

REDNET ASSOCIATES LIMITED IN LIQUIDATION**JOINT LIQUIDATORS' PROGRESS REPORT****12 AUGUST 2014**

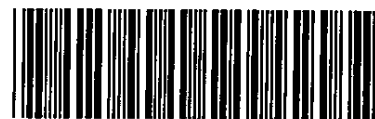
CONTENTS**SECTIONS**

- 1 PURPOSE OF REPORT
- 2 JOINT LIQUIDATORS' APPOINTMENT
- 3 COMPANY DETAILS
- 4 RECEIPTS AND PAYMENTS SUMMARY
- 5 CREDITORS' CLAIMS
- 6 PRESCRIBED PART
- 7 DIVIDEND PROSPECTS FOR CREDITORS
- 8 CONDUCT OF THE WINDING UP
9. ASSETS REMAINING TO BE REALISED
- 10 ADMINISTRATION AND PLANNING
11. JOINT LIQUIDATORS' REMUNERATION AND DISBURSEMENTS
12. JOINT LIQUIDATORS' STATEMENT OF EXPENSES
13. CREDITORS' RIGHT TO INFORMATION AND ABILITY TO CHALLENGE EXPENSES

APPENDICES

- A. STATUTORY INFORMATION
- B. SUMMARY OF RECEIPTS AND PAYMENTS
- C. BAKER TILLY RESTRUCTURING AND RECOVERY LLP'S CHARGING, EXPENSES AND DISBURSEMENTS POLICY STATEMENT
- D CURRENT CHARGE OUT AND DISBURSEMENT RATES
- E STATEMENT OF EXPENSES INCURRED BY THE JOINT LIQUIDATORS' IN THE PERIOD FROM 12 AUGUST 2013 TO 11 AUGUST 2014
- F TIME COST ANALYSIS

WEDNESDAY



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COMPANIES HOUSE

REDNET ASSOCIATES LIMITED IN LIQUIDATION

JOINT LIQUIDATORS' PROGRESS REPORT

12 AUGUST 2014

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 2013 to 11 August 2014. 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 2013 to 11 August 2014. 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. Neither the Liquidators nor Baker Tilly Restructuring and Recovery 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 and Russell S Cash of Baker Tilly Restructuring and Recovery LLP, 3 Hardman Street, Manchester M3 3HF were appointed Joint Liquidators of Rednet Associates Limited on 12 August 2010 by The Secretary of State.

As a result of Russell S Cash retiring from Baker Tilly Restructuring and Recovery LLP, by Court Order dated 15 October 2013 he was removed as Joint Liquidator and Keith J Algie was appointed in his place. A Notice to this effect was advertised in the London Gazette on 4 November 2013, and in accordance with the terms of the Order, Russell S Cash was released from office with effect from 25 November 2013.

The provisions of clause 9 of the court order are quoted as follows.

9 Nothing contained within paragraphs 8 or 13 shall prejudice the Applicant or the Respondents from.

9.1 Charging to each individual estate the costs of obtaining an Insolvency Practitioners licence bond in respect of that estate, and

Any creditor is entitled to apply to Court to vary or discharge the Order within 28 days from receipt of this report.

3. COMPANY DETAILS

We attach as Appendix A an extract of information from the company's file held at Companies House.

4. RECEIPTS AND PAYMENTS SUMMARY

We attach as Appendix B a summary of our receipts and payments for the period from 12 August 2013 to 11 August 2014

VAT Basis

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

5. CREDITORS' CLAIMS

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

The Joint Liquidators have undertaken a review of the veracity of the final claim of HMRC submitted in this matter, in accordance with their independent duty to consider appealing the claim. The Joint Liquidators have reviewed further clarifications provided by HMRC in that respect, including copies of all VAT returns and where possible, the basis of any calculations, the underlying assumptions and method employed

Specialist taxation advice and advice from counsel was obtained and following this review, the claims submitted by HMRC are considered to be robust and not capable of any appeal

6. 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).

7. DIVIDEND PROSPECTS FOR CREDITORS

This appointment is part of a wider investigation of connected group companies. There have been no further assets realised in the period of this report.

The Joint Liquidators are not currently in a position to comment in respect of the prospect of a recovery and therefore the likelihood of a dividend in this matter.

8. CONDUCT OF THE WINDING UP IN THE PREVIOUS TWELVE MONTHS

This appointment is part of a wider investigation of connected group companies

To date there have been no asset realisations in this matter, however the Joint Liquidators continue to further their investigations generally

Further to my comments earlier in this report in relation to creditor claims, the Joint Liquidators have completed an exhaustive review of the claims submitted by HM Revenue & Customs

Supporting evidence in respect of the departments claim together with a review of the underlying assumptions and basis upon which assessments were raised has been reviewed.

In line with specialist taxation advice the Joint Liquidators are not minded that any appeal would be appropriate in respect of assessed tax and VAT claims submitted in this matter

8.1 Connected Party transactions

8.1 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.

9. ASSETS REMAINING TO BE REALISED

9.1 Potential Claim for Compensation for Mis-selling of Interest Rate Hedging Product

As you may be aware, a settlement agreement was recently 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

I am aware that a number of banks are in the process of developing a methodology to implement the terms of the settlement reached with the FCA in respect of the sale of these products. My understanding is that this process will take several months to refine and finalise and, until such time, my own investigations cannot be completed

However, it should be noted that there has not, as yet, been any clarification as to how any such compensation would be treated and thus which creditors would have priority. The Joint Liquidators are therefore at present unable to ascertain whether any such funds would therefore be available for creditors

The investigation of this matter and various connected group companies in liquidation continues, including a review of whether any interest rate hedging product may have been miss-sold to the company

To ensure creditors' rights to any potential claim are protected, the Joint Liquidators will consider whether any claim is applicable, should it be confirmed that any such product was sold to the company, we are at present unable to conclude the Compulsory Liquidation

10. ADMINISTRATION AND PLANNING

Following the retirement of Russell S Cash from this practice, Keith J Algie replaced him as Joint Liquidator by order of the court. All steps have been taken to update records and serve notice on Companies House of Mr Algie's appointment as Joint Liquidator with effect from 15 October 2013.

In addition the Joint Liquidators have ensured that Corporation Tax Returns have been submitted in respect of post appointment periods and where applicable reclaimed VAT charged on their professional services for the benefit of the Liquidation Estate.

Regular case reviews have been performed by the case manager, incorporating bond reviews and bank reconciliations undertaken by the office cashier.

As stated previously this matter is part of an investigation of a group of associated companies and will be progressed concurrent to the wider investigation.

11. JOINT LIQUIDATORS' REMUNERATION AND DISBURSEMENTS

11.1 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 & Customs.

11.2. Remuneration and Disbursements incurred in the period from 12 August 2013 to 11 August 2014

In accordance with insolvency legislation we 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.

We have incurred time costs of £3,146.50 in respect of work done in the current period (a summary of which is set out in appendix F). 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: Baker Tilly Restