

The Insolvency Act 1986

**Administrator's progress report**

Name of Company Pro-Fit International Limited	Company number 02915940
In the High Court of Justice, Leeds District Registry  [full name of court]	Court case number 471 of 2008

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

I / We (a) Julian Pitts of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road Leeds LS14 1PQ and Mike Saville of c/o Begbies Traynor (Central) LLP, 9th Floor, Bond Court, Leeds LS1 2JZ

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

(b) Insert dates


from

to

(b) 4 March 2010

(b) 3 September 2010

Signed

  
 Joint Administrator(s)

Dated

5 September 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 is not available.

Begbies Traynor (Central) LLP

Glendevon House, Hawthorn Park, Coal Road, Leeds LS14 1PQ

Tel Number 0113 2375560

Fax Number 0113 2375561

DX Number



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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

SATURDAY

Julian Pitts and Mike Saville were appointed Joint Administrators on 4 and 7 April 2008

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as the Company's agents and without personal liability

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## **Pro-Fit International Limited Genesis Bradford Limited Pro-Fit Holdings Limited (In Administration)**

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Progress report of the Joint Administrators pursuant to  
Rule 2.47 of The Insolvency Rules 1986

Period: 4 March 2010 to 3 September 2010

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### **Contents**

- Interpretation
- Statutory information
- Details of appointment of Administrators
- Progress during the period
- Further extension of Administration period
- Outcome
- Administrators' Remuneration
- Conclusion
- Appendices
- 1 Joint Administrators' account of receipts and payments

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## 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Pro-Fit International Limited (In Administration) Genesis Bradford Limited (In Administration) Pro-Fit Holdings Limited (In Administration)
"the Administration"	The appointment of Administrators under Schedule B1 to the Insolvency Act 1986 on 4 April 2008
"the Joint Administrators"	Julian Pitts of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road, Leeds, LS14 1PQ and Mike Saville of Begbies Traynor, 9th Floor, Bond Court, Leeds, LS1 2JZ
"the Act"	The Insolvency Act 1986
"the Rules"	The Insolvency Rules 1986
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(a), Insolvency Act 1986)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security and  (ii) in relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(b), Insolvency Act 1986)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

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## 2 STATUTORY INFORMATION

Name of Companies	Pro-Fit International Limited Genesis Bradford Limited Pro-Fit Holdings Limited
Trading name(s)	N/A
Date of Incorporation	Pro-Fit International Limited – 6 April 1994 Genesis Bradford Limited – 10 December 1992 Pro-Fit Holdings Limited – 7 December 1999
Company registered number	Pro-Fit International Limited – 02915940 Genesis Bradford Limited – 02772601 Pro-Fit Holdings Limited – 03889914
Company registered office	c/o Begbies Traynor, Glendevon House, Hawthorn Park, Coal Road, Leeds, LS14 1PQ

## 3 DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of Joint Administrators	Julian Pitts, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road, Leeds, LS14 1PQ and Mike Saville, a Licensed Insolvency Practitioner of Begbies Traynor, 9th Floor, Bond Court, Leeds, LS1 2JZ
Date of Administrators' appointment	Pro-Fit International Limited – 4 April 2008 Genesis Bradford Limited – 4 April 2008 Pro-Fit Holdings Limited – 7 April 2008
Date of Administrators' resignation	N/A
Court	High Court of Justice, Leeds District Registry
Court Case Number	Pro-Fit International Limited – 471 of 2008 Genesis Bradford Limited – 472 of 2008 Pro-Fit Holdings Limited – 473 of 2008
Person(s) making appointment / application	The directors of the company
Acts of the Joint Administrators	<i>The Joint Administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.</i>
EC Regulation on Insolvency	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation

## **4. PROGRESS DURING THE PERIOD**

Attached at Appendix 1 is our receipts and payments account for the period from 4 April 2008 to 2 September 2010. It will be noted that this account makes reference to Pro-Fit International Limited only, as this is the only company that trades, with Pro-Fit Holdings Limited and Genesis Bradford Limited being non-trading dormant companies which were placed into administration because they may hold title to some intellectual property of value.

### **INCOME**

You will see from the Income and Expenditure Account that gross receipts have increased to just £819,194 from the £819,130 quoted in the last report, by virtue of interest paid on the credit balances within the Administration bank accounts.

### **EXPENDITURE**

Whilst efforts have been made to keep expenditure to a minimum during this period of zero sales, the unavoidable expenditure has resulted in substantial losses accruing; this is a requirement to maintain the goodwill and intellectual property assets within the Administration. To alleviate this, all staff have now been made redundant and an agreement has been reached with the company's landlords to substantially reduce the rent to be paid until such time as the sale of the business can be concluded.

