



The Insolvency Act 1986

Administrator's progress report**2.24B**

Name of Company ABS London Limited

Company Number 03934698

In the High Court of Justice - Manchester District Registry [full name of court]

Court case number (For court use only) 1092 of 2010
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Insert full name(s) and
address(es) of the
administrator(s)

We^(a)

Stephen P Holgate of PKF (UK) LLP, Farringdon Place, 20 Farringdon Road, London, EC1M 3AP

Philip J Long of PKF (UK) LLP, Farringdon Place, 20 Farringdon Road, London, EC1M 3AP

administrators of the above company attach a progress report for the period

(b) Insert dates

From (b) 14 October 2010

To (b) 24 February 2011

Signed 
For the Joint AdministratorsDated **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 P Holgate

Farringdon Place, 20 Farringdon Road, London, EC1M 3AP

Tel 020 7065 0000

DX Number

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



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TO ALL KNOWN CREDITORS, AS ADDRESSED

Our ref SPH/SAH/EJK/cl/4017146/2400

4 March 2011

Dear Sir/Madam

**ABS London Limited ('the Company' or 'ABS')
In Administration**

**Final report to creditors on the progress of the administration pursuant to Rule 2.117A of the
Insolvency Rules 1986**

1 INTRODUCTION

- 1 1 In accordance with Rule 2.117A of the Insolvency Rules 1986, the Joint Administrators now present their final report on the administration of the Company
- 1 2 This report should be read in conjunction with our previous reports to creditors
- 1 3 We confirm that the Joint Administrators' Proposals as circulated to creditors were accepted at the meeting of creditors on 23 June 2010
- 1 4 The statutory information is attached at Appendix A

2 THE JOINT ADMINISTRATORS PROPOSALS

- 2 1 An extract from the Joint Administrators' proposals for achieving the administration is attached at Appendix B
- 2 2 These proposals were accepted by the creditors on 23 June 2010, without any modifications
- 2 3 The Joint Administrators believe that the purpose of the administration, being a distribution to one or more secured or preferential creditor as detailed in the proposals, has been achieved

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3 RECEIPTS AND PAYMENTS ACCOUNT

- 3 1 We attach a copy of our receipts and payments account up to 24 February 2011, at Appendix C

4 STEPS TAKEN IN THE ADMINISTRATION AND MATTERS STILL ONGOING IN THE LIQUIDATION

4 1 Long leasehold property ('the Property')

- 4 1 1 ABS traded from a commercial unit within a building at 47 Paul Street, London
- 4 1 2 As previous advised we instructed GVA Grimley to market the Property and we accepted an offer subject to contract
- 4 1 3 Unfortunately contract negotiations were protracted as the purchaser's funder requested a clause be removed from the lease. The landlord demanded compensation of £10k which was negotiated down to £7.5k and of this £2.5k was agreed to be paid by the purchaser
- 4 1 4 Contracts were exchanged and the transaction completed on 27 January 2011
- 4 1 5 After completion of the sale of the Property, the Joint Administrators distributed net fixed charge realisations to HSBC Bank plc ('the Bank') of £555k. These realisations included rents received in respect of ABSL Maintenance Limited's ('ABSL') occupation of the Property, and were net of legal fees and agents fees in relation to the sale, and Joint Administrators' fees of £10k
- 4 1 6 The Joint Administrators have sent Form 2 34B 'Notice of move from administration to creditors voluntary liquidation' to Companies House and the liquidation will be effective when Companies House has processed and filed the form
- 4 1 7 The balance of Company funds will be transferred to the Joint Liquidators account

4 2 Book debts

- 4 2 1 Our agents, Naismiths Quantity Surveyors ('Naismiths'), will continue to collect the book debts and contracts in progress for the Company in liquidation. The book debts are currently estimated to realise between £99k to £257k, before costs

4 3 Loans

- 4 3 1 The Joint Liquidators will continue to pursue the associated debts of £300k and £17k due to the Company from Norton Heights Limited ('NHL') and Messrs Anthony Smith and Kevin Selvester respectively
- 4 3 2 As previously reported, a statutory demand was issued by the Company to NHL in relation to the outstanding debt. The directors of NHL subsequently produced an agreement between the Company and NHL which purports to defer repayment of the loan until sale of the proposed development. Our solicitors are currently reviewing this agreement

4 4 Other outstanding matters

- 4 4 1 Shortly following our appointment we received notification from HM Revenue & Customs ('HMRC') of an investigation into the Share Incentive Plan and the Company's tax planning. We were obliged to comply with the information request and to assist



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4.4.2 HMRC have issued a determination against the Company claiming c£2m in unpaid PAYE/NIC in relation to the scheme. We have sought a postponement and appeal pending the outcome of a test case being made by the Company's former tax advisers, Haslers.

4.4.3 The Joint Administrators have investigated a number of matters that came to light during the administration and these investigations will be continued by the Joint Liquidators.

5 CREDITORS

5.1 Secured creditors

5.1.1 The Bank holds a fixed and floating charge over the Company's assets. As at the date of our appointment the Bank was owed £586k in respect of its lending to the Company (excluding post demand entries).

5.1.2 As reported above, £555k has been distributed to the Bank in relation to their fixed charge over the Property.

5.2 Preferential creditors

5.2.1 The preferential creditors consist of the employee claims for the arrears of wages, subject to statutory limits, and unpaid holiday pay, and are expected to be in the region of c£20k. We currently expect a distribution will be paid to the preferential creditors, although this is dependent on Naismiths achieving debtor realisations close to their best case estimate.

5.3 Prescribed part

5.3.1 Section 176A of the Insolvency Act 1986 requires the Joint Administrators to set aside a prescribed amount of the Company's 'net property' towards satisfaction of non-preferential claims. Net property is the amount of property that would otherwise be available for satisfaction of debentures secured by, or holders of, any floating charge created by the Company after 15 September 2003.

5.3.2 The Bank's charge was created prior to 15 September 2003 and therefore the prescribed part provisions do not apply.

5.4 Unsecured creditors

5.4.1 On the assumption that Naismiths' book debt realisations approximate their best case estimate, a distribution will be available to unsecured creditors. However due to the nature of the debts the position will not be certain for some time.

6 OTHER MATTERS

6.1 The Joint Administrators have complied with all regulatory and statutory requirements under the Insolvency Act 1986 and the Company's Directors Disqualification Act 1986.

7 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

7.1 From 14 April 2010 to 25 February 2011 the Joint Administrators have incurred time costs of £142,468 at an average charge out rate of £219.79 per hour. The time costs are detailed at Appendix D.

7.2 Please note that it is common with most professional service firms, including PKF (UK) LLP, for charge out rates to change from time to time. The rates/costs reflect a number of such changes over the period of the administration, none of which is individually material.



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- 7.3 Disbursements during this same period total £1,716.60. The disbursements to date are detailed as follows:

Disbursement	Category 1 £	Category 2 £
Travel	3.60	
Postage & Courier	632.92	
Advertising	144.38	
Company Search Fees	23.00	
Document Storage	170.00	
Land Registry Fees	20.00	
Insolvency Bonds and Insurances	528.00	
Room Hire		194.70
	<u>1,521.90</u>	<u>194.70</u>

- 7.4 Our firm's disbursements are charged on the basis of costs incurred or costs generally charged to clients for such services (which approximate to cost and do not include any overhead recovery).
- 7.5 Category 1 disbursements are those which generally comprise external supplies of incidental services specifically identifiable to the client. Category 2 disbursements are generally services supplied internally and require the approval of creditors. Approval to take Category 2 disbursements was passed as a resolution at the meeting of creditors held on 23 June 2010.

