

# AM10

## Notice of administrator's progress report



Companies House

For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 4 7 6 2 6 7 9

Company name in full UK Telecom Limited

(IN ADMINISTRATION)

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Stephen

Surname Katz

### 3 Administrator's address

Building name/number Pearl Assurance House

Street 319 Ballards Lane

Post town London

County/Region

Postcode N 1 2 8 L Y

Country

### 4 Administrator's name ①

Full forename(s) Mark

Surname Reynolds

① Other administrator  
Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number Glade House, 52 - 54 Carter Lane

Street London EC4V 5EF

Post town

County/Region

Postcode

Country

② Other administrator  
Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	d	0	d	4	m	1	m	2	y	2	y	0	y	2	y	0
To date	d	0	d	3	m	0	m	6	y	2	y	0	y	2	y	1

### 7 Progress report

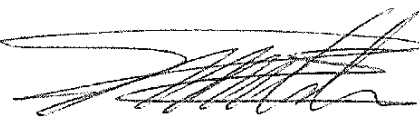
☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date	d	0	d	1	m	0	m	7	y	2	y	0	y	2	y	1
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# AM10

## Notice of administrator's progress report



### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Katie Gregor**

Company name **Begbies Traynor (London) LLP**

Address **29th Floor**

**40 Bank Street**

Post town **London**

County/Region

Postcode **E 1 4 5 N R**

Country

DX

Telephone **020 7516 1500**



### Checklist

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- ☒ The company name and number match the information held on the public Register.
- ☒ You have attached the required documents.
- ☒ You have signed the form.



### Important information

**All information on this form will appear on the public record.**



### Where to send

**You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

Stephen Katz and Mark Reynolds were appointed Joint Administrators on 4 December 2020

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as the Company's agents and without personal liability.

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## **UK Telecom Limited (In Administration)**

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Progress report of the Joint Administrators

Period: 4 December 2020 to 3 June 2021

## **Important Notice**

This progress report has been produced by the Joint Administrators solely to comply with their statutory duty to report to creditors on the progress of the Administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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## **Contents**

- Interpretation
- Statutory information
- Details of appointment of Administrators
- Progress during the period
- Estimated outcome for creditors
- Pre-administration costs
- Remuneration and expenses
- Expenses
- Assets that remain to be realised and work that remains to be done
- Other relevant information
- Creditors' rights
- Conclusion
- Appendices
  - 1. Account of receipts and payments
  - 2. Time costs information
  - 3. Statement of Administrators' expenses

## 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	UK Telecom Limited (in Administration)
"the Administration"	The appointment of Administrators under Schedule B1 to the Insolvency Act 1986 on 4 December 2020
"the Administrators" "we" "our" and "us"	Stephen Katz of Begbies Traynor, Pearl Assurance House, 319 Ballards Lane, London, N12 8LY and Mark Reynolds of Valentine & Co, Glade House, 52 - 54 Carter Lane, London EC4V 5EF
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and  (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

## 2. STATUTORY INFORMATION

Name of Company:	UK Telecom Limited (in Administration)
Trading name(s):	N/A
Date of Incorporation:	13 May 2003
Company registered number:	04762679
Company registered office:	Pearl Assurance House, 319 Ballards Lane, London N12 8LY
Company's Trading Premises:	Prior House, 35 Sydenham Road, Guildford GU1 3RX ("the Trading Premises")

### 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of the Administrators:	Stephen Katz, a Licensed Insolvency Practitioner of Begbies Traynor, Pearl Assurance House, 319 Ballards Lane, London N12 8LY and Mark Reynolds, a Licensed Insolvency Practitioner of Valentine & Co, Glade House, 52 - 54 Carter Lane, London EC4V 5EF
Date of Administrators' appointment:	4 December 2020
Date of Administrators' resignation:	NA
Court:	High Court of Justice (Business and Property Courts)
Court Case Number:	CR-2020-004313
Person(s) making appointment / application:	The Directors of the Company
Acts of the Administrators:	The Administrators act as officers of the Court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an Administrator may be done by any one or more persons holding the office of Administrator from time to time.
EU Regulation on Insolvency Proceedings:	Regulation (EU) No 2015/848 of the European Parliament and of the Council applies to these proceedings which are main within the meaning of Article 3 of the Regulation.
Extensions of the administration period	There have been no previous extensions to the Administration period.

