

The Insolvency Act 1986

Administrative  
receiver's reportPursuant to section 48(1) of the  
Insolvency Act 1986 and rule 3.8(3)  
of the Insolvency Rules 1986**S.48(1)**

To the Registrar of Companies

For official use

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Company number

04140548

Name of company

Insert full name of  
company

Abbott Group Limited

Insert full names  
and addresses

We,	Allan Watson Graham	Richard James Philpott
of	KPMG LLP	KPMG LLP
	2 Cornwall Street	2 Cornwall Street
	Birmingham B3 2DL United Kingdom	Birmingham B3 2DL United Kingdom

the administrative receivers of the company, attach a copy of our report to creditors

Signed

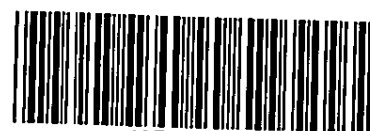


Dated 2 June 2008

Presenter's name,  
address and  
reference (if any)KPMG LLP  
2 Cornwall Street  
Birmingham B3 2DL United Kingdom

Inso

WEDNESDAY



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04/06/2008  
COMPANIES HOUSE

201



**PlastP Realisations Ltd  
(formerly Plastmo Profiles Ltd),  
Abbott Group Limited and  
Plastmo Limited  
(all in administrative receivership)  
Section 48 Meeting Report**

2 June 2008

KPMG LLP

## **Notice: About This Report**

This report has been prepared by Allan Graham and Richard Philpott the Joint Administrative Receivers of PlastP Realisations Limited (formerly Plastmo Profiles Limited), Abbott Group Limited and Plastmo Limited ("the Group") solely to comply with their statutory duty to report to creditors under Section 48 of the Insolvency Act 1986. It is not suitable to be relied upon by any other person, or for any other purpose or in any other context.

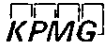
This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Group or companies within the group.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under Section 49 of the Insolvency Act 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrative Receivers do not assume any responsibility and will not accept any liability in respect of this Proposal.

Allan Watson Graham is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales. Richard James Philpott is authorised to act as insolvency practitioner by the Insolvency Practitioners Association.

The appointments of the Joint Administrative Receivers are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the receivership.



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## 1 Introduction

In accordance with Section 48 of the Insolvency Act 1986 I set out below my report on the receiverships of PlastP Realisations Ltd (formerly Plastmo Profiles Ltd) Plastmo Ltd and Abbott Group Limited (all in administrative receivership) ("Group") following the appointment of Richard Philpott and myself as joint administrative receivers on 29 March 2008

## 2 Trading activities

The Group consists of a holding Company (Plastmo Limited) with two trading subsidiaries, PlastP Realisations Limited (formerly Plastmo Profiles Limited) and Abbott Group Limited

PlastP Realisations principal trading activity is the manufacture of plastic extrusions and the supply of UPVC to window and door systems manufacturers It operates from freehold premises at Park Industrial Estate in Northampton

Abbott Group's principal activity is the assembly and installation of a range of double glazed windows and doors The Abbott Group operated from leasehold premises in Eastbourne and Glasgow

Group employed c400 employees across the three sites

## 3 Events leading up to receivership

Over recent years the two trading Companies had traded profitably, however, in early 2008 they began to experience significant trading and cash flow difficulties The Group's trading results for recent periods are as follows

	Y/e 31 Dec 2005	Y/e 31 Dec 2006	Y/e 31 Dec 2007*
<b>PlastP Realisations Limited</b> (formerly Plastmo Profiles Ltd)	£'000	£'000	£'000
Sales	24 857	24 106	22 351
Operating profit/(loss)	1 795	921	(262)
Profit/(Loss) on ordinary activities before tax	1,735	730	(468)

\*Draft unaudited accounts

	Y/e 31 Dec 2005	Y/e 31 Dec 2006	Y/e 31 Dec 2007*
<b>Abbott Group Limited</b>			
	£'000	£'000	£'000
Sales	14 786	17 588	15,935
Operating profit/(loss)	108	591	(389)
Profit/(Loss) on ordinary activities before tax	97	536	(468)

\*Draft unaudited accounts

Overall the Group had been breaking-even at an operating level in 2007 however, it was heavily loss making after interest and goodwill amortisation costs. These losses contributed to a significant deterioration in the cash position in 2008.

