

The Insolvency Act 1986

**Administrator's progress report****2.24B**

Name of Company A A B C LIMITED	Company number 02843694
In the HCJ Manchester District Registry  (full name of court)	Court case number 2693 of 2009

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

I/We (a) J M Titley & A Poxon of Leonard Curtis, DTE House,  
Hollins Mount, Bury BL9 8AT

administrator(s) of the above company attach a progress report for the period

(b) Insert dates	from (b) 25 September 2009	to (b) 24 March 2010
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Signed

  
 Joint / Administrator(s)
Dated 21 April 2010**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.

Leonard Curtis	
DTE House, Hollins Mount, Bury BL9 8AT	
Ref JH/19	Tel 0161 767 1250
DX Number	DX Exchange

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

MONDAY



A21  
 26/04/2010  
 COMPANIES HOUSE 137



**LEONARD CURTIS**  
BUSINESS RESCUE & RECOVERY

**A.A.B.C. LIMITED  
(IN ADMINISTRATION)**

**Joint Administrators' progress report  
for the period from 25 September 2009 to 24 March 2010**

**21 April 2010**

Leonard Curtis  
DTE House, Hollins Mount, Bury, Lancashire BL9 8AT  
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**STRICTLY PRIVATE AND CONFIDENTIAL  
NOT FOR PUBLICATION**

**TO: THE REGISTRAR OF COMPANIES  
THE COURT  
ALL CREDITORS  
ALL MEMBERS**

**1 STATUTORY INFORMATION**

- 1 1 John Titley and Andrew Poxon were appointed as Joint Administrators of A A B C Limited ("the Company") in the jurisdiction of Manchester High Court, Manchester District Registry, number 2693 of 2009 on 25 September 2009. The administration appointment was made by the directors of the Company.
- 1 2 The administration is being handled by Leonard Curtis' Bury office, which is situated at DTE House, Hollins Mount, Bury, Lancashire BL9 8AT.
- 1 3 The trading address of the Company was Read Street, Hyde, Cheshire, SK14 2DP. The business traded under its registered name.
- 1 4 The registered office address at the date of the appointment of Administrators was 40 Mossgate Road, Shaw, Oldham, Lancashire, OL2 7PT. This was changed to DTE House, Hollins Mount, Bury, Lancashire BL9 8AT on 29 September 2009. The Company's registered number is 02843694.
- 1 5 For the purposes of paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 (as amended), it should be noted that during the period in which the Administration Order is in force, any act or function required or authorised under any enactment to be done by the Administrator may be exercised by all or any of the persons holding that office.
- 1 6 The Company's main centre of operation is based in the UK. The EC Regulation on Insolvency Proceedings applies and the proceedings are main proceedings under the Regulation.

**2 PROGRESS OF THE ADMINISTRATION**

- 2 1 Attached at Appendix A is the Joint Administrators' receipts and payments account for the six month period from 25 September 2009 to 24 March 2010.

**2 2 Sale of Business**

On the 25 September 2009 the Administrators concluded a sale of the Company's business and assets to Alexandra Philips Investments Limited ("The Purchaser"). The Purchaser is an associated company as defined in section 435 of the Act.

The agreed sale consideration was £20,000 and was apportioned as follows -

Asset	£
Goodwill	5,000
Equipment	4,800
Contracts	1
Stock	1
Business Name	1
Personal Data	1
Business Intellectual Property	1
Motor Vehicles	400
Work in Progress	9,795
<b>TOTAL</b>	<b>20,000</b>

The deferred sale consideration schedule is as follows -

	£
On Completion	5,000
25 October 2009	2,500
25 November 2009	2,500
25 December 2009	2,500
25 January 2010	2,500
25 February 2010	2,500
25 March 2010	2,500
<b>TOTAL</b>	<b>20,000</b>

To date payments totalling only £15,000 have been received and the overdue balance of £5,000 is being pursued by the administrators

## 2 3 Book Debts

The Company's book debt ledger is subject to a fixed charge in favour of RBSIF. At the date of appointment, RBSIF was owed £69,883.66 against a book debt ledger of £76,927.35. RBSIF have advised that their collections to date amount to £43,238.35.

RBSIF has advised that future recoveries will be minimal due to a number of disputes regarding the quality of the product. Therefore it is considered highly unlikely that there will be a surplus available to the Administrators.

## 2 4 Freehold Property

In addition to the above the Company has a freehold property located at Read Street, Hyde. The property was subject to valuations by W T Gunson and subsequently Eddisons LLP, who both indicated the property has a market value of approximately £200,000. The property is subject to a fixed charge in favour of Barclays who are owed approximately £265,000. The property is currently being marketed by Eddisons LLP.

## 3 ASSETS STILL TO BE REALISED

- 3 1 The assets of the Company still to be realised are the balance of the consideration under the terms of the sale and purchase agreement detailed at 2 2, the remaining book debts detailed at 2 3 and the freehold property detailed at 2 4.

**4 JOINT ADMINISTRATORS' REMUNERATION**

- 4.1 The Joint Administrators' proposals were deemed to be accepted pursuant to Rule 2.33(5) of the Insolvency Rules 1986 (as amended). In accordance with Rule 2.106 of the Insolvency Rules 1986 (as amended), approval of the basis of the Joint Administrators' remuneration will be sought from the secured class of creditor only.
- 4.2 The Joint Administrators' time costs at 24 March 2010 are £11,430.00. This represents 71.8 hours at an average rate of £159.19 per hour. Attached at Appendix B is a time analysis which provides details of the activity costs incurred by staff grade during this period. In addition, £2,145.00 of time costs were incurred in the period prior to our appointment on 25 September 2009, which creditors are not required to approve although we are bringing the level of pre-appointment time to the attention of the creditors for information purposes.
- 4.3 I can confirm that the Administrators have not drawn remuneration to date. In addition, no pre-appointment time has yet been drawn in accordance with Rule 2.67(1).
- 4.4 Attached at Appendix C is additional information in relation to the firm's policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.

**5 LIABILITIES**

**5.1 Secured Creditors**

**RBS Invoice Finance Limited ("RBSIF")**

The book debt funding provided by RBSIF relies upon all sales invoices and title to those invoices being assigned. In addition, RBSIF has the benefit of a debenture dated 15 April 2008 incorporating fixed and floating charges over all Company assets.

At the date of the administration RBSIF were owed £69,883.66, inclusive of termination charges due under the terms of the book debt assignment agreement. To date collections total £43,238.35. It is unlikely that there will be a surplus available to the Administrators as it is not envisaged that RBSIF will be repaid in full in this instance.

**Barclays Bank Plc ("Barclays")**

Barclays are secured by virtue of a fixed charge over a freehold property located at Read Street, Hyde and were owed approximately £265,000 at the date of appointment. The freehold property is currently being marketed by Eddisons LLP who has advised that the gross realisations likely to be achieved are in the region of £200,000.

**National Westminster Bank Plc ("NatWest")**

NatWest have the benefit of a debenture dated 9 October 1998 incorporating fixed and floating charges over the Company's property. NatWest provided an overdraft facility to the Company and at the date of appointment was owed approximately £37,000. NatWest has a first charge over the Company's goodwill. Realisations in respect of goodwill amount to £5,000.

**Other Secured Creditors**

In addition to the above the Company had three outstanding chattel mortgage charges registered at Companies House in favour of Industrial Equipment Finance, Hitachi Capital (UK) Plc and Finance for Industry Limited. These charges relate to hire purchase/finance agreements in respect of certain items of plant. Our

agents have advised that there is no equity available in these items. It is understood that these agreements have been novated to the Purchaser.

## 5.2 Prescribed Part

Section 176A of the Insolvency Act 1986 provides that, where the Company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims.

In this instance, the prescribed part does not apply as it is anticipated that realisations will be insufficient to enable a distribution to be made under the terms of floating charge security.

## 5.3 Preferential Claims

With effect from 15 September 2003 preferential status for debts owing to HM Revenue and Customs was abolished. Such debts now rank alongside other unsecured non-preferential creditors' claims. The claims which remain preferential are those of employees in respect of wages (up to £800 per employee) and holiday pay. The majority of employees were transferred to the Purchaser under the TUPE regulations, thus mitigating the level of preferential claims anticipated in the matter. No preferential claims have been received to date.

## 5.4 Unsecured Non-Preferential Claims

Unsecured claims received to date have been collated and acknowledged. All unsecured non-preferential claims will be subject to agreement by a subsequently appointed Liquidator in due course, should liquidation be the appropriate exit route from the administration process. However, on this occasion it is considered that the Company will have insufficient property to enable a distribution to be made to unsecured creditors.

## 6 CONCLUSION OF ADMINISTRATION

6.1 As detailed above, it is envisaged that payments will be made to RBSIF, Barclays and NatWest under the terms of their security. Consequently, the third purpose of the administration, namely "realising property in order to make a distribution to one or more secured or preferential creditors" will be achieved.