### 4. PROGRESS DURING THE PERIOD

As reported previously, following the Joint Administrators' appointment they continued to trade the Company whilst valuation agents instructed in this matter, Williams & Partners Limited ("Williams & Partners") marketed the Company's business and assets for sale. Following a review of the Company's finances and after lengthy discussions with the Company Directors, it was decided that the Administrators would adopt a "soft touch" to the ongoing trading. This entailed the Company Directors continuing to manage the Company's day to day business activities with the assistance of an employee in France. The Joint Administrators would oversee this trading however, would not engage in the business's day to day affairs. This strategy allowed the Company's contracts to continue to be fulfilled with no break in services to its customers whilst Williams & Partners undertook its marketing campaign. In addition, this strategy kept the Joint Administrators' costs to a minimum as they did not have their staff permanently present at the Trading Premises to oversee the ongoing trading, but closely monitored trading remotely on a daily basis.

Williams & Partners advertised the business and assets on two platforms, IP-Bid and Deal Opportunities.

The Deal Opportunities advert was posted on 27 November 2020. Between this date and 3 December 2020, the advert was emailed to 20,535 addresses, was viewed 133 times and received 33 unique clicks. Williams & Partners received ten requests for additional information.

The IP-Bid advert received 17 views which resulted in 15 requests for additional information.

In addition to the above, Williams & Partners received three expressions of interest from unknown sources, one referred approach and one approach directly to their database.

The total of 28 non-disclosure agreements ("NDA") were provided to interested parties and 16 were returned. Information memorandums were sent to all 16. Nothing further was heard from three of those parties (despite follow up emails) and 11 other parties decided not to progress the matter.

Of the remaining five parties, one advised that they would only agree to a sale pre-administration. Williams & Partners undertook detailed negotiations with this party but a deal could not be agreed prior to the necessity of the Director placing the Company in to Administration. This party declined to pursue the acquisition thereafter.

Williams & Partners undertook further telephone negotiations with one party but they ultimately decided not to make an offer.

A third interested party reviewed the documentation and considered an offer on the basis that they would not make any payment upfront but would purchase the limited company outright and agree a payment plan with the first payment being made the same day at settlement. This was not considered to be a suitable outcome for the Company's creditors and the matter was not pursued.

The fourth interested party was prepared to make an offer of circa £10,000 for the database and contracts but this was declined in favour of the fifth interested party.

The fifth party, Intl Advisory Limited ("IAL") originally offered the sum of £60,000 with £20,000 paid in advance and the balance over eight months. This was subsequently revised when the French telecom provider demanded a £50,000 bond to continue to provide their services to IAL. Its offer was subsequently reduced to £40,000 with an initial payment of £10,000 and the balance over six months at £5,000 per month.

Williams & Partners recommended acceptance of this offer to the Joint Administrators. Solicitors, Sylvester Amiel Lewin & Horne LLP ("SALH") were instructed to draft a sale and purchase agreement. Following numerous draft agreements, a final version was agreed upon and on 1 January 2021, the Company's business and assets were sold to IAL for the sum of £40,000. The consideration was split as follows.

Customer database and contracts	£32,500
Goodwill and intellectual property	£1
Information technology assets	£7,499
<b>Total</b>	<b>£40,000</b>

Payment terms provided that IAL pay the sum of £10,000 on completion and six monthly payments of £5,000. By way of security over payment of the deferred consideration, a personal guarantee was provided by IAL's director. IAL are a third party and have no relationship with the Company or its directors. Prior to the sale, as Barclays held security over the Company's assets, they were provided details of the proposed sale to IAL. Barclays advised that they had no objection to the sale completing.

The Joint Administrators traded the Company for the period 4 December 2020 to 31 December 2021. Services provided to the Company's customers during this period were paid for by direct debit in mid-January 2021 to the Administration estate. These invoices totalled £80,899.79 (gross). IAL subsequently queried the collection of these sums and were of the opinion that these revenues should have been released to them under the sale agreement as an element of the revenue represented advanced payments for services to be provided by them. The sale agreement was ambiguous on this point and negotiations were entered into with IAL to regularise the position. Following negotiations, it was agreed that the Company would receive the benefit of the December invoices which were collected in January 2021. No further deferred payments would be paid by IAL for the purchase of the Company's business and assets and further, they would receive the sum of £5,000 which is being held in the Company's bank account. Independent solicitors, Edwin Coe were



instructed to draft a Deed of Settlement (the "Deed"). A final Deed was agreed upon on 27 April 2021 and the Deed was executed by the Company and IAL the same day. By this date, IAL had paid an initial payment of £10,000 and two deferred sale consideration payments totalling €11,800. In line with the terms of the Deed, the sum of £5,000 was returned to IAL.

### **Receipts and Payments**

As set out in above, the Joint Administrators continued to trade the business and a summary of the trading position is set out in **Appendix 1**, which shows the income received and expenses incurred during the trading period from 4 December 2020 to 5 February 2021 which is discussed further below.

#### **Trading Receipts**

##### **Sales**

The Joint Administrators traded the Company from 4 December 2020 to 31 December 2021. Sale of £23,868.14 and €42,678 were collected from customers.

#### **Trading Payments**

##### **Rents**

To assist with a smooth handover to IAL and ensure no break in services to the Company's customers, it was agreed that the Company's management would continue to provide their services to the business until the first week of February 2021. This also ensured that the customer payments could be collected for the trading period and paid to the Administration estate. The Company in Administration occupied the Trading Premises for the period 4 December 2020 to 5 February 2021. Rent in the sum of £3,287.68 was paid to the landlord of the Trading Premises.

##### **Suppliers and Expenses**

During the trading period payments (net of VAT) paid to suppliers amounted to £1,762.02 and €45,961.10.

##### **Sundry Expenses**

Sundry expenses amounted to £55.80.

##### **Professional Fees**

The sum of £1,790 was paid to Russell Accounting Services in respect of their assistance with completion of the Company's payroll and providing accountancy advice throughout the trading period.

The sum of £1,600 was paid to a former employee, Ethan Johnson-Searle who temporarily acted as a customer service advisor in France during the trading period.

##### **Employee Wages**

Wages and salaries totalling £7,011.20 were paid to the Company employees for the period 4 December 2020 to 5 February 2021.

##### **PAYE / NIC**

PAYE and NIC totalling £3,506.92 was paid to HM Revenue & Customs ("HMRC").

##### **Customer Refund**

The sum of £138.38 was refunded to a customer regarding a fault in the telecommunication service.

A Receipts & Payments account for the period covered by this report is attached at **Appendix 1A** which is discussed further below.

### **Receipts**

#### **Book Debts**

The payment for services provided to the Company's customers in November 2020 were collected by direct debit by the Joint Administrators in December 2020. Book debts totalling £34,304 and €38,722 was collected from this source.

#### **Sale of Business and Assets**

As detailed above, the Company's business and assets were sold to IAU on 1 January 2021. An initial payment of £10,000 and two deferred sale consideration payments totalling €11,800 was received from IAU. In line with the terms of the Deed, the sum of £5,000 was returned to IAL. No further realisations are anticipated from this source.

#### **Cash at Bank**

The sum of £78,000 was recovered from the Company's GBE account with Barclays Bank Plc. The sum of €101,400 was recovered from the Company's Euro account with HSBC.

#### **Transfer from Euro Account**

The sum of €99,400 was transferred from the Joint Administrators' Euro account to the Joint Administrators' sterling account resulting in a receipt of £89,654.55.

#### **Bank Interest**

Bank interest in the sum of £6.21 was received.

### **Payments**

#### **Pre-Appointment Fee**

In my earlier report to creditors, I set out the costs our firms incurred between our first being consulted and the date of our appointment and I provided details as required by Rule 3.36. Creditors may recall that I reported that Begbies Traynor's time costs were £18,913 plus VAT for a total of 52 hours and 30 minutes, equating to an average hourly rate of £360.25. Further, Valentine & Co's time costs were £8,563.75 plus VAT for a total of 20 hours and 15 minutes, equating to an average hourly rate of £425.

Under the Qualifying Decision Procedure by Correspondence on 11 February 2021, the Decision Date set for creditors to consider my Proposals, I sought and obtained creditors' approval for these costs to be paid in accordance with Rule 3.52 of the Insolvency (England and Wales) Rules 2016 as a Creditors' Committee was not formed. These costs were paid in full.

#### **Joint Administrators' Remuneration**

The sum of £69,523.24 has been drawn as remuneration. This is further detailed below.

#### **Carriage & Archiving**

My firm uses its own personnel and vehicle for collection of books and records for which we charge £65 per hour. My firm has been paid £145 in this regard.

### **Agents / Valuers Fee**

The amount of £7,185 was paid to Williams & Partners in respect of their fees for providing the valuation of the Company's assets and assisting in the sale thereof. The assets consisted of customer database and contracts, goodwill and intellectual property and information technology assets. There is no amount outstanding in respect of agent's fees.