As a result it became clear that a significant injection of working capital was required and a decision was taken to conduct a strategic review to consider sale and refinancing options.

KPMG were engaged to run a sales process in March 2008, however, creditors were increasingly stretched and a number of key suppliers (including the sole supplier of moulding powder to Plastmo Profiles) placed the Group on stop, resulting in them effectively being unable to trade.

Following a review of the Group's cash flow, it became apparent that they needed significant additional cash to trade the business to allow a window to run a sales process. A key stakeholder advanced some working capital for critical payments and to cover wages whilst this process was undertaken.

#### 4 The Sales Process

The process was undertaken over a period of one week as the opportunity to sell the business was short due to the cash critical position that the Group faced.

Prior to our appointment the Directors had undertaken a marketing process in which they attempted to sell or refinance the business. Although these refinancing efforts were unsuccessful they identified one potential purchaser who had an interest in purchasing the business, but not on a share sale basis.

KPMG contacted a number of other known potential interested parties to ascertain the strength of interest and the ability of these parties to conclude a sale quickly. Ultimately there was no other interest in the business or parties able to conclude a transaction in the required timescale.

At the end of the sales process the purchaser previously identified by management (who was an existing customer of Plastmo Profiles) emerged as the sole bidder for the business. However, mindful of the significant liabilities of the Company, they were unwilling to purchase the share capital. Instead they proposed that a purchase of the goodwill and assets, excluding debtor book, and less costs be made for £6.2m.

Having tested the marketplace, the stakeholders felt that this offer represented the best option for creditors and would realise significantly more than a sale on a “break-up” basis

Faced with no alternative source of funding, the directors considered that they had no alternative other than to place the three companies into formal insolvency proceedings with completion of the sale of the three business taking place on appointment. On 29 March 2008, the directors requested that the Bank appoint Richard Philpott and myself as joint administrative receivers of the Companies under the terms of their mortgage debenture dated 24 May 2003

## **5 Actions following appointment**

Immediately upon appointment the Goodwill and all Assets of the Group, excluding the book debtors, were sold to Sprint 1233 Limited, Sprint 1234 Limited and Nicky 5 LLP

Total consideration for the assets of the Group was £6.2m (£0.7m deferred consideration in respect of stock payable in £0.1m monthly instalments for the next seven months). This exceeded the valuation of the assets per the GVA valuation.

Book debtors at appointment totalled £9.3m before disputes, provisions, offset and inter-company balances. After these items have been netted off potentially collectable debts amount to some £5.8m. It is anticipated that realisations from book debts will be hampered by the contractual nature of a significant portion of the ledger and value achieved from the Group’s book debts will be eroded as a result.

The Bank has appointed an agent to assist with the collection of book debts and we also negotiated a contribution payment from the purchaser, should payments fall below an agreed sum as part of the sale agreement.

Immediately after completion the purchaser took steps to sell the businesses. Meetings were held by the purchaser on site at Plastmo on Monday 31 March 2008 and a sale of this business to Eurocell Properties Ltd (an established profiles business) completed on 8 April 2008. This Company now trades as Northampton Profiles Ltd.

Steps were taken by them, to sell the Abbott Group Ltd and on 22 April 2008 a sale of the business and assets of Watson Dallas (the Glasgow operation) was completed to Tamar Group. On the same day administrators were appointed to Sprint 1234 Ltd and all 140 employees of the Eastbourne site were made redundant.

Shortly following our appointment Plastmo Profiles Limited’s name was changed to PlastP Realisations Ltd.

## **6 Debenture holders**

At the time of appointment the indebtedness of the parties was

- Halifax Bank of Scotland Plc ("HBOS") - c£7.4m
- Bank of Scotland Commercial Finance Ltd ("BOS CF") – c£2.9m

This takes no account of termination costs or interest which continues to accrue

HBOS have a fixed and floating charge over all of the Group assets with cross guarantees between the Companies. Full recovery to the Bank depends upon debtor realisations.

Our legal advisors have confirmed the validity of our appointment and the Bank's security.

## **7 Preferential creditors**

As all employees transferred to Sprint 1233 Ltd and Sprint 1234 Ltd on completion we do not anticipate any preferential creditor claims.