I trust the above provides you with sufficient information, however should you have any questions please contact Max Walker on 020 7065 0326.

Yours faithfully

Stephen P Holgate
Joint Administrator

Enc



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Appendix A

STATUTORY INFORMATION

Court details for the Administration:	High Court of Justice (Manchester District Registry), 1092 of 2010
Full name:	ABS London Limited
Trading name:	'ABS London' formerly 'Airtech'
Registered number:	03934698
Registered address:	Farringdon Place, 20 Farringdon Road, London, EC1M 3AP
Company directors:	Anthony Smith Kevin Selvester Patrick Cassidy
Company secretary:	Anthony Smith
Shareholdings held by the directors and secretary:	None
Date of the Administration appointment:	14 April 2010
Administrators' names and addresses:	Stephen Paul Holgate and Philip James Long of PKF (UK) LLP, Farringdon Place, 20 Farringdon Road, London, EC1M 3AP
Appointor's name and address:	HSBC Bank plc, 8 Canada Square, London, E14 5HQ
Objective being pursued by the Administrators:	Paragraph 3(c) of Schedule B1 to the Insolvency Act 1986 "realising property in order to make a distribution to one or more secured or preferential creditors"
Division of the Administrators' responsibilities:	Jointly and severally
End of the Administration:	Notice of move from Administration to Creditors' Voluntary Liquidation to be filed at Registrar of Companies
Estimated dividend for unsecured creditors:	Currently uncertain and dependent on final asset realisations
Estimated values of the prescribed part and net property:	Not applicable, qualifying floating charge was created prior to 15 September 2003
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	N/A
The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):	Main proceedings England & Wales



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Appendix B

**EXTRACT FROM
'THE JOINT ADMINISTRATORS PROPOSALS FOR ACHIEVING THE PURPOSE
OF THE ADMINISTRATION'**

1 ADMINISTRATORS' PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

1 1 In accordance with paragraph 49 of Schedule B1 to the Insolvency Act 1986 ('the Act') and Rule 2.33 of the Insolvency Rules 1986, Stephen Paul Holgate and Philip James Long the Administrators of the Company, make to the creditors the following proposals for achieving the purpose of the Administration commenced on 14 April 2010

- i) The Administrators will continue to manage and finance the Company's business, affairs and property from asset realisations in such manner as they consider expedient with a view to realising property in order to make a distribution to one or more secured or preferential creditors
- ii) It is proposed that the Administrators do all such things and generally exercise all of their powers as Administrators contained in Schedule 1 of the Act as they, in their discretion, consider desirable or expedient, in order to achieve the purposes of the Administration, to protect and preserve the assets of the Company or maximise the realisation of those assets or for any purpose incidental to these proposals
- iii) The Administrators may investigate and, if appropriate, pursue any claims that the Company may have under the Companies Act 1985 or the Act or otherwise
- iv) If the Administrators think that funds will become available for unsecured creditors, the Administrators may, at their discretion, establish in principle the claims of unsecured creditors for adjudication by a subsequent Liquidator, for the Administrator or Supervisor of a Company Voluntary Arrangement/Scheme of Arrangement and that the costs of so doing be met as a cost of the Administration as part of the Administrators' remuneration
- v) In the event that the Administrators consider it appropriate, they may seek consent from the appropriate classes of creditors to extend their statutory term of twelve months for a further period not exceeding six months, pursuant to paragraph 76(2)(b) of Schedule B1 to the Act, and that if a further extension is considered appropriate, the Administrator may make an application to Court pursuant to paragraph 76(2)(a) in this regard
- vi) The Administrators may use either of the following exit route strategies in order to bring the Administration to an end
 - a) Once asset disposals are complete and if sufficient funds are available for distribution to unsecured creditors then the Joint Administrators will cause the Company to be placed into Creditors Voluntary Liquidation pursuant to paragraph 83 of Schedule B1 to the Act with Stephen P Holgate and P J Long of PKF (UK) LLP appointed as Joint Liquidators and any act required or to be done by the Joint Liquidators may be done by any or both of them. In accordance with paragraph 83(7) of Schedule B1 to the Act, creditors may nominate alternative Liquidators, provided that the nomination is made after receipt of these proposals and before they are approved, OR
 - b) In the event that there are insufficient funds to enable a distribution to the unsecured creditors, it is proposed that the Administrators present a petition at Court for the winding up of the Company pursuant to paragraph 79 of Schedule B1 to the Act. They will also seek their appointment as Joint Liquidators pursuant to Section 140(1) of the Act and will seek their release as Administrators from Court pursuant to paragraph 98(2)(c) of Schedule B1 to the Act
- vii) The Administrators be discharged from liability in accordance with paragraph 98 of Schedule B1 to the Act, 14 days after they cease to be Administrators of the Company or in any case at a time determined by the Court

