

4052361

In the matter of

Ace Telecom Trading Limited In Liquidation
('the Company')

Joint Liquidators' progress report

17 August 2016

Adrian Allen and Mark Wilson
Joint Liquidators

RSM Restructuring Advisory LLP
25 Farringdon Street
London EC4A 4AB

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1 Purpose of report

This report has been prepared in accordance with insolvency legislation to provide creditors and members of the Company with information relating to the progress of the liquidation in the period from 12 July 2015 to 11 July 2016. This report should be read in conjunction with any previous reports that have been issued, copies of which are available on request.

This report has been prepared solely to comply with the statutory requirements of Rule 4.49B of the Insolvency Rules 1986 (as amended). The purpose of the report is to provide creditors and members with information relating to the progress of the Winding Up in the period from 12 July 2015 to 11 July 2016. It has not been prepared for use in respect of any purpose, or to inform any investment decision in relation to any debt or financial interest in the Company. Any estimated outcomes for creditors are illustrative and may be subject to significant change.

RSM Restructuring Advisory LLP was previously named Baker Tilly Restructuring and Recovery LLP until 26 October 2015.

Neither the Liquidators nor RSM Restructuring Advisory LLP accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in this report.

2 Joint Liquidators' appointment

Adrian Allen and David Griffin of Baker Tilly Restructuring and Recovery LLP, 25 Farringdon Street, London EC4A 4AB were appointed Joint Liquidators of Ace Telecom Trading Limited on 12 July 2013 by The Secretary of State.

As a result of David Griffin leaving Baker Tilly Restructuring and Recovery LLP, by Court Order dated 15 November 2014 he was removed as Joint Liquidator and Mark Wilson (IP No 8612) of RSM Restructuring Advisory LLP was appointed in his place. A Notice to this effect was advertised in the London Gazette on 4 December 2013, and in accordance with the terms of the Order, David Griffin was released from office with effect from 29 January 2014.

3 Receipts and payments summary

Attached at Appendix B is a summary of the receipts and payments for the period from 12 July 2015 to 11 July 2016.

VAT basis

Receipts and payments are shown net of VAT, with any amount due to or from HM Revenue and Customs shown separately.

4 Creditors' claims

Creditors' claims as set out in the handover from the Official Receiver totalled £18,352,267. HM Revenue & Customs ("HMRC") are the sole creditor and the claim is made up of VAT, PAYE, Corporation Tax and in respect of a section 429 ITEPA avoidance scheme.

Steps have not been taken to adjudicate on creditor claims, however should a dividend to unsecured creditors become likely, adjudication of claims will be completed.

4.1 Dividend prospects for creditors

Dividend prospects and projected returns to creditors, where known, are detailed in Appendix A, including any amount under the prescribed part. Please note that these are indicative only and should not be used as the sole or principal basis for any bad debt provision or other purposes. They may be subject to revision and additional costs.

4.2 Prescribed part

The 'Prescribed Part' is a statutory amount of the Company's assets subject to a floating charge to be set aside for the benefit of the Company's non-preferential creditors.

There are no creditors secured by charges over the assets and undertakings of the Company. There is therefore no requirement to estimate the amount of the prescribed part of the assets under Section 176A of the Insolvency Act 1986 (as amended).

5 Conduct of the winding-up in the previous twelve months

Investigations have continued regarding any potential third party claims. Gowling WLG (UK) LLP, formerly Wragge Lawrence & Co continue to assist and liaise with HMRC in obtaining and reviewing the information required.

5.1 Realisation of assets

As previously reported, £2,732 was realised into the estate in accordance with the terms of a settlement agreement with the First Curacao International Bank. No further realisations are expected in this regard.

5.2 Investigations

Following the Liquidators' initial assessment, further investigations were undertaken in relation to potential third party claims and these actions are currently ongoing.

5.3 Administration and planning

This has included the completion of internal reviews, maintenance of the receipts and payments account and the production of progress reports.