Williams & Partners was selected as agent on the basis of their experience and expertise in dealing with valuations and sale of assets in insolvency situations, taking into account the locality and size of the Company. The agreed basis of W&P's fees was a percentage fee of 10% for the sale of the business and assets which totals £4,000 for the £40,000 sale and fixed fee of £2,500 for completing the valuation and marketing exercise plus disbursements.

### **Legal Fees**

The sum of £3,250 was paid to solicitors, SALH in respect of their services in relation to the negotiation of the terms and conditions of the Sale and Purchase Agreement with the purchaser's solicitor and for advice on various legal issues arising during the Administration period.

SALH have a specialist insolvency department and they were chosen on that basis after taking into account the size and complexity of the legal issues. SALH charge their fees on a time costs basis and they have provided an analysis of the time they have spent to date.

The sum of £7,000 was paid to solicitors, Edwin Coe in respect of their services in relation to the negotiation of the terms and conditions of the Deed and for advice in respect of regularising the ambiguities in the sale agreement.

Edwin Coe have a specialist insolvency department and they were chosen on that basis after taking into account the size and complexity of the legal issues. Edwin Coe charge their fees on a time costs basis and they have provided an analysis of the time they have spent to date.

### **Redirection of Mail**

The sum of £216 was paid to the Royal Mail Group Plc in respect of redirecting the Company's mail to the Joint Administrator's office.

### **Statutory Advertising**

The sum of £94.50 was paid to Courts Advertising Limited for the costs of publishing of statutory advertising in the London Gazette in respect of the Joint Administrators' appointment.

### **Insurance of Assets**

The sum of £608.64 was paid to AON in respect of insurance of the Company's assets.

### **Bank Charges**

Bank charges of €17.15 were incurred.

### **Purchaser Refund**

As detailed above, the sum of £5,000 was refunded to IAL.

**What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?**

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details>. Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at **Appendix 2**.

The details below relate to the work undertaken in the period of the report only.

*General case administration and planning*

Under insolvency legislation the Administrators must comply with certain statutory compliance requirements which may not bring any direct financial benefit to the creditors of the Company. These tasks, as applicable, consist of:

- Opening, maintaining and managing the Administration estate cashbook, bank accounts.
- IPS set-up - Creation and update of case files on the firm's insolvency software which include company information, creditors, debtors and employees details.
- Securing the Company's books and records.
- Complying with statutory duties in respect of the Administrators' specific penalty bond.
- Completion and filing of the notice of the Company's insolvency to HMRC.
- Dealing with all post-appointment VAT and corporation tax compliance.
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter).  
Although these reviews are not a legal requirement, Regulatory Bodies who monitor the work of the Administrator see this task as a best practice requirement with which the Office Holder is required to comply.

*Compliance with the Insolvency Act, Rules and best practice*

- Preparing and issuing the Administrators' Proposals to members and creditors.
- Drafting progress reports to detail the progress of the Administration.

The above matters have no financial benefit to creditors however, they are a statutory requirement.

*Investigations*

In accordance with the Company Directors Disqualification Act 1986, I have submitted a report on the conduct of the Directors of the Company to the Department for Business, Energy & Industrial Strategy (BEIS). As this is a confidential report, I am not able to disclose the contents.

Shortly after my appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting or as a response to my request to complete an investigation questionnaire. My examinations have not revealed any issues requiring further investigation.

*Realisation of assets*

As detailed above, with the assistance of agents Williams & Partners, I have concluded the sale of the Company's customer database and contracts, goodwill and intellectual property and information technology

assets. I have collected the book debts owed to the Company and the cash held in the Company's pre-appointment bank accounts.

Additionally, significant time has been spent reviewing the claim from IAL, investigating the revenues in detail, instructing solicitors and negotiating and concluding a settlement in that regard.

Despite having conceded a settlement with the purchaser, we are of the view that the overall recovery achieved from the debtors and trading revenues has been preserved by virtue of the going concern sale and creditors have been sheltered from the potential claims from customers whose contracts may otherwise have been terminated.

