has been no revision to, or deviation from, these approved proposals. Accordingly, pursuant to the terms of the proposals, the Company will be placed into liquidation as I can see no benefit in the Company remaining in Administration and I have now completed a Notice of move from Administration to Liquidation, which will be lodged with the Registrar and the Court.

#### **4. Receipts and Payments**

Attached at Appendix 1 is a summary of the receipts and payments in the Administration.

A Pre-appointment VAT refund of £72,739.31 has been claimed and received by the Administrators.

The most significant asset of the Company is an inter-company loan to Cityphone International Limited ("Cityphone") totalling £913,127. We were appointed Administrators of Cityphone on 10 May 2006 and subsequently Liquidators on 27 March 2006. As a consequence of this loan the Company has received two interim dividends, £28,534.85 on 21 August 2006 and £12,840.68 on 13 September 2006 totalling £41,375.53.

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The most significant asset of Cityphone is a VAT claim against HM Revenue & Customs ("HMRC"). It was anticipated that once a decision of the European Court of Justice in the case "Re Bondhouse" was handed down in January 2006, confirming HMRC were not able to withhold VAT repayments from innocent third parties in respect of alleged carousel fraud that recovery to the Group would be made in the short term. HMRC have won consent of the VAT Tribunal to amend their original statement of claim in this matter and are now alleging that the company had actual knowledge of the frauds perpetrated in the circle despite having stated in earlier proceedings that the company was innocent and not knowingly a party to any such frauds. This matter is being actively pursued by the Joint Administrators.

Should this matter be resolved in Cityphone's favour I anticipate that the Company will receive significant funds. I will also be considering the possibility of issuing proceedings against HMRC in respect of damages arising following the wrongful withholding of these funds and the impact of the loss of these funds on the group as a whole. As yet no quantum of such a claim has been considered but our initial views are that any such claim would be substantial and, if successful, would result in the Company recovering all funds due to it from Cityphone. I will keep creditors advised of any progress.

We have continued to press HMRC for the recovery of these assets and will advise creditors on their progress.

We are currently reviewing the books and records of the Company in order to comply with our statutory requirements to enquire into the formation, trading and demise of the Company.

## **5. Creditors' Claims**

We believe that there will be sufficient funds available in this matter to enable a substantial payment to be made to creditors in due course. Accordingly any creditors who have not yet submitted full details to the Liquidators of their claims are invited to do so in order that the liquidators can adjudicate on the claims in order to make a distribution to creditors as soon as possible after the receipt of funds. Accordingly I attach a Proof of Debt form for completion if creditors have not already done so.

## **6. Administrators' Analysis of Time Costs**

We note that creditors resolved to allow the Joint Administrators fees to be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration.

Please find enclosed Appendix 2 to this report is an analysis of that time, prepared in accordance with the requirements of Statement of Insolvency Practice 9 ("SIP 9").

To date, time costs have been incurred of 637.2 chargeable hours. Of this time, 248.9 hours were charged at director level, 20 were charged at manager level, 226.8 hours were charged at Other Senior Personnel and 141.4 hours at general Administrative level.

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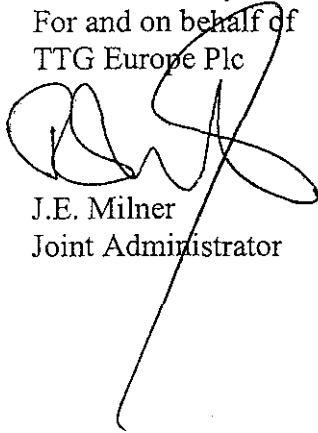
Thus a total of 637.2 hours, to a value of £159,729.70, have been expended on the administration to date.

## **7. Conclusion**

I advise that this report is our final report as Administrators. Creditors who have not yet submitted details of their claims to me are urged to do so as soon as possible in order to allow a timely distribution to creditors when assets are recovered in the Liquidation.

Should any creditors have a query regarding the contents of this report or the Administration to date, please contact Stephen Wicks of this office.

Yours faithfully  
For and on behalf of  
TTG Europe Plc



J.E. Milner  
Joint Administrator

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**TTG Europe Plc**  
**(In Administration)**  
**Receipts and Payments**

**Appendix 1**

<b>INCOME</b>	<b>Total (£)</b>
Plant & Machinery	494
VAT Refund	72,739
Insurance Refund	163
Cash at Bank	47,487
Cash in Hand	120
Bank Interest Gross	863
Dividend - Cityphone Int'l Ltd	41,376
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	163,243

**EXPENDITURE**

Shipping Charges	63
Specific Bond	528
Administrators' Fees	122,447
Administrators' Expenses	3,318
Couriers Fees	44
Travel Expenses	274
Agents/Valuers Fees (1)	96
Agents/Valuers Fees (2)	12
Cost Awards Re Dugard	4,100
Company Search	167
Storage Costs	4,245
Accountancy Expenses	643
Pension Schemes	4,694
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	140,633

Balance	<hr/>
	22,610



TTG Europe Plc (In Administration)

Appendix II

Administrator's professional fees breakdown

Classification of work function	Hours					Time Cost £	Average hourly rate £
	Director	Manager	Other senior professionals	Assistants and support staff	Total hours		
Administration and planning	183.9	1.7	162.9	63.7	412.1	113,808.8	276.1
Realisation of assets	4.2	0.3	16.9	2.2	23.6	5,362.0	227.4
Creditors	47.9	1.2	47.0	37.4	133.4	30,099.9	225.6
Investigations	13.0	16.8		38.2	68.0	10,459.0	153.8
Total hours	248.9	20.0	226.8	141.4	637.2		250.7
Total costs to date (£)						159,729.7	