- viii) The Administrators shall be remunerated on a time costs basis by reference to PKF (UK) LLP's normal rates for the time spent by them and their staff in attending to matters arising in the Administration. It will be for the creditors' committee to fix the basis and the level of the Administrators' fees but if no committee is appointed, it will be for the general body of creditors to determine these instead.

**ABS London Limited
(In Administration)**

JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

	Statement of affairs £	From 14/10/2010 To 24/02/2011 £	From 14/04/2010 To 24/02/2011 £
RECEIPTS			
Bank interest		163 84	163 84
Rent		3,000 00	21,000 00
Deed of variation		2,500 00	2,500 00
Leasehold Property Subject to a Charge	600,000 00	575,000 00	575,000 00
Hire Purchase Motor Vehicles	6,000 00	-	-
Furniture & Equipment	3,000 00	-	12,000 00
Motor Vehicles		-	11,500 00
Book Debts	275,000 00	8,428 38	35,026 55
Insurance Refund		-	250 00
Cash at Bank	5,057 00	-	5,057 60
Software Licences		1,520 00	1,520 00
Bank Interest Gross		-	0 27
Rates Refunds		-	125 11
VAT Payable		1,079 50	5,192 00
Unreconciled debtor receipts		-	12,117 36
		<u>591,691 72</u>	<u>681,452 73</u>
PAYMENTS			
Legal fees		12,400 00	12,400 00
Service charge		-	300 17
Leasehold Property Expense		-	1,400 00
Deed of variation - landlord & legal cos		8,234 38	8,234 38
Valuation Fee		9,534 00	11,197 00
Office Holder's Fee		10,000 00	10,000 00
Due to HSBC Bank plc		555,132 29	555,132 29
Office Holders Fees		30,000 00	30,000 00
Office Holders Expenses		381 24	1,716 60
Agents/Valuers Fees		-	12,058 45
Legal Fees		5,123 26	5,123 26
Non-Reclaimable VAT		95 72	146 87
Insurance of Assets		33 15	696 15
Bank Charges		2 27	21 12
VAT Receivable		13,474 97	16,334 83
Vat Control Account		- 928 01	1,493 46
		<u>643,483 27</u>	<u>666,254 58</u>
BALANCE - 24 February 2011			<u><u>15,198.15</u></u>