Given that there are currently insufficient resources to meet all the liabilities incurred during the period of the administration, it is imperative that the sale agreed, for which a deposit of £30,000 has been paid, is completed, thus enabling these liabilities to be discharged and the company's affairs brought to a conclusion.

### **US BANKRUPTCY COURT**

Creditors may recall from our previous report that it was envisaged that the last extension to 7 October 2010 approved by a court order would be sufficient to enable the process to be concluded.

There have been yet further delays in drafting, amending and approving motions to submit to the US Court. It would however now appear that the matter is drawing to a conclusion with all motions now approved and filed, with the final hearing to consider the application set to take place on 15 September 2010 in Los Angeles.

## **5. FURTHER EXTENSION OF ADMINISTRATION PERIOD**

Therefore, given the above, regrettably the Joint Administrators have been required to make a further application for the period of the Administration to be extended beyond the current term due to expire on 7 October 2010. As the Administration period has already been extended by creditor approval and also by Court application, this latest extension must also be an application to the High Court of Justice.

Should any creditor have any objection to the proposed extension please write to that effect, stating your reasons for the objection, within seven days.

## 6. OUTCOME

Whilst it would not be appropriate to disclose the sale price agreed in an open report of this nature, it should be noted that due to the increasing legal costs both in the UK and the US together with the costs of the Administrators due to the significant amount of time spent dealing with the complexities of the case, there will be insufficient funds in the case to allow any distribution to unsecured creditors

The sale will however enable a distribution to the secured creditor that would not otherwise have been possible. In our view therefore the objective of the Administration will be achieved by the sale

## 7. ADMINISTRATORS' REMUNERATION

In our first report we have stated that costs to the period ended 3 October 2008 were £181,745. However, we felt it unnecessary to provide a further detailed analysis of the time accrued since that report, due to the mounting legal costs it was thought highly unlikely the Administrators' full time costs as at 3 October 2008 would be met in full. Accordingly, I propose to continue on this basis, however, should any creditor require such information I would be happy to oblige upon written request.

## 8. CONCLUSION

As advised previously, this has become a drawn out and complex assignment, however, it is the opinion of the Joint Administrators that it can now be successfully concluded with the anticipated sale of the Company's assets.

Should any creditor have any questions or require further information, please do not hesitate to contact my colleague David Childe.



J N R Pitts  
Joint Administrator

Dated 3 September 2010

**Pro-Fit International Limited  
(In Administration)**

**Income and Expenditure Account  
04 April 2008 to 02 September 2010**

<b>INCOME</b>	<b>Total (£)</b>
Sales	525,662 45
Export Sales	293,531 44
Intellectual Property (Deposit)	30,000 00
Non Factored Book Debts	50,335 30
VAT Refund	34,196 64
Non Refundable Deposit	78,169 66
Bank Interest (Gross)	1,694 71
Third Party Loan	10,000 00
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<b>EXPENDITURE</b>	
Purchases	338,499 29
Sub Contractors	82,732 51
Direct Labour	266,759 77
Indirect Labour	15,000 00
Rents	129,879 92
Rates	33,361 55
Heat & Light	47,589 30
Telephone, Internet & I T	34,679 91
Carriage	6,687 19
Insurance	12,019 48
Professional Services	45,490 97
Bank Charges	702 97
Lease/HP Payments	4,022 45
Hire of Equipment	4,816 90
Repairs & Maintenance	690 53
Sales Commission	3,212 53
Factored Book Debts	346 90
Specific Bond	282 00
Office Holders Fees	11,000 00
Office Holders Expenses	2,128 61
Patent Renewals	53,597 91
Agents/Valuers Fees	4,905 40
UK Legal Fees	40,191 88
US Legal fees	32,378 64
Storage Costs	268 94
Statutory Advertising	2,995 93
Insurance of Assets	23,356 16
Bank Charges	12 00
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	<b>1,197,609 64</b>
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<b>Balance</b>	<b>(174,019 44)</b>
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<b>MADE UP AS FOLLOWS</b>	
Trade Debtors	66,332 63
VAT Receivable	4,186 67
Floating Current A/c	2,127 51
Floating Deposit A/c	15,315 13

**Pro-Fit International Limited  
(In Administration)**

**Income and Expenditure Account  
04 April 2008 to 02 September 2010**

Trade Creditors  
VAT Payable

(267,451 95)  
5,470 57

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**(174,019.44)**

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