

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company Aascent Finance Company Limited	Company number 04389134
In the High Court of Justice Chancery Division Companies Court	Court case number 5503/08 of 2008

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

We (a) Malcolm Shierston & Daniel Smith of Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 19 August 2008

Signed 
Joint Administrator

Dated 20/08/2008

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.

Grant Thornton UK LLP	
30 Finsbury Square, London, EC2P 2YU	
	Tel
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

THURSDAY



A43 21/08/2008 155
COMPANIES HOUSE



Grant Thornton

Our Ref LHH/SEP/MBS/A00365/PF7

To The Creditors

Recovery and Reorganisation

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

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19 August 2008

Dear Sirs

Aascent Finance Company Limited - In Administration

I refer to my appointment as joint administrator of the above company on 7 July 2008

In accordance with paragraph 49(4)(b) of Schedule B1 to the Insolvency Act 1986, I enclose a copy of my statement of proposals

Should you have any queries, please contact Lucy Harris on 020 7728 2997

Yours faithfully
for and on behalf of Aascent Finance Company Limited

Malcolm Shierson
Joint Administrator

Chartered Accountants
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Our Ref LHH/RJM/SEP/MBS/A00365/PF7

TO THE CREDITORS

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19 August 2008

Dear Sirs

**Aascent Finance Company Limited - In Administration
(The Company)**

**High Court of Justice; Chancery Division; Companies Court:
Ref 5503/08 of 2008**

1 INTRODUCTION

- 1 1 Following the appointment of Daniel Smith and I as joint administrators (the Administrators) of the Company by the Directors on 7 July 2008, I am submitting our proposals pursuant to paragraph 49(1) of Schedule B1 to the Insolvency Act 1986 for achieving the objectives of the administration
- 1 2 This report contains the information required by Rule 2.33 of the Insolvency Rules 1986
- 1 3 In accordance with paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986 the functions of the Administrator's are to be exercised by any or all of them

Chartered Accountants

Member firm within Grant Thornton International Ltd
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2 STATUTORY INFORMATION

2.1 The Company's statutory details are as follows

registered number	04389134
date of incorporation	7 March 2002
registered office	Biba House 14 Bevis Marks London EC3A 7NT
authorised share capital	2
issued share capital	2
Directors	shareholding
Kevin O'Flannagan	100%
Sidney Ferrell	nil
William Moran	nil
Pauline Quayle	nil
Secretary	shareholding
Sidney Ferrell	nil

2.2 The administration constitutes "main proceedings" under the EC Regulation on Insolvency Proceedings

3 BACKGROUND TO ADMINISTRATORS' APPOINTMENT

3.1 Grant Thornton UK LLP (the Firm) were first instructed by Barclays Bank Plc (the Bank) in July 2007 with a view to giving advice in agreeing the Bank's future lending policy with the Company. The Bank holds a qualifying fixed and floating charge over the assets of the Company and the Firm continued to review the Company's financial position on behalf of the Bank.

3.2 Prior to that consultation, neither the Administrators nor the Firm, had any dealings or involvement with the Company, the directors or its secretary.

3.3 The Company's principal trading activity was a provider of Insurance Premium Finance, specialising in commercial insurance. Since operations commenced in 2002, the Company has been a leading 2nd tier player in the growing insurance premium finance market with a highly invested IT platform.

- 3 4 The Company has effectively been loss making since its incorporation, largely due to the significant loan book required to break-even. The Company's current loan book was significantly below the estimated value required of c£70million to break-even. Growth of the Company and subsequently the loan book was restricted primarily by, undercapitalisation, a competitive market and the softening value of underlying insurance premiums.
- 3 5 Over the period of the past year, the Bank has assisted the Company in an attempt to preserve the business, whilst a sale of the business and its assets was pursued.
- 3 6 A sale of the business was not achieved and with losses continuing, the directors decided that the best route for the Company was for it to be placed into administration and subsequently, on 7 July 2008 made the direct appointment of Daniel Smith and I as joint administrators of the Company in accordance with paragraph 22 of Schedule B1 to the Insolvency Act 1986.
- 3 7 The objective of the administration is realising property in order to make a distribution to one or more secured or preferential creditors.
- 3 8 The most recently available trading results are summarised below.

£'000	Year Ended 31-Dec-2007 (unaudited)	Year Ended 31-Dec-2006 (unaudited)	Year Ended 31-Dec-2005 (audited)
Turnover	4,325,177	3,644,433	4,059,187
Costs of sales	<u>(4,247,498)</u>	<u>(3,686,019)</u>	<u>(2,503,361)</u>
Operating Profit	77,679	(41,586)	1,555,826
Interest Payable & Finance Costs	(2,255,371)	(1,458,281)	(1,316,067)
Profit/(loss) on ordinary activities before taxation	(2,177,692)	(1,499,867)	239,759
Tax on profit/(loss) on ordinary activities	<u>0</u>	<u>0</u>	<u>0</u>
Profit/(Loss) for the financial year	(2,177,692)	(1,499,867)	239,759

4 CONDUCT OF THE ADMINISTRATION

- 4 1 A service agreement was entered into between the Administrators and Close Premium Finance (CPF), a division of Close Brothers Limited, with CPF assisting in managing an orderly run off of the existing loan book. Additionally, CPF have provided loans for those clients who would otherwise have had their loans cancelled due to the Company not making settlement to the insurance company for the underlying premium being funding (Pipeline loans)
- 4 2 Following a review of the staff required to assist in collecting the existing loan book, five key staff were identified, and immediately following our appointment the remaining ten employees were made redundant
- 4 3 The retained staff are assisting the Administrators with loan book collections, funding Mid Term Adjustments (MTA's) and collection of outstanding debtors
- 4 4 It is anticipated that the current loan book will take approximately ten months to collect, as the loans will be managed in accordance with the terms originally entered into with the Company. It is anticipated that a further period may be required in order to recover any loans that have defaulted during the administration period
- 4 5 In addition to collecting the existing loan book, MTA's are also being accepted by the Administrators from brokers for existing loans, which represent adjustments to original agreed premiums. The Administrators will pay any additional premiums to insurance companies, and collect these amounts from clients by means of an adjusted monthly collection amount
- 4 6 To date the Administrators have funded over c£320k of MTA's. It is anticipated throughout the course of the administration approximately £1m in total of MTA's will be funded
- 4 7 We have received to date approximately £4.8m in respect of current loan book collections. This is in line with the Administrators' expectations of anticipated collections
- 4 8 In addition to the run off of the existing loan book, the Administrators will also seek to collect any existing bad debts. These debts are currently being reviewed and at this stage the Administrators are unable to comment on the likely quantum of any realisations in respect of these debts
- 4 9 My receipts and payments account for the period 7 July 2008 to 13 August 2008 is attached at Appendix B

5 ASSETS AND LIABILITIES

- 5 1 The directors have prepared a statement of affairs of the Company, which is attached at Appendix A, my comments thereon are detailed below

ASSETS

- 5 2 The Company's assets are detailed below

Current Loan Book

- 5 3 Upon our appointment, the Company's loan book comprised of approximately 9,000 loans which equated to c£25million of loans. Of these loans, approximately £5million were pipeline loans for which CPF have offered to fund

- 5 4 The Director's Statement of Affairs indicates an amount of c£21million for the remaining loan book. The Administrators have completed a detailed review and concluded that the collectable loan book amounts to c£20million, for which a minimum £17.6million is deemed recoverable at present. This takes into account loans not taken up, cancellations and defaults

- 5 5 I am continuing to realise the outstanding loans as detailed in section 4 of this report and to date c£4.8million has been realised to date

- 5 6 Collections will continue to be realised for the remaining duration of the loan term, in some cases 10 months

IT Hardware & Software

- 5 7 The Company has IT hardware and software based at its head office. As I am continuing to trade the Company whilst I collect the loan book, this equipment is still required. Therefore, assets are not expected to be realised until trading has been completed, and I cannot confirm the estimated likely realisation value at this stage

Pre-Paid Commission

- 5 8 A number of brokers were paid commission in advance and I am currently pursuing the recovery of these amounts

Cash At Bank

- 5 9 Upon our appointment, there was approximately £75k cash at bank, which was transferred to our administrators account. This primarily consisted of unpaid cheques drawn on the Company's account which were stopped as a consequence of the administration

- 5 10 The Company currently holds two Company cars, which is noted as cash at bank on the Statement of Affairs. I am currently in the process of having these vehicles valued and I cannot yet comment on the estimated realisations of these assets

Fixture & Fittings

- 5 11 As advised above, I am continuing to trade the Company whilst I collect the current loan book. Therefore, the fixture and fittings are still required. These assets will be realised at the end of the trading period

LIABILITIES

5 12 The estimated liabilities of the Company are detailed below

Secured creditors

5 13 As mentioned above, the Bank holds a fixed and floating charge over the Company's assets. At the date of our appointment, the Bank's indebtedness was approximately £32million. To date £3.8 million has been paid as a distribution to the Bank as secured creditor.

Preferential creditors

5 14 Upon my appointment, ten members of staff were made redundant. All of the employees' preferential claims were paid by the Administrators, therefore, there are no outstanding preferential liabilities.

5 15 The only claims remaining in relation to the employees are unsecured creditor claims which are detailed below.

Unsecured creditors

5 16 Unsecured liabilities are estimated to total c£961k and consists of the following:

<u>Name of creditor or claimant</u>	<u>Amount of debt</u>
	(£)
Directors Loans	720,000
Trade Creditors	22,912
Employees - Unsecured Claim	218,144

At this stage the Administrators are unable to comment on the actual level of the unsecured debt.

Prescribed Part

5 17 As the Bank's floating charge pre-dates 15 September 2003, there will be no prescribed part of floating charge assets to be set aside for the benefit of unsecured creditors under Section 176A of the Insolvency Act 1986. *Therefore, it is anticipated that there will be insufficient funds to allow for a distribution to the unsecured creditors.*

6 PROPOSALS FOR ACHIEVING THE OBJECTIVE OF THE ADMINISTRATION

6 1 In accordance with paragraph 3(3)(c) of Schedule B1 to the Insolvency Act 1986, the Administrators will pursue the objective of realising property in order to make a distribution to one or more secured or preferential creditors.

6 2 We have concluded that the best way to achieve the objective of the administration is to realise the assets of the Company via an orderly wind down of the business.

6 3 It is proposed that that the administration will end by the dissolution of the Company. However, if funds do become available which will allow a distribution to the unsecured creditors, then it is proposed that the Company will be placed into Creditors Voluntary Liquidation.

6 4 If the Company is placed into Creditors Voluntary Liquidation it is proposed that Daniel Smith and I will be appointed joint liquidators. However, creditors may nominate a different liquidator providing that nomination to that effect is received before the approval of these proposals.

7 MEETING OF CREDITORS

7 1 In accordance with paragraph 52(1) of Schedule B1 to the Insolvency Act 1986, a meeting of creditors for the purpose of considering the joint administrators' proposals for achieving the purpose of the administration need not be convened by the joint administrators when in their opinion there will be insufficient property to allow a distribution to the unsecured creditors.

7 2 The proposals contained in this statement will be deemed to have been approved by the creditors unless, within 12 days of this statement being sent out, a meeting is requisitioned by creditors whose debts amount to at least 10% by value of the total debts of the Company.

8 ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

8 1 The Administrator's remuneration is determined in accordance with Rule 2.106 of the Insolvency Rules 1986, as amended by the Enterprise Act 2002. Where a statement to the effect that there will be no funds available to unsecured creditors, then the joint administrators' remuneration will be approved by the Company's secured and preferential creditors (if applicable).

8 2 The Administrator will charge out of pocket expenses at cost. Mileage is charged at standard rates which comply with HM Revenue and Customs limits or AA recommended rates. VAT is added to disbursement charges as necessary.

8 3 Payments of the Administrators' remuneration and disbursements are to be met from funds held in the administration in priority to the claims of creditors, and, after approval of the basis, the Administrators may draw sums on account.

8 4 Background information regarding the fees of administrators can be found at <http://www.insolvency-practitioners.org.uk> (navigate via 'Technical' to 'Creditors Guides to Fees'). Alternatively I will supply this information by post on request.

8 5 If you have any further queries, please contact Lucy Harris of this office on
0207 728 2997

Yours faithfully
for and on behalf of Aascent Finance Company Limited

A handwritten signature in black ink, appearing to read 'Malcolm Shierson', with a stylized, flowing script.

Malcolm Shierson
Joint Administrator

The affairs, business and property of Aascent Finance Company Limited are
being managed by Malcolm Shierson and Daniel Smith, appointed as joint
administrators on 7 July 2008

Statement of affairs

Name of Company
Ascent Finance Company Limited

Company number
04389134

In the High Court of Justice
Chancery Division
Companies Court

Court case number
5503/08 of 2008

(a) Insert name and address of
registered office of the company

Statement as to the affairs of (a) Ascent Finance Company Limited, Biba House, 14 Bevis Marks, London
EC3A 7NT

(b) Insert date


on the (b) 7 July 2008, the date that the company entered administration

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs
of the above named company as at (b) 7 July 2008 the date that the company entered administration

Full name SIDNEY EDWARD FERRELL

Signed



Dated

8-08-08

A1 – Summary of Liabilities

to realise		Estimated £
Estimated total assets available for preferential creditors (carried from page A)		£
Liabilities	£	
Preferential creditors -		
Estimated deficiency/surplus as regards preferential creditors	£	
Estimated prescribed part of net property where applicable (to carry forward)	£	
Estimated total assets available for floating charge holders	£	19,196,656
Debts secured by floating charges (see schedule 2)	£31,614,499	
Estimated deficiency/surplus of assets after floating charges	£	(12,417,843)
Estimated prescribed part of net property where applicable (brought down)	£	
Total assets available to unsecured creditors	£	
Unsecured non-preferential claims (excluding any shortfall to floating charge holders) (see schedule 2)	£(961,056)	
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£	(961,056)
Shortfall to floating charge holders (brought down)		
Estimated deficiency/surplus as regards creditors	£	(13,378,899)
Issued and called up capital	£	
Estimated total deficiency/surplus as regards members	£	

Signature

E. J. J. J. J.

Date

8-08-08



COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Liam Moran	11 Malahide Road, Swards, County Dublin, IRL	520,000	none		
Pauline Quayle	Braemar, Quarry Lane, Appleton, Warrington, WA4 5JD	200,000	none		
KPMG	Canary Wharf, 1 Canada Square, London, E14 5AG	22,912	none		
Employees		218,144	none		

Signature Ewan Jeffrey

Date 8-08-08

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No of shares held	Nominal Value	Details of Shares held
K F O'Flannagan	29 Tradewinds Court, Quay 430 Abber Way, London, E1W 2SB	2	2	
TOTALS		2	2	

Signature K F O'Flannagan Date 8-08-08

Date 8-08-08

Aascent Finance Company Limited -In Administration**Summary of Receipts & Payments****7 July 2008 to 13 August 2008**

RECEIPTS	(£)
Loan collections	4,822,478
Cash at bank	76,215
Bank interest gross	<u>4,082</u>
	4,902,775
 PAYMENTS	
Employee expenses	73
Close - management fee	12,097
Close Pipeline funding - Trust monies	1,018
MTA's	319,535
Funding payments	45,729
Broker commission	11,661
Net wages	28,697
VAT irrecoverable	529
Legal Fees	2,863
Statutory advertising	220
Bank charges	135
Floating Charge Creditor	<u>3,800,000</u>
	4,222,555
 Cash in hand	680,219