#### Trading

Following the Joint Administrators' appointment they continued to trade the Company whilst valuation agents Williams & Partners marketed the Company's business and assets for sale. Following a review of the Company's finances and after lengthy discussions with the Company Directors, it was decided that the Administrators would adopt a "soft touch" to the ongoing trading. This entailed the Company Directors continuing to manage the Company's day to day business activities with the assistance of an employee in France. The Joint Administrators would oversee this trading however, would not engage in the business's day to day affairs. This strategy allowed the Company's contracts to continue to be fulfilled with no break in services to its customers whilst Williams & Partners undertook its marketing campaign. In addition, this strategy kept the Joint Administrators' costs to a minimum as they did not have their staff permanently present at the Trading Premises to oversee the ongoing trading, but closely monitored trading remotely on a daily basis.

The Joint Administrators traded the Company for the period 4 December 2020 to 31 December 2021. Services provided to the Company's customers during this period were paid for by direct debit in mid-January 2021 to the Administration estate. These invoices totalled £80,899.79 gross. To assist with a smooth handover to the purchaser, IAL and ensure no break in services to the Company's customers, it was agreed that the Company's management would continue to provide their services to the business until the first week of February 2021. This also ensured that the customer payments could be collected for the trading period and paid to the Administration estate. The Company vacated the Trading Premises on 5 February 2021. Further time was then incurred in exchanging with the landlord to arrange a surrender of the lease which was informally surrendered on 13 February 2021.

#### Dealing with all creditors' claims (including employees), correspondence and distributions

We have dealt with creditor claims and enquiries as appropriate. There was no financial benefit to creditors however, there is a requirement of an insolvency practitioner to communicate with creditors. I have made four employees redundant and assisted them with their claims from the Redundancy Payments Office.

#### Other matters which includes seeking decisions of creditors via deemed consent procedure and/or decision procedures, meetings, tax, litigation, pensions and travel

A decision from creditors was sought to agree the Joint Administrators' Proposals and the basis of the Joint Administrators' fees. These matters have no financial benefit to creditors however, they are a statutory requirement.

## 5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our Statement of Proposals.

### **Secured creditor**

Barclays Bank Plc ("Barclays") hold a fixed and floating charge over the Company's assets, created on 1 July 2010 and registered at Companies House on 8 July 2010. As at the date of the Joint Administrators' appointment there was no liability due to the bank. The bank continue to hold the sum of £5,000 in respect of potential direct debit charge back claims. We are advised that this is now in the process of being released and will be paid onto IAL under the settlement terms.

### **Preferential creditors**

Preferential claims of employees for arrears of wages, salary and holiday pay were estimated at £10,000.

### **Secondary preferential creditors**

Further to the changes to the Finance Act 2020, HMRC are now able to claim secondary preferential status for certain liabilities. Taxes owed by the business to HMRC comprising of VAT, PAYE Income Tax, Employee National Insurance Contributions, Student loan deductions and Construction Industry Scheme deductions fall under the secondary preferential status.

The secondary preferential claim of HMRC is estimated at £65,244.

### **Unsecured creditors**

Claims of unsecured creditors were estimated at £251,033 which included a director's loan account with a balance of £33,000 being owed.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

#### **Secured creditors**

No funds were owed to Barclays as at the date of the Joint Administrators' appointment.

#### **Preferential creditors**

We consider that there will be sufficient funds for a full dividend to be paid to preferential creditors and this will be paid on receipt of the claim from the Redundancy Payments Office.

#### **Secondary preferential creditors**

We consider that there will be sufficient funds for a full dividend to be paid to HMRC after payment of the preferential creditors.

### **Prescribed Part for unsecured creditors pursuant to Section 176A of the Act**

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The prescribed part of the Company's net property is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of net property;
- ☐ 20% of net property thereafter;
- ☐ Up to a maximum amount to be made available of £600,000.

An administrator will not be required to set aside the prescribed part of net property if:

- ❑ the net property is less than £10,000 and the administrator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit; (Section 176A(3)) or
- ❑ the administrator applies to the Court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

As Barclays are not owed any funds, the prescribed part provision will not apply.

#### **Unsecured creditors**

Based upon realisations to date and estimated future realisations it is likely that there will be sufficient funds available to enable a dividend to be paid to the unsecured creditors. This will be subject to the costs and expenses of the Company's Liquidation.

#### **Effect of administration on limitation periods under the Limitation Act 1980**

As we have previously confirmed, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in Administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the Administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

## **6. PRE-ADMINISTRATION COSTS**

On 11 February 2021, the following amounts in respect of unpaid pre-administration costs were approved by decision of creditors sought via a Decision Procedure:

Begbies Traynor's time costs were £18,913 plus VAT for a total of 52 hours and 30 minutes, equating to an average hourly rate of £360.25. Further, Valentine & Co's time costs were £8,563.75 plus VAT for a total of 20 hours and 15 minutes, equating to an average hourly rate of £425. These costs have been paid in full.

