

The Insolvency Act 1986

**Administrator's progress report**

Name of Company

Network SI (UK) Ltd

Company number

04166184

In the  
High Court of Justice

(full name of court)

Court case number  
572 of 2011(a) Insert full  
name(s) and  
address(es) of  
administrator(s)I/We (a)  
Peter James Hughes-Holland  
RSM Tenon Recovery  
81 Station Road  
Marlow  
Bucks  
SL7 1NSBeverley Jayne Marsh  
RSM Tenon Recovery  
81 Station Road  
Marlow  
Bucks  
SL7 1NS

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

From


To

(b) Insert date

(b) 25 January 2011

(b) 24 July 2011

Signed

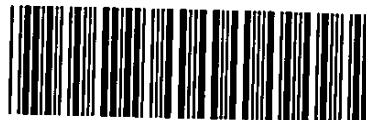


Joint / Administrator(s)

Dated

15/8/11

WEDNESDAY



\*AGPJ6WYY\*

A35

24/08/2011

108

COMPANIES HOUSE

**Network SI (UK) Ltd (“the Company”) – In Administration**

**Joint Administrators’ First Progress Report  
for the period from 25 January 2011 to 24 July 2011**

**Issued on: 15 August 2011**

Peter James Hughes-Holland and Beverley Jayne Marsh of RSM Tenon Recovery are the Joint Administrator of the Company and this is their report on the progress of the administration of the Company for the period from 25 January 2011 to 24 July 2011

## **1. Statutory Information**

Statutory information relating to the Company is attached at **Appendix I**

## **2. Joint Administrators' receipts and payments account**

A summary of the Joint Administrators' receipts and payments account relating to the Company for the relevant period from 25 January 2011 to 24 July 2011 is attached at **Appendix II**

## **3 Action taken by the Joint Administrators since appointment**

As no meeting of creditors was requisitioned I can confirm that creditors have been deemed to approve the Administrators' proposals previously circulated on 2 March 2011

The Joint Administrators decided it was not appropriate to continue the business of the company and that an immediate sale of the company's business and assets was the best way to achieve the objective of the administrator. On 25 January 2011, I sold the company's business and assets to Enforce Technology Network Integration and Consulting Limited who were not connected to the company, its directors, shareholders or secured creditors. The sum received was £50,000.00 for the business, goodwill, IPR and unencumbered assets of the company.

### *Investigations*

SIP2 requires that the IP reports to creditors on steps taken in relation to investigations and the outcomes, and I am still investigating into allegations of antecedent transactions between connected companies.

Administrators have a duty to submit confidential reports to the government's Disqualification Unit on the conduct of those persons who acted as directors of the Company in the three year period before the Administration. These have been completed.

## **4. Future Actions of the Joint Administrators**

The book debts were excluded from the asset sale agreement and under the terms of the agreement the purchaser was to deal with the debtor collection for a period of three months. The purchaser felt that an administrator chasing customers could potentially cause queries and concerns with regards the transfer of business.

The efforts of the purchaser in collecting the debtors have not been as successful as expected. I have now taken control of the debtor ledger and instructed debt collectors to assist me going forward.

Debts collected to date total £71,000 out of an outstanding balance of some £340,000. The ledger included some inter-company balances which are doubtful of some £130,411 and invoices for future maintenance payments in the sum of £158,339 which are not collectable.

With the assistance of my agent I am pursuing the outstanding debtors  
It is anticipated that the administration will probably need to be extended beyond the current duration of 12 months to allow for completion of debt collection. Prior to any formal application to court, should any creditors have any concerns or objections regarding such an extension, please do let me know

## 5. Liabilities and dividends

### Preferential Creditors

The only known preferential creditors are former employees of the company for unpaid wages and holiday pay. Their claims are subject to a maximum level set by the Insolvency Legislation; no claim has yet been received from the Redundancy payments office but I would estimate their preferential claim at approximately £20,000 and that it will be paid in full.

Lloyds TSB Bank PLC were granted a floating charge by the company on 11 October 2005 and were owed some £250,000 at the date of my appointment. It is expected that Lloyds TSB Bank PLC will suffer a shortfall with regards to the monies due to them under their floating charge.

The company's financial position means there are insufficient assets to pay a dividend to unsecured creditors, although it is anticipated that I will be able to make a distribution of the prescribed part of the net property.

## 6. Joint Administrators' Remuneration, Disbursements and Expenses

### *Basis of remuneration and disbursements*

The Joint Administrators' Proposals provided for the Joint Administrators to be remunerated with reference to time properly spent in dealing with matters in the administration and that disbursements would be drawn in accordance with the tariff outlined in **Appendix III**. The Joint Administrators' remuneration and disbursements on the basis outlined in the Proposals were approved by the secured and preferential creditors on 25 March 2011.

### *Remuneration charged and drawn in the period*

The Joint Administrators' time costs were charged (exc VAT) as follows:

	Incurred	Paid
For this period from appointment 25 January 2011 to 24 June 2011	£38,341.25	£30,698.50

In accordance with Statement of Insolvency Practice 9 attached at **Appendix III** is a breakdown of these time costs.

Since the end of this period to the current date, further time costs have been incurred of £367.50 representing 1.5 hours and no remuneration has been drawn.

#### *Disbursements incurred and drawn*

The Joint Administrators' disbursements incurred during the period of this report and those reimbursed in the period are summarised below. Details are in the attached **Appendix III**

	Incurred	Paid
Category 1 disbursements for this period from appointment -25 January 2011 to 24 July 2011	£538 97	£538 97
Category 2 disbursements for this period from appointment -25 January 2011 to 24 July 2011	£102 26	£102 26
<b>Total</b>	<b>£641 23</b>	<b>£641 23</b>

#### *Expenses (professional advisors) charged and drawn in the period*

The following professional advisors have been instructed in this matter

<i>Professional Advisor</i>	<i>Nature of Work</i>	<i>Fee Arrangement</i>
Richard Birch & Co	Estate Agents valuation/s and sale	Commission of 10% on realisations
Downs Solicitors	Solicitors sale agreement	Time costs
Credit Limits	Debt Collection Costs	Commision of 10% on realisations

The choice of professionals was based on perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the Administrators' fee arrangement with them. Details of the costs incurred and paid by the Administrators in relation to administration expenses for the period are also attached at **Appendix III**

#### *Creditors' Guide to Fees and statement of creditors' rights*

Creditors have a right to request further information from the Administrators and additionally have a right to challenge the Administrators' remuneration and expenses time limits apply. Details can be found in the document 'Remuneration Guidelines Administration (post 6 April 2010)' which you can access and download at <http://www.rsmtenon.com/creditorguides>. Alternatively a copy is available free of charge upon request from the address above

#### **7. End of Administration**

As outlined in the initial report to creditors it is the Joint Administrators intention to exit the Administration by into creditors' voluntary liquidation

The Joint Administrators will seek the agreement of the secured and preferential creditors that upon the Company proceeding into dissolution, the Joint Administrators discharge from liability, pursuant to paragraph 98 of Schedule B1 shall take effect 14 days following the Company filing the notice of moving from Administration to dissolution

It was also resolved at a meeting of creditors held by correspondence that upon the company either proceeding

into Creditors Voluntary Liquidation or dissolution the Joint Administrators discharge from liability, pursuant to paragraph 98 of Schedule D1 and still take effect 14 days following either company entering into Liquidation or filing the Notice of moving from Administration to Dissolution

A handwritten signature in black ink, appearing to read 'P. J. Hughes-Holland', with a long horizontal flourish extending to the right.

**P. J. Hughes-Holland**

Joint Administrator

*Licensed in the United Kingdom to act as an insolvency practitioner by the*

*The affairs, business and property of the Company are being managed by the Administrators*

## Appendix I

### Company Information

Company Name	Network SI (UK) Ltd
Previous Name	n/a
Company Number	04166184
Date of Incorporation	22 February 2001
Trading Address	3 Dermuth Way, Oldbury, West Midlands, BL69 4LT
Current Registered Office	3 Dermuth Way, Oldbury, West Midlands, BL69 4LT
Former Registered Office	
Principal Trading Activity	Computer Services

### Appointment details

Joint Administrators' name and address	Peter James Hughes-Holland of RSM Tenon Recovery, 81 Station Road, Marlow, Bucks, SL7 1NS and Beverley Jayne Marsh of RSM Tenon Recovery 81 Station Road, Marlow, Bucks, SL7 1NS
Date of appointment	25 January 2011
Court Name and Reference	High Court of Justice 572 / 2011
Appointment made by	Lloyds TSB Bank Plc
Actions of Joint Administrators	Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or alone

**Network SI (UK) Ltd  
(In Administration)**

**JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**

Statement of affairs	From 25/01/2011 To 24/07/2011	From 25/01/2011 To 24/07/2011
£	£	£
<b>RECEIPTS</b>		
Book Debts	6,884 46	6,884 46
Book Debts	39,300 74	39,300 74
Sale of Business	50,000 00	50,000 00
Rates Refund	1,532 89	1,532 89
Postage Refund	63 60	63 60
Insurance Refund	64 79	64 79
Bank Interest Net of Tax	16 88	16 88
	<u>97,863 36</u>	<u>97,863 36</u>
<b>PAYMENTS</b>		
Office Holders Fees	30,698 50	30,698 50
Office Holders Expenses	265 38	265 38
Agents/Valuers Fees (1)	4,200 00	4,200 00
Legal Fees (1)	3,209 40	3,209 40
Legal disbursements	20 00	20 00
Statutory Advertising	75 60	75 60
Vat Receivable - Fixed	7,689 78	7,689 78
	<u>46,158 66</u>	<u>46,158 66</u>
<b>BALANCE - 24 July 2011</b>		<u><u>51,704 70</u></u>

Note

\_\_\_\_\_  
Peter James Hughes-Holland  
Joint Administrator



## **Appendix III – Information relating to the Joint Administrators' Fees and Expenses**

## Appendix III

### Network SI (UK) Ltd

#### Information relating to the Joint Administrators' Fees and Expenses

##### 1 Explanation of Administrators' charging and disbursement recovery policies

###### 1.1 Time recording

Work undertaken on cases is recorded in 6 minute units in an electronic time recording system. Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. The current hourly charge out rates are

	Rate since # January 2011 £
Director and licensed Insolvency Practitioner	395 00
Senior Manager	315 00
Manager	275 00
Senior Administrator	210 00
Administrator level 2	195 00
Case Accountant	140 00
Assistant Case Accountant	125 00

###### 1.2. Disbursement recovery

Disbursements are categorised as either Category 1 or Category 2

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Where these have initially been paid by RSM Tenon Recovery and then recharged to the case, approval from creditors is not required. The amount recharged is the exact amount incurred.

Examples of Category 1 expenses are postage, case advertising, specific bond insurance, company search fees, invoiced travel and properly reimbursed expenses 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 2 disbursements include elements of shared or allocated costs incurred by RSM Tenon Recovery and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, and internal storage.

The current levels of Category 2 disbursements recovered by RSM Tenon Recovery are as follows

	£
Headed Paper	0 09
Paper (photocopies per sheet)	0 01
Envelopes all sizes	0 08
Postage	Postage Rate
1 <sup>st</sup> Class	0 39
2 <sup>nd</sup> Class	0 25

The costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally

## **2. Description of work carried out**

The Joint Administrators' fees are based on a fixed fee basis. The following is a summary of the activities undertaken

### **2.1. Pre-appointment**

Details of the Joint Administrators' pre-administration costs are set out in the main body of the report

### **2.2 Administration and planning**

This includes the following activities which have been undertaken

- > Statutory duties associated with the appointment including the filing of relevant notices,
- > Notification of the appointment to creditors, members, employees and other interested parties,
- > Setting up case files,
- > Reviewing available information to determine appropriate strategy,
- > Setting up and maintaining bank accounts,
- > 6 monthly progress review of the case

Staff of different levels were involved in the above activities depending upon the experience required

### **2.3. Investigations**

The time spent includes

- > Corresponding with the former directors and management,
- > Review of questionnaires and comments provided by interested parties,
- > Review of company documentation,
- > Completion of statutory returns to the Insolvency Service

Due to the complex nature and importance of the investigations, the staff utilised to conduct such work involved experienced members of staff

#### **2.4. Realisation of assets**

Please refer to the main body of the report but in summary the time spent includes

- > Liaison with agents and solicitors,
- > Correspondence and meetings with interested parties,
- > Monitoring and chasing of deposits,
- > Identifying, securing and insuring of assets
- > Debt collection
- > Agreement of contracts

Staff were chosen depending upon the appropriate level of experience required for the activity they were required to undertake. The sale of the business was particularly complex and required extensive involvement of the Administrators and senior staff.

#### **2.5 Creditors**

The time spent includes the following matters

- > Recording and maintaining the list of creditors,
- > Dealing with employee related matters,
- > Recording creditor claims
- > Reporting to creditors,
- Dealing with creditor queries,
- > Reviewing and evaluating creditor claims,

#### **2.6. Provide details of any other case specific matters**

### **3. Time and charge-out summary**

For the period of the report 25 January 2011 to 22 July 2011, a total of 165.92 hours have been spent at an average charge out rate of £231.08 bringing the total cost to date to £38,341.25

The table below shows details of the time costs charged (exc VAT) in the current period

Classification of work function	Insolvency Practitioner/ Director/ Associate Director	Manager	Hours Other senior professionals	Assistants and support staff	Total	Time cost £	Average Hourly rate £
Administration and Planning	2 4	20 90	15 30	26 85	65 45	12228 75	186 84
Realisation of assets	-	19 30	3 00	-	22 30	6609 50	296 39
Creditors	-	53 27	24 40	0 50	78 17	19503 30	249 49
Total hours	2 4	93 47	42 70	27 35	165 92		
Total fees claimed £	948 00	29442 00	4897 00	3054 25		38341 25	

#### 4 Disbursements

Disbursements incurred during the period of this report and those reimbursed in the period are detailed below (exc VAT)

Disbursements	Incurred £	This period Paid £
<i>Category 1</i>		
Statutory advertising	75 60	75 60
Bond premium	420 00	420 00
Postage	43 37	43 37
<b>Total</b>	<b>538.97</b>	<b>538.97</b>
<i>Category 2</i>		
Copying	16 26	16 26
Mileage	86 00	86 00
<b>Total</b>	<b>102.26</b>	<b>102.26</b>