6.2 It is unlikely that a request will be submitted to the secured creditors for an extension of time to the current 12 month duration of the administration. However, should a request for an extension of time be appropriate, it will be communicated to creditors in due course.

6.3 If asset realisations are complete and there is a dividend available to unsecured creditors, then the administrators will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation.

6.4 If asset realisations are complete and there is no dividend available to unsecured creditors, as is anticipated in this instance, the Joint Administrators will file a Notice with the Registrar of Companies that the Company should be dissolved.

6.5 The Joint Administrators will be discharged from liability immediately upon their appointment as Administrators ceasing to have effect.

7 NEXT REPORT

- 7.1 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the administration has been finalised

For and on behalf of  
A.A B.C. LIMITED



J M TITLEY  
JOINT ADMINISTRATOR

21 April 2010



APPENDIX A

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD FROM  
25 SEPTEMBER 2009 TO 24 MARCH 2010

	Statement of Affairs £	Received by Administrator £	Received by RBSIF £
<b>RECEIPTS</b>			
Sale of Business	20,000 00	15,000 00	-
Book Debts	58,000 00	-	43,238 35
	<u>78,000 00</u>	<u>15,000 00</u>	<u>43,238 35</u>
<b>PAYMENTS</b>			
RBSIF		-	43,238 35
Legal Fees		2,056 00	-
Accountancy Fees		1,500 00	-
Agents' Fees		1,500 00	-
Sundry Expenses		75 00	-
		<u>5,131 00</u>	<u>43,238 35</u>
<b>BALANCE IN HAND</b>		<u>9,869.00</u>	

## APPENDIX B

SUMMARY OF JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD  
25 SEPTEMBER 2009 TO 24 MARCH 2010

	Director		Manager 1		Administrator 1		Administrator 2		Administrator 4		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
Statutory & Review	-	-	-	-	20	420 00	-	-	-	-	20	420 00	210 00
Assets	10	395 00	-	-	60	1,170 00	175	3,135 00	-	-	245	4,700 00	191 84
Liabilities	-	-	-	-	-	-	20	340 00	-	-	20	340 00	170 00
Debenture Holder	5	197 50	-	-	-	-	-	-	-	-	5	197 50	395 00
General Administration	-	-	-	-	-	-	10	170 00	103	1,081 50	113	1,251 50	110 75
Appointment	25	987 50	2	57 00	-	-	25	425 00	253	2,656 50	305	4,126 00	135 28
Post Appointment Credits Mtngs	10	395 00	-	-	-	-	-	-	-	-	10	395 00	395 00
Total	50	1,975 00	2	57 00	80	1,590 00	230	4,070 00	356	3,738 00	718	11,430 00	
Average Hourly Rate (£)		395 00		285 00		198 75		176 96		105 00		159 19	
All Units are 6 minutes													

## ADDITIONAL INFORMATION IN RELATION TO ADMINISTRATORS' FEES AND DISBURSEMENTS PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9

The following information relating to the policy of Leonard Curtis is considered to be relevant to creditors

### Staff Allocation, Support Staff and the Use of Subcontractors

We take an objective and practical approach to each assignment which includes active partner involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case.

Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is charged.

With effect from 1 January 2010 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis.

We have not utilised the services of any sub-contractors in this case.

Partner	£395
Senior Manager	£350
Manager 1	£300
Manager 2	£260
Administrator 1	£210
Administrator 2	£190
Administrator 3	£170
Administrator 4	£120
Support	£0

### Professional Advisors

The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

On this case we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fees
Farleys Solicitors LLP	Hourly rates and disbursements
Charles Taylor	Hourly rates and disbursements
Eddisons LLP	% of gross realisations
WT Gunson	Hourly rates and disbursements
Cerberus Recoveries	% of recoveries
Beever & Struthers Accountants	Hourly rates and disbursements

### Disbursements

Specific expenditure relating to the Administration of a particular case is recoverable without approval and is referred to as a "category 1 disbursement". Category 1 disbursements will generally comprise supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses, including car mileage at 40p a mile, incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage. Category 1 disbursements incurred on this case are detailed in Appendix A.

Where we propose to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, documents storage or communication facilities provided by us) they must be disclosed and be authorised by those responsible for approving the administrator's remuneration. Such expenditure is referred to as a "category 2 disbursement". The following items of expenditure are ordinarily recharged on this basis and are believed to be in line with the cost of external provision.

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Storage of office files (6 years)	£66.09 per box
No category 2 disbursements have been drawn on this case to date.	