5.4 Potential claim for compensation for mis-selling of interest rate hedging product

As you may be aware, a settlement agreement was recently reached between the Financial Conduct Authority ('FCA') and certain major banks in relation to the sale of interest rate hedging products. The Joint Liquidators are currently investigating whether or not the Company was sold a relevant Interest Rate Hedging Product, and whether there is an entitlement to redress within the framework of the FCA settlement, or otherwise.

The Joint Liquidators are aware that a number of banks are in the process of developing a methodology to implement the terms of the settlement reached with the FCA in respect of the sale of these products. My understanding is that this process will take several months to refine and finalise and, until such time, my own investigations cannot be completed.

Consequently, to ensure creditors' rights to any potential claim are protected, Joint Liquidators are at present unable to conclude the Compulsory Liquidation.

6 Matters preventing closure

6.1 Assets remaining to be realised

The Liquidators continue to investigate whether there are any third party claims that might result in further realisations into the estate.

6.2 Other outstanding matters

The Liquidators are investigating a charge registered against the Company, however attempts to receive a substantive response from the charge-holder have so far been unsuccessful. In order to ascertain whether there are any further assets that the Liquidators were previously unaware of, they must continue to liaise with the charge-holder for further details of the charge.

7 Joint Liquidators' remuneration, disbursements and expenses

7.1 Basis of remuneration

The Joint Liquidators' remuneration was approved on a time cost basis by creditors on 6 September 2013. Approval was also given to the drawing of disbursements, including category 2 disbursements. Details of the current rates are attached at Appendix D.

7.2 Remuneration and Disbursements incurred in the period from 12 July 2015 to 11 July 2016

In accordance with insolvency legislation the Joint Liquidators' are required to report remuneration 'charged'. This reflects the time charged to the case and is the maximum that can be taken in fees by

the Joint Liquidators. It does not necessarily reflect the amount of remuneration that will ultimately be taken by the Joint Liquidators in remuneration. If there are insufficient realisations to allow the Joint Liquidators remuneration to be recovered in full, any balance will be written off. Details of any write off will be set out in the final report.

7.2.1 Joint Liquidators' remuneration

Joint Liquidators have incurred time costs of £30,375 in respect of work done in the current period (a summary of which is set out in Appendix G). Details of the sums drawn in respect of remuneration for the period covered by this report are set out in the receipts and payments account (Appendix B).

Attached are the following

- Appendix C RSM Restructuring Advisory LLP's Charging, Expenses and Disbursements Policy Statement
- Appendix D Joint Liquidators' Charge Out and Disbursement Rates,
- Appendix E Category 2 Disbursements Table,
- Appendix G Joint Liquidators' Time Cost Analysis for the period set out above

7.2.2 Joint Liquidators' disbursements

The basis of the Joint Liquidators' drawing disbursements was approved by creditors on 6 September 2013, when the following resolution was passed

The Liquidator be authorised to draw 'category 2' disbursements out of the assets as an expense of the Winding Up, at the rates prevailing when the cost is incurred

Disbursements incurred in the period in accordance with the resolution above are detailed on Appendix F (Statement of Expenses)

7.3 Total remuneration incurred and paid to date since appointment

The Joint Liquidators have incurred time costs of £92,090 since the date of their appointment in accordance with the resolution set out above. No remuneration has been paid to date and therefore the full amount of £92,090 remains outstanding.

Should you require any further information please do not hesitate to contact me at restructuring.london.sl@rsmuk.com

7.4 Joint Liquidators' statement of expenses

A statement of the expenses incurred during the period, is attached at Appendix F. This includes all expenses incurred by the Liquidators in the period of the report irrespective of whether they have been paid or not and may include estimated amounts where actual invoices have not been received. The receipts and payments abstract at Appendix B sets out the expenses actually paid in the period together with cumulative figures.

8 Creditors' right to information and ability to challenge remuneration and expenses

In accordance with the provisions of Rules 4.49E and 4.131 of the Insolvency Rules 1986 creditors have a right to request further information about remuneration or expenses and to challenge such remuneration or expenses.

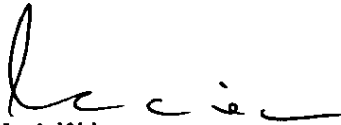
A request for further information must be made in writing within 21 days of receipt of this report.

Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to court that the remuneration charged, the basis fixed or expenses incurred by the Liquidator are in all the circumstances excessive.

Any such challenge must be made no later than eight weeks after receipt of the report which first discloses the charging of remuneration or incurring of the expenses in question.

A Guide to Liquidators Fees, which provides information for creditors in relation to the remuneration of a Liquidator, can be accessed at <http://rsm.insolvencypoint.com> under 'general information for creditors'
A hard copy can be requested from my office by telephone, email or in writing

Should you have any further queries please do not hesitate to contact me



Mark Wilson
RSM Restructuring Advisory LLP
Joint Liquidator

Adnan Allen is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales
Mark Wilson is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales
Insolvency Practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment

Appendix A

Statutory, dividend and other information

Company name	Ace Telecom Trading Limited
Company number	04052361
Court & reference	In the High Court of Justice No 3718 of 2013
Date of appointment	08 July 2013
Joint Liquidators	David Griffin appointed 12 July 2013 and released 29 January 2014 Adrian Allen appointed 12 July 2013 Mark Wilson appointed 15 November 2014
Functions	The Joint Liquidators' appointment specified that they would have power to act jointly and severally The Joint Liquidators' have exercised, and will continue to exercise, all of their functions jointly and severally as stated in the notice of appointment
Date of incorporation	14 August 2000
Previous company names	Jacksons I T Solutions Limited
Trading name	Ace Telecom Trading Limited
Trading address	9 Stableford Court, Stableford, Newcastle, Staffordshire ST5 5JH
Principal activity	Wholesale & Retail Trade, Repair Motor Vehicles, Motorcycles & Personal & Household Goods
Registered office	RSM Restructuring Advisory LLP 25 Farringdon Street London EC4A 4AB
Previous registered office	33 Lawton Street, Congletonm Cheshire CW12 1RU

Dividends	Owed	Paid	Estimated future prospects
Secured creditor (1)	£ NIL	£ NIL	N/A
Secured creditor (2)	£ NIL	£ NIL	N/A
Preferential creditors	£ NIL	NIL	NIL
Unsecured creditors	£18,352,267	NIL	Not known
Estimated net property	£ NIL		
Estimated prescribed part available for unsecured creditors	£ N/A		

Appendix B

Receipts and Payments Abstract: 781935 - Ace Telecom Trading Limited In Liquidation

Bank, Cash and Cash Investment Accounts: From 12/07/2015 To: 11/07/2016

		12/07/2015 to 11/07/2016		Total to 11/07/2016	
		£	£	£	£
SOA Value £					
	ASSET REALISATIONS				
0 00	Bank Interest Gross	6 02		6 18	
0 00	Cash at Bank	0 00		2,731 57	
			6 02		2,737 75
	COST OF REALISATIONS				
0 00	Corporation Tax	(1.21)		(1 24)	
0 00	Courier	0 00		(55 00)	
0 00	ISA Cheque Fees	(0 15)		(0 30)	
0 00	ISA Quarterly Charges	(88 00)		(264 00)	
0 00	Official Receivers Debit Balance	0 00		(1,070 00)	
0 00	Secretary of State Fees	(4 81)		(236.51)	
0 00	Storage Costs	(85 00)		(85 00)	
	VAT Irrecoverable	(17 00)		(28 00)	
			(196 17)		(1,740 05)
			(190 15)		997 70
0 00					
	REPRESENTED BY				
	ISA - LQD3937881			997 70	
					997 70
					997 70

Appendix C

RSM Restructuring Advisory LLP

Charging, expenses and disbursements policy

Charging policy

- Partners, directors, managers, administrators, cashiers, secretarial and support staff are allocated an hourly charge out rate which is reviewed from time to time
- Work undertaken by cashiers, secretarial and support staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, directors, managers and administrators
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate
- Time is recorded in 6-minute units at the rates prevailing at the time the work is done
- The current charge rates for RSM Restructuring Advisory LLP London (SI) are attached
- Time billed is subject to Value Added Tax at the applicable rate, where appropriate
- It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard to its complexity and the skill and experience actually required to perform it
- RSM Restructuring Advisory LLP's charge out rates are reviewed periodically