Stephen P Holgate
Joint Administrator

Narrative	Partner / Director		Manager		Supervisor / Senior		Administrator / Assistant		Total	
	Amount (£)	Hours	Amount (£)	Hours	Amount (£)	Hours	Amount (£)	Hours	Amount (£)	Hours
Phase Tasks										
Partner/Senior Manager Review	13,117.50	26.50	1,492.10	4.30	0.00	0.00	0.00	0.00	14,609.60	30.80
Case Completion	727.70	1.90	0.00	0.00	627.00	3.00	0.00	0.00	1,354.70	4.90
Planning & Monitoring	268.10	0.70	4,903.55	14.65	606.10	2.90	1,022.40	6.30	6,800.15	24.55
Time Summaries & Billing	0.00	0.00	0.00	0.00	104.50	0.50	17.20	0.20	121.70	0.70
Cashienng Function Generally	74.25	0.15	935.95	3.05	1,379.40	6.60	2,922.24	24.20	5,311.84	34.00
Dividends & Distributions	0.00	0.00	0.00	0.00	0.00	0.00	43.00	0.50	43.00	0.50
Office Holders Tax Liabilities	3,005.10	7.70	2,168.75	6.25	3,521.65	16.85	1,257.30	8.10	9,952.80	38.90
Creditors/Liquidation Committee	0.00	0.00	0.00	0.00	0.00	0.00	464.40	5.40	464.40	5.40
CDDA 1986 Work	742.50	1.50	5,378.50	15.50	104.50	0.50	314.10	2.10	6,539.60	19.60
Official Receiver/DTI/Court	114.90	0.30	0.00	0.00	0.00	0.00	0.00	0.00	114.90	0.30
Secured Creditors (reporting/accounting for funds, etc)	6,969.10	16.50	4,719.20	13.60	3,072.30	14.70	0.00	0.00	14,760.60	44.80
Partly Secured Creditors (including of lease and HP)	0.00	0.00	0.00	0.00	0.00	0.00	420.00	2.40	420.00	2.40
Preferential Creditors	0.00	0.00	0.00	0.00	0.00	0.00	17.20	0.20	17.20	0.20
Non Preferential Creditors	1,057.75	2.25	1,908.50	5.50	888.25	4.25	4,823.80	35.60	8,678.30	47.60
Employee Claims	0.00	0.00	0.00	0.00	1,128.60	5.40	2,788.00	17.40	3,916.60	22.80
Fixed Asset Realisation	2,436.55	5.85	6,280.70	18.10	616.55	2.95	2,285.90	15.30	11,619.70	42.20
Stock Realisations	0.00	0.00	0.00	0.00	0.00	0.00	945.00	5.40	945.00	5.40
Book Debt Realisations	1,299.30	3.10	1,839.10	5.30	31.35	0.15	847.40	5.30	4,017.15	13.85
Other Asset Realisations	536.20	1.40	3,331.20	9.60	449.35	2.15	2,097.10	18.90	6,413.85	32.05
Post Appointment Trading	866.25	1.75	0.00	0.00	0.00	0.00	0.00	0.00	866.25	1.75
Insurance & Bonding	153.20	0.40	208.20	0.60	31.35	0.15	818.00	6.20	1,210.75	7.35
Legal Correspondence/Litigation	1,381.85	2.95	2,602.50	7.50	0.00	0.00	0.00	0.00	3,984.35	10.45
General Administration	0.00	0.00	0.00	0.00	0.00	0.00	7,906.40	85.85	7,906.40	85.85
Statutory Compliance (including CRO returns and lodgement of funds with ISA)	1,753.10	3.70	5,829.60	16.80	1,536.15	7.35	2,908.70	21.30	12,027.55	49.15
Pension Schemes/Liasing with Independent Trustee)	0.00	0.00	0.00	0.00	0.00	0.00	17.50	0.10	17.50	0.10
Investigations	4,174.70	10.90	5,343.80	15.40	1,305.25	6.25	4,196.80	48.80	15,021.55	81.35
Liasing with Agents/Solicitors/Other Professionals	-	-	1,630.90	4.70	-	-	-	-	1,630.90	4.70
Negotiations/Discussions with Prospective Purchasers	-	-	-	-	292.60	1.40	-	-	292.60	1.40
Secretarial	0.00	0.00	0.00	0.00	0.00	0.00	3,409.55	35.15	3,409.55	35.15
	38,678.05	87.55	48,572.55	140.85	15,695.90	75.10	39,521.99	344.70	142,468.49	648.20
								Average hourly rate		219.79