## **8 Unsecured creditors**

Given the extent of the secured debt (totalling c£11m), we do not anticipate there will be any funds available to allow a dividend to the unsecured creditors of any of the Companies.

As the security under which the appointment was made pre-dates the Enterprise Act 2003 there will be no prescribed part available to unsecured creditors.

## **9 Statement of affairs**

The Directors of the Group are in the process of finalising the Statement of Affairs for the three companies in the Group.

It is anticipated that Statement of Affairs will be available at the meetings of creditors. Alternatively the Joint Administrative Receivers will provide copy documents to creditors following written requests.

## **10 Receipts and payments**

A summary of receipts and payments as at 2 June 2008 is included at Appendix 1 of this report.



## 11 Section 48 meeting

Meetings of creditors pursuant to Section 48(2) of the Insolvency Act 1986 will be held Hotel du Vin, 25 Church Street Birmingham, B3 2NR on 19 June 2008 as follows

- PlastP Realisations Limited (formerly Plastmo Profiles Limited) - 11 00 a m ,
- Abbott Group Limited – 11 30 a m , and
- Plastmo Limited – 12 00 p m

This concludes my report to creditors of the three Companies. Should any creditor have any queries please contact Felix Connolly on 0121 609 5891



A W Graham  
*Joint Administrative Receiver*



## **Appendix 1**

### **Receipts and Payments**



**PlastP Realisations Limited**

**Receipts and payments from 29 March 2008 to 2 June 2008**

<b>Receipts</b>	<b>£</b>
Freehold Property	5,000,000 00
Bank interest, gross	8,327 99
Stock	350,000 00
Fixed charge VAT payable	875,000 00
	<hr/>
	6,233,327 99
<b>Payments</b>	
Sub contractors	(3,060 96)
Book debts	(807 39)
HBOS Plc	(5,000,000 00)
	<hr/>
	(5,003,868 35)
<b>Balance at 2 June 2008</b>	<hr/>
	1,229,459 64
	<hr/>



**Plastmo Limited**

**Receipts and payments from 29 March 2008 to 2 June 2008**

<b>Receipts</b>	<b>£</b>
	-
<b>Payments</b>	
	-
<b>Balance at 2 June 2008</b>	-



**Abbott Group Limited**

**Receipts and payments from 29 March 2008 to 2 June 2008**

Receipts	£
Sale of stock	150,000 00
	<hr/>
	150,000 00
Payments	
	<hr/>
	-
	<hr/>
Balance at 2 June 2008	150,000 00
	<hr/>



## **Appendix 2**

### **Statutory Information**



## **PlastP Realisations Limited**

Company Name	PlastP Realisations Ltd (Plastmo Profiles Ltd) (in administrative receivership)
Company Number	1777301
Date of Incorporation	12 December 1983
Present Registered Office	C/o KPMG 2 Cornwall Street Birmingham B3 2DL
Previous Registered Office	Lower Farm Road Park Farm Industrial Estate Northampton NN3 6XF
Directors at date of appointment	H Jensen C Seamarks R Thiroff M Hulme
Shareholders	Plastmo Limited (100%)



## **Abbott Group Limited**

Company Name	Abbott Group Ltd (in administrative receivership)
Company Number	04140548
Date of Incorporation	12 January 2001
Present Registered Office	C/o KPMG 2 Cornwall Street Birmingham B3 2DL
Previous Registered Office	Lower Farm Road Park Farm Industrial Estate Northampton NN3 6XF
Directors at date of appointment	H Jensen C Seamarks D F Hoggan T Cavanagh
Shareholders	Plastmo Limited (100%)





## **Plastmo Limited**

Company Name	Plastmo Ltd (in administrative receivership)
Company Number	04666923
Date of Incorporation	14 February 2003
Present Registered Office	C/o KPMG 2 Cornwall Street Birmingham B3 2DL
Previous Registered Office	Lower Farm Road Park Farm Industrial Estate Northampton NN3 6XF
Directors at date of appointment	H Jensen R Thiroff M Hulme J Paasch
Shareholders	H Jensen (4250 Ordinary Shares) R Thiroff (875 Ordinary Shares) M Hulme (875 Ordinary Shares)