Expenses and disbursements policy

- Only expenses and disbursements properly incurred in relation to an insolvency estate are re-charged to the insolvency estate
- Expenses and disbursements which comprise external supplies of incidental services specifically identifiable to the insolvency estate require disclosure to the relevant approving party, but do not require approval of the relevant approving party prior to being drawn from the insolvency estate. These are known as 'category 1' disbursements
- Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) or payments to outside parties that the firm or any associate has an interest, require the approval of the relevant approving party prior to being drawn from the insolvency estate. These are known as 'category 2' disbursements
- A resolution to consider approving category '1' disbursements at the rates prevailing at the time the cost is incurred to RSM Restructuring Advisory LLP London (SI) will be proposed to the relevant approving party in accordance with the legislative requirements
- General office overheads are not re-charged to the insolvency estate as a disbursement
- Any payments to outside parties in which the office holder or his firm or any associate has an interest will only be made with the approval of the relevant approving party
- Expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate, where appropriate

Appendix D

RSM Restructuring Advisory LLP

Joint Liquidators' current charge out and disbursement rates

Hourly charge out rates		
	Rates at commencement £	Current rates £
Partner	400 – 485	495
Directors / Associate Directors	-	385 to 410
Manager	200-400	250 to 300
Assistant Managers	-	200 to 240
Administrators	105-185	100 to 200
Support staff	105	105 to 160

Category 2 disbursement rates	
Internal room hire	£50 to £200 dependent on room
Subsistence	£25 per night (from 3 rd September 2013) £23 per night (up to 2 nd September 2013)
Travel (car)	38p per mile (up to and including 31 March 2010) 40p per mile (from 1 April 2010) 42 5p per mile (from 1 April 2011)
'Tracker' searches	£10 per case

Appendix E

RSM Restructuring Advisory LLP

Joint Liquidators' category 2 disbursements table

Amounts paid or payable to the Office Holder's firm or to any party in which the office holder or his firm or any associate has an interest		
Recipient, type and purpose	Paid £	Unpaid £
None	Nil	Nil
Total	Nil	Nil

Appendix F

Statement of expenses incurred by the Joint Liquidators in the period from 12 July 2015 to 11 July 2016

Type and purpose	Incurred in period £
Legal & Professional – Agent Fees	200 00
Legal & Professional – Gowling WLG LLP	7,467 10
Library Services	48 00
Storage	82 94
Total	7,798 04

Appendix G

Joint Liquidators' time cost analysis for the period from 12 July 2015 to 11 July 2016

Please note that we have re-designed our SIP9 analysis table to provide a more detailed analysis of the grades of staff within the firm. Please note that this change does not alter the value of time costs recorded, purely the column within the table to which that time, and cost, has been allocated

