

In the matter of

**Rednet Associates Limited In Liquidation
(‘the Company’)**

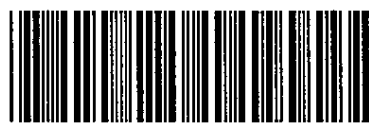
Joint Liquidators’ progress report

21 September 2016

**Keith Algie and Lindsey Cooper
Joint Liquidators**

**RSM Restructuring Advisory LLP
3 Hardman Street
Manchester M3 3HF**

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1 Purpose of report

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

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

RSM Restructuring Advisory LLP was previously named Baker Tilly Restructuring and Recovery LLP until 26 October 2015. Neither the Liquidators nor RSM Restructuring Advisory LLP accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in this report.

2 Joint Liquidators' appointment

Lindsey J Cooper was appointed as Joint Liquidator with Russell S Cash with effect of 12 August 2010. As previously reported, Keith J Aglie replaced Mr Cash as Joint Liquidator by order of the court with effect of 15 October 2013.

3 Receipts and payments summary

We attach as Appendix B a summary of our receipts and payments for the period from 12 August 2015 to 11 August 2016.

VAT basis

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

4 Creditors' claims

Creditors' claims as set out in the Statement of Affairs totalled £11,806.

As reported previously, an exhaustive exercise has been undertaken to review the veracity of the claims submitted by HM Revenue & Customs. Specialist tax and counsel advice was taken and it was confirmed that the HM Revenue & Customs claim was based upon valid assessments and assumptions. Further, it was found that the Joint Liquidators would not be in a position to submit any appeal of the assessments raised and which substantiated the HM Revenue & Customs claim.

4.1 Dividend prospects for creditors

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

In accordance with Rules 4.186 and 11.7 of the Insolvency Rules 1986, no dividend has been distributed as insufficient funds have been realised.

4.2 Prescribed Part

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

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

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

This matter is part of a wider investigation of connected group companies. The investigation of these companies remains on-going.

The connected matters and the transactions between the connected companies, company officers and known associates are complex and specialist legal and counsel advice has been retained throughout the past 12 months.

Matters across the group investigation have been progressed in line with legal and counsel advice.

5.1 Realisation of assets

There have been no asset realisations in the 12 months under report.

5.2 Investigations

In accordance with our statutory obligations, we have filed the appropriate documentation with the Department for Business, Innovation and Skills in relation to the conduct of the directors.

The contents of this report remain confidential.

5.3 Administration and planning

Statutory Bond The statutory bond was put in place following appointment of the Joint Liquidators, to secure their proper performance. The statutory bond was amended following the appointment of Mr Algie as Joint Liquidator by Bulk Transfer Court Order. To ensure that the interests of creditors continue to be protected, the bond level will be reviewed periodically.

KPI – management reviews These are undertaken regularly in line with RSM Restructuring Advisory LLP best practice, to ensure proper performance and case progression are maintained.

Annual Reports Are prepared and will be published in line with statutory requirements. In order to minimise costs and in the interests of resource efficiency these reports will be made available to creditors in electronic format via the RSM Restructuring Advisory LLP web-site.

Legal advice Legal advice is taken as and when appropriate. Due to the complexity of this matter, legal advisers have remained instructed throughout the period of appointment.

5.4 Connected party transactions

There have been no transactions under the control of the Joint Liquidators which would require disclosure under the requirements of Statement of Insolvency Practice 13.

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

A settlement agreement has been reached between the Financial Conduct Authority ("FCA") and certain major banks, including HSBC Bank Plc in relation to the sale of interest rate hedging products.

The investigation of this matter and various connected group companies in liquidation continues. Investigations to date do not suggest that any interest rate hedging product may have been sold to the company.

On the basis of current information the Joint Liquidators are not minded that there is any claim to be pursued in relation to the potential mis-selling to the company of Interest Rate Hedging Products.

There are no assets remaining to be realised.

5.6 Assets remaining to be realised

There are no assets remaining to be realised although the matter is connected to a wider investigation, which remains ongoing.

6 Joint Liquidators' remuneration, disbursements and expenses

Basis of remuneration

HM Revenue & Customs are the only creditor known to the Joint Liquidators in this matter. No other creditor having been made known either to the Official Receiver or subsequently provided a proof of debt to the Joint Liquidators. Fees will be drawn in line with agreement reached with HM Revenue.

6.1 Remuneration and Disbursements incurred in the period from 12 August 2015 to 11 August 2016

In accordance with insolvency legislation the Joint Liquidators' are required to report "remuneration charged". This reflects the time charged to the case and is the maximum that can be taken in fees by the Joint Liquidators. It does not necessarily reflect the amount of remuneration that will ultimately be taken by the Joint Liquidators in remuneration.

Joint Liquidators' remuneration

The Joint Liquidators have incurred time costs of £1,753.70 in respect of work done in the current period (a summary of which is set out in Appendix G). Details of the sums drawn in respect of remuneration for the period covered by this report are set out in the receipts and payments account (Appendix B).

Attached are the following:

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

6.1.1 Joint Liquidators' disbursements

Appendix B includes details of disbursements together with disbursements incurred in any previous periods.

6.2 Total remuneration incurred and paid to date since appointment

The Joint Liquidators have incurred time costs of £15,271.20 since the date of their appointment in accordance with the resolution set out above. This sum remains outstanding and has been fully provided for.

Should you require any further information please do not hesitate to contact me at david.pritchard@rsmuk.com

6.3 Joint Liquidators' statement of expenses

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

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

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

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

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

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

A Guide to Liquidators Fees, which provides information for creditors in relation to the remuneration of a Liquidator, can be accessed at <http://rsm.insolvencypoint.com> under 'general information for creditors'

A hard copy can be requested from my office by telephone, email or in writing

Should you have any further queries please do not hesitate to contact David Pritchard who is dealing with this matter on my behalf

Yours faithfully



Keith J Algie
RSM Restructuring Advisory LLP
Joint Liquidator

Keith J Algie and Lindsey J Cooper are licensed to act as Insolvency Practitioners in the UK by the Institute of Chartered Accountants in England and Wales

Insolvency Practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment

Appendix A

Statutory, dividend and other information

Company name	Rednet Associates Limited
Company number	05892511
Court & reference	In the Salford County Court No 393 of 2010
Date of appointment	09 June 2010
Joint Liquidators	Keith Algie and Lindsey Cooper Russell S Cash released from office November 2013
Functions	The Joint Liquidators' appointment specified that they would have power to act jointly and severally The Joint Liquidators' have exercised, and will continue to exercise, all of their functions jointly and severally as stated in the notice of appointment
Date of incorporation	1 August 2006
Previous company names	n/a
Trading name	n/a
Trading address	10 The Edge, Clowes Street, Manchester
Principal activity	Other Business Activities
Registered office	RSM Restructuring Advisory LLP 3 Hardman Street Manchester M3 3HF RSM Restructuring Advisory LLP was known as Baker Tilly Restructuring & Recovery LLP until 26 October 2015

Dividends	Owed	Paid	Estimated future prospects
Secured creditor (1)	n/a	n/a	No secured creditor
Secured creditor (2)			
Preferential creditors	n/a	n/a	No Preferential Creditor
Unsecured creditors	£11,806	Nil	As stated the Joint Liquidators are not in a position to speculate on the likelihood of a dividend at this point

Receipts and Payments Abstract 768210 - Rednet Associates Limited In Liquidation
Bank, Cash and Cash Investment Accounts From 12/08/2015 To 11/08/2016

		12/08/2015 to 11/08/2016		Total to 11/08/2016	
SOA Value £		£	£	£	£
	ASSET REALISATIONS				
0 00	Deposit on Inland Revenue Petition	0 00		1,000 00	
0 00	Other Current Assets	0 00		809 43	
			0 00		1,809 43
	COST OF REALISATIONS				
0 00	ISA Quarterly Charges	(88 00)		(496 00)	
0 00	Official Receivers Debit Balance	0 00		(2,235 00)	
			(88 00)		(2,731 00)
0 00			(88 00)		(921 57)
	REPRESENTED BY				
	ISA NIB			(921 57)	
					(921 57)

APPENDIX C

RSM Restructuring Advisory LLP

Charging, expenses and disbursements policy

Charging policy

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

Expenses and disbursements policy

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

Appendix D

RSM Restructuring Advisory LLP

Joint Liquidators' current charge out and disbursement rates

Hourly charge out rates		
	Rates at commencement £	Current rates £
Partner	375	435
Directors / Associate Directors	n/a	385
Manager	140-225	n/a
Assistant Managers	n/a	209
Administrators	120	173
Support staff	75	130

Category 2 disbursement rates	
Internal room hire	£165
Subsistence	£25 per night (from 3 rd September 2013) £23 per night (up to 2 nd September 2013)
Travel (car)	38p per mile (up to and including 31 March 2010) 40p per mile (from 1 April 2010) 42 5p per mile (from 1 April 2011)
'Tracker' searches	£10 per case

Appendix E

RSM Restructuring Advisory LLP

Joint Liquidators' category 2 disbursements table

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

Appendix F

Statement of expenses incurred by the Joint Liquidators in the period from

Type and purpose	Incurred in period £
Insolvency Services Account Quarterly Fees	88 00
Total	88 00

*Gateley Plc have been engaged as legal advisor in respect of the connect group investigation. Due to the complexity of these matters it has not be feasible for Gateley Plc to provide a breakdown of cost incurred in the period which can be directly accounted to this matter.

Appendix G

Joint Liquidators' time cost analysis for the period from

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

NOTES TO APPENDIX G

Joint Liquidators' time cost analysis

a) Administration and planning

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

b) Investigations

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

c) Realisation of assets

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

d) Trading

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

e) Creditors

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

f) Case specific matters

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

Appendix G

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

Period	Hours Spent	Partners	Directors / Associate Directors	Managers	Assistant Managers	Administrators	Assistants & Support Staff	Total Hours	Total Time Costs	Average Rates
From Jan 2003										
	Administration and Planning									
	Case Management	0.1	3.0	0.3	0.0	0.0	0.0	3.4	£ 1,155.70	339.91
	Receipts and Payments	0.0	0.1	0.0	0.0	0.5	0.0	0.6	£ 100.00	166.67
	Tax Matters	0.0	0.0	0.4	0.0	0.6	0.0	1.0	£ 187.00	187.00
	Total	0.1	3.1	0.7	0.0	1.1	0.0	5.0	£ 1,442.70	288.54
	Creditors									
	Other Creditor Meetings and Reports	0.0	0.4	0.9	0.0	0.0	0.0	1.3	£ 311.00	239.23
	Total	0.0	0.4	0.9	0.0	0.0	0.0	1.3	£ 311.00	239.23
	Total Hours (From Jan 2003)	0.1	3.5	1.6	0.0	1.1	0.0	6.3	£ 1,753.70	278.37
	Total Time Cost (From Jan 2003)	£ 39.50	£ 1,228.50	£ 309.70	£ 0.00	£ 176.00	£ 0.00	£ 1,753.70		
Total Hours		0.1	3.5	1.6	0.0	1.1	0.0	6.3	£ 1,753.70	278.37
Total Time Cost		£ 39.50	£ 1,228.50	£ 309.70	£ 0.00	£ 176.00	£ 0.00	£ 1,753.70		
Average Rates		395.00	351.00	193.56	0.00	160.00	0.00	278.37		

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