## **7. REMUNERATION & EXPENSES**

Our remuneration has been fixed by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor in attending to matters as set out in the fees estimate.

We are also authorised to draw expenses, including expenses for services provided by our firm (defined as category 2 expenses in Statement of Insolvency Practice 9) details of which accompanied the Statement of proposals for achieving the purpose of administration.

Begbies Traynor's time costs for the period from 4 December 2020 to 3 June 2021 amount to £78,953.50 which represents 240 hours and 30 minutes at an average rate of £328.29 per hour.

Valentine & Co's time costs for the period from 4 December 2020 to 3 June 2021 amount to £18,989.50 which represents 46 hours and 40 minutes at an average rate of £408.83 per hour.

Collectively, Begbies Traynors and Valentine & Co's time costs for the period from 4 December 2020 to 3 June 2021 amount to £97,923 which represents 287 hours and 10 minutes at an average rate of £341.00 per hour.

To date, the Joint Administrators have drawn the total sum of £69,523.24 on account of its remuneration, against total time costs of £97,923 incurred since the date of our appointment.

The following further information in relation to our time costs and expenses is set out at **Appendix 2**:

- Time Costs Analysis for the period from 4 December 2020 to 3 June 2021.

#### **Time Costs Analysis**

The Time Costs Analysis for the period of this report attached at **Appendix 2** shows the time spent by each grade of staff on the different types of work involved in the case and gives the total costs and average hourly rate charged for each work type.

Please note that each analysis provides details of the work undertaken by us and our staff following our appointment only.

#### **Category 1 Expenses**

To date, we have also drawn expenses in the sum of £55.80.

#### **Category 2 Expenses**

Details of the Category 2 expenses that have been drawn during the period of this report in accordance with the approval obtained are as follows:

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage – return travel to the Trading Premises at HMRC's approved mileage rate.	55.80
Carriage and Archive - My firm uses its own personnel and vehicle for collection of books and records for which we charge £65 per hour. My firm has been paid £145 in this regard.	145

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2021' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at [www.begbies-traynor.com/creditorsguides](http://www.begbies-traynor.com/creditorsguides). Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

## **8. ADMINISTRATORS' EXPENSES**

A statement of the expenses incurred during the period of this progress report is attached at **Appendix 3**.

## **9. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE**

As detailed in the directors' statement of affairs, the assets of the Company consisted of cash at bank, cash at bank held in an Euro account, goodwill and intellectual property, customer database and contracts, book debts and Euro book debts.

At this stage in the Administration, we have the following assets left to realise:



- The sum of £5,000 remains to be collected from the Company's pre-appointment bank account with Barclays. We are in continued correspondence with the bank for these funds to be remitted to the Administration estate. As detailed earlier, these will be released to IAL.
- The sum of €4,000 remains to be collected from the Company's pre-appointment Euro bank account with HSBC. We are in continued correspondence with the bank for these funds to be remitted to the Administration estate. Once remitted the Euro account will be closed and the funds converted to sterling.

**What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?**

General case administration and planning

We will continue to maintain records to demonstrate how the case has been administered and to document the reasons for any decisions that affect the case. We will also carry out reviews of the case. There is no financial benefit to creditors however, this work is necessary to ensure the case is administered in the correct manner.

Compliance with the Insolvency Act, Rules and best practice

We will prepare a final report to place the Company into Creditors' Voluntary Liquidation. We will undertake bank reconciliations and reviews of the insolvency practitioners' bond. There is no financial benefit to creditors but the reports are a statutory requirement and the other work is good practice to ensure the case is administrated correctly.

Realisation of assets

We will continue to exchange with Barclays and HSBC for the balances of the Company's pre-appointment bank accounts to be remitted to the Administration estate.

Distributions

Preferential creditors will be paid on receipt of the claim from the Redundancy Payments Office.

Dealing with all creditors' claims (including employees), correspondence and distributions

We will continue to deal with creditor claims and enquires as appropriate.

Other matters which includes seeking decisions of creditors via the deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

An annual Corporation Tax return will be required and further VAT returns will need to be submitted. A final corporation tax return will also need to be prepared. This will not benefit creditors financially but we are required to continue to account to HMRC in respect of taxable income and expenditure whilst we are in office as Liquidators. I shall continue to review the position in regards to a possible terminal loss relief claim. It is uncertain if there will be any recoveries from this source.

**How much will this further work cost?**

The 'further work' detailed above has always been anticipated, but at this point in the proceedings, it has not yet been carried out. As you know, this work is necessary in order that I may complete the administration as envisaged. The cost of completing this work will exceed any amounts approved by creditors previously however, I will not be seeking an increase in the fee budget at this moment in time.

## **Expenses**

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above are as set out in the estimate of anticipated expenses attached at **Appendix 3**.

### **What is the anticipated payment for administering the case in full?**

We estimated that the cost of administering the case would be in the region of £85,579.25 and subsequently you have provided approval for us to draw our remuneration up to that level. However, as you are aware, the remuneration that we can draw is limited to the amount that is realised for the assets, (less any costs incurred in realising those assets). At this stage in the Administration, I can estimate that total remuneration drawn will be £85,579.25. It is envisaged that costs incurred over and above our approval will be written off.

## **10. OTHER RELEVANT INFORMATION**

### **Proposed exit route from administration**

The Administration will be exited by way of Creditors' Voluntary Liquidation to enable a dividend to be paid to unsecured creditors.

### **Use of personal information**

Please note that in the course of discharging our statutory duties as Administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

## **11. CREDITORS' RIGHTS**

### **Right to request further information**

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been incurred during the period of this progress report.

### **Right to make an application to court**

Pursuant to Rule 18.34 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the Court) may, within eight weeks of receipt of this progress report, make an application to Court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

## 12. CONCLUSION

We will report again in approximately six months' time or at the conclusion of the Administration, whichever is the sooner.

A handwritten signature in black ink, appearing to read 'Stephen Katz', with a large, sweeping flourish above it.

**Stephen Katz**  
Joint Administrator

Dated: 1 July 2021

**UK TELECOM LIMITED - IN ADMINISTRATION**  
**JOINT ADMINSTRATORS' TRADING POSITION**  
**FOR THE PERIOD FROM 4 DECEMBER 2020 TO 5 FEBRUARY 2021**

	<b><u>For the Trading Period 4 Dec 20 to 5</u></b>	
	<b><u>Feb 21</u></b>	
	<b>GB£ Account</b>	<b>Euro Account</b>
<b><u>Receipts</u></b>	<b>£</b>	<b>€</b>
Sales	23,868.14	42,678.00
<b><u>Payments</u></b>		
Rents	3,287.68	-
Suppliers and Expenses	1,762.02	(45,961.10)
Sundry Expenses	55.80	-
Professional Fees	3,390.00	-
Employee Wages	7,011.20	-
PAYE / NIC	3,506.92	-
Customer Refunds	138.38	-
	(19,152.00)	(45,961.10)
<b><u>Trading Profit / (Loss)</u></b>	<b><u>£4,716.14</u></b>	<b><u>(3,283.10)</u></b>

**UK TELECOM LIMITED - IN ADMINISTRATION**  
**JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**  
**FOR THE PERIOD FROM 4 DECEMBER 2020 TO 3 JUNE 2021**

	Estimated to Realise	Joint Administrators' GB£ Account £	Joint Administrators' Euro Account €	Barclays GB£ Account £	IISBC Euro Account €
Trading Profit / Loss Brought Forward		4,716.14	(3,283.10)	-	-
<b><u>Receipts</u></b>					
Book Debts	34,304.00	34,304.00	-	-	-
Book Debts Euro Account	38,722.00	-	38,722.00	-	-
Sale of Business and Assets	40,000.00	10,000.00	11,800.00	-	-
Cash at Bank	78,000	78,000.00	-	5,000.00	4,000.00
Cash at Bank Euro Account	93,112	-	101,400.00	-	-
Transfer from Euro Account - €99,400		89,654.55	(99,400.00)	-	-
Bank Interest		6.21	-	-	-
		<u>216,680.90</u>	<u>49,238.90</u>	<u>5,000.00</u>	<u>4,000.00</u>
<b><u>Payments</u></b>					
Pre-Appointment Fee		27,476.75	-	-	-
Joint Administrators' Remuneration		69,523.24	-	-	-
Carriage & Archiving		145.00	-	-	-
Agents / Valuers Fees		7,185.00	-	-	-
Legal Fees		10,250.00	-	-	-
Redirection of Mail		216.00	-	-	-
Statutory Advertising		94.50	-	-	-
Insurance of Assets		608.64	-	-	-
Bank Charges		-	17.15	-	-
Purchaser Refund		5,000.00	-	-	-
		<u>120,499.13</u>	<u>17.15</u>	<u>-</u>	<u>-</u>
<b><u>Receipts less Payments</u></b>		<u><u>96,181.77</u></u>	<u><u>49,221.75</u></u>	<u><u>5,000.00</u></u>	<u><u>4,000.00</u></u>
<b><u>Represented by:-</u></b>					
Balance at Bank		85,731.89	48,906.68	5,000.00	4,000.00
VAT Receivable		23,898.85	315.07	-	-
VAT Payable		(13,448.97)	-	-	-
		<u><u>96,181.77</u></u>	<u><u>49,221.75</u></u>	<u><u>5,000.00</u></u>	<u><u>4,000.00</u></u>

## COSTS AND EXPENSES

- a. Begbies Traynor's Time Costs Analysis for the period from 4 December 2020 to 3 June 2021; and
- b. Valentine & Co's Time Costs Analysis for the period from 4 December 2020 to 3 June 2021.

SIP9 UK Telecom Limited - Administration - 23U761 ADM : Time Costs Analysis From 04/12/2020 To 03/06/2021

1991

Time Entry - SIP9 Time & Cost Summary

U078 - Uk Telecom Limited  
All Post Appointment Project Codes  
To: 03/06/2021

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistant & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administrative & Planning	33.78	0.00	0.00	6.00	39.78	14,495.00	364.67
Case Specific Mixers	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Costs	1.86	0.00	0.00	0.00	1.86	880.00	473.00
Investigations	2.57	0.00	0.00	0.00	2.57	1,220.75	475.00
Risk Control of Assets	2.98	0.00	0.00	0.00	2.98	1,415.00	475.00
Training	2.01	0.00	0.00	0.00	2.01	954.75	475.00
Total Hours	40.20	0.00	0.00	6.00	46.20	19,865.50	430.83
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	



## STATEMENT OF ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
<b>Trading Expenses</b> Expenses incurred with entities <b>not</b> within the Begbies Traynor Group				
Rent	Dentons SIPP	3,287.68	3,287.68	Nil
Suppliers and Expenses	Sage UK Limited	275	125	Nil
Suppliers and Expenses	Bottomline Technologies Limited	139.50	139.50	Nil
Suppliers and Expenses	Esendex	37.06	37.06	Nil
Suppliers and Expenses	Moore (South) LLP	1,269.36	1,269.36	Nil
Suppliers and Expenses	Dentons SIPP	41.10	41.10	Nil
Professional Fees	Ethan Johnson-Searle	1,600	1,600	Nil
Professional Fees	Russell Accounting Services	1,790	1,790	Nil
Employee Wages	The employees of the Company	7,011.20	7,011.20	Nil
PAYE / NIC	HMRC	3,506.92	3,506.92	Nil
Customer Refund	A customer of the Company	138.38	138.38	Nil
Suppliers and Expenses	SFR Opérateurs	€44321.97	€44321.97	Nil
Suppliers and Expenses	Big Blu Services Limited	€1,575.33	€1,575.33	Nil
<b>Non - Trading Expenses</b> Expenses incurred with entities not within the Begbies Traynor Group				
Agents / Valuers Fee	Williams & Partners	7,185	7,185	Nil
Legal Fees	Sylvester Amiel Lewin & Horne	3,250	3,250	Nil

Legal Fees	Edwin Coe	7,000	7,000	Nil
Redirection of Mail	Royal Mail Group Plc	216	216	Nil
Statutory Advertising	Courts Advertising Limited	94.50	94.50	Nil
Insurance of Assets	AON	608.64	608.64	Nil
Purchaser Refund	Intl Advisory Limited	5,000	5,000	Nil
Bank Charges	Barclays	€17.15	€17.15	Nil
Expenses incurred with entities within the Begbies Traynor Group (for further details see Begbies Traynor Charging Policy)				
Sundry Expenses - Mileage	Begbies Traynor	55.80	55.80	Nil
Carriage & Archive	Begbies Traynor	145	145	

## ADDITIONAL EXPENSES ANTICIPATED FOR FUTURE WORK

Expenses anticipated to be incurred prior to closure of the case	Name of party with whom expense anticipated to be incurred	Amount estimated to cost £
Statutory Advertising	Courts Advertising Limited	99.45
Administrator's Bond	Axa Insurance UK Plc	450