Hours Spent	Partners	Directors / Associate Directors	Managers	Assistant Managers	Administrators	Assistants & Support Staff	Total Hours	Total Time Costs (£)	Average Rates (£)
Administration and Planning									
Background information	0 0	0 0	0 0	0 0	0 4	0 0	0 4	76 00	190 00
Case Management	0 4	3 5	0 1	0 0	13 7	0 6	18 3	3,766 30	205 81
Director(s)/debtor/bankrupt	0 0	0 0	0 0	0 0	0 3	0 0	0 3	54 00	180 00
Receipts and Payments	0 0	0 3	0 0	0 0	0 9	0 0	1 2	260 00	216 67
Tax Matters	0 1	0 3	0 0	0 0	1 9	0 0	2 3	387 50	168 48
Total	0 5	4 1	0 1	0 0	17 2	0 6	22 5	4,543 80	201 95
Investigations									
DTI/Official Receiver	0 0	0 2	0 0	0 0	0 6	0 0	0 8	192 50	240 63
Investigations/CDDA	0 9	51 9	0 0	0 0	13 4	0 0	66 2	20,162 00	304 56
Total	0 9	52 1	0 0	0 0	14 0	0 0	67 0	20,354 50	303 80
Realisation of Assets									
Assets - general/other	0 0	0 3	0 0	0 0	1 3	0 2	1 8	365 00	202 78
Total	0 0	0 3	0 0	0 0	1 3	0 2	1 8	365 00	202 78
Creditors									
Other Creditor Meetings and Reports	0 1	0 3	0 0	0 0	3 9	0 0	4 3	864 00	200 93
Secured Creditors	0 0	0 3	0 0	0 0	2 1	0 0	2 4	370 00	154 17
Unsecured Creditors	0 8	0 2	0 0	0 0	1 2	0 0	2 2	706 50	321 14
Total	0 9	0 8	0 0	0 0	7 2	0 0	8 9	1,940 50	218 03
Case Specific Matters - Legal Matters									
Legal Matters	1 0	3 8	0 0	0 0	6 3	0 0	11 1	3,171 00	285 68
Total	1 0	3 8	0 0	0 0	6 3	0 0	11 1	3,171 00	285 68
Total Hours	3 3	61 1	0 1	0 0	46 0	0 8	111 3	30,374 80	272 91
Total Time Cost (£)	1,598 50	20,879 50	26 50	0 00	7,790 50	79 80	30,374 80		
Average Rates (£)	484 39	341 73	265 00	0 00	169 36	99 75	272 91		

NOTES TO APPENDIX G

Joint Liquidators' time cost analysis

a) Administration and planning

This includes dealing with the commencement of the case administration, statutory filing of appointment documents with Companies' House, requesting the submission of the Statement of Affairs and filing it at Companies' House, together with day-to-day case administration duties, maintenance of records and ongoing statutory obligations. These include but are not limited to handling receipts and payments, VAT and corporation tax issues such as the monthly VAT returns, pension queries and general correspondence. Other matters which are required to be dealt with as part of the appointment and which will fall under this heading include case planning and strategy, case reviews, bonding, obtaining company searches, maintenance and obtaining books and records, general meetings / correspondence, statutory and other advertising, insurance, re-directed mail, statutory receipts and payments accounts, dealing with (including the winding up of) company pension schemes where applicable.

b) Investigations

Where appropriate this will include such matters as investigation of pre-appointment transactions in accordance with the relevant Statement of Insolvency Practice (SIP 2), preparing reports / returns in accordance with the Company Directors' Disqualification Acts and the investigation of any potential antecedent transactions such as transactions at under value and preferences which may result in legal action resulting in a recoverable asset.

c) Realisation of assets

This includes dealing with all aspects of the realisation of assets including identifying, securing and insuring assets, and (where applicable), property, business and asset sales, retention of title claims and debt collection. Other matters dealt with during the case administration which will relate to asset realisation may commonly include effecting disclaimers, dealing with landlords, liaising with agents, undertaking inventories, meetings with purchasers / directors, arranging collection of leased assets, obtaining insurance, pursuing antecedent claims identified as part of the investigation work set out above. Details of the specific asset realisation work undertaken on this case are set out in the main body of the report. Asset realisation is considered to be a key aspect of the case administration.

d) Trading

Where the Company has continued trading following the Joint Liquidators' appointment our staff will have had to set up accounts with suppliers in order to trade on an ongoing basis. Payments to suppliers and general correspondence with these have been undertaken. Where trading has ceased, accounts will have been closed and final bills paid. Other matters will also have been dealt with in accordance with the usual trading obligations such as dealing with employees and payroll.

e) Creditors

Queries from and correspondence with creditors and employees have been necessary aspects of the case administration process. The preparation of the Joint Liquidators' proposals has been undertaken including the attendant aspects of providing and obtaining the required information, convening the creditors' meeting etc. A brief report on the outcome of the creditors' meeting and the report on the first six months of the administration period have both been prepared.

f) Case specific matters

Any case specific matters will generally be set out in the body of the report but will commonly include meetings, correspondence and telephone calls relating to specific issues in the case which do not fall into any the categories set out above and are specific to the case in question. This may include work done in relation to litigation, general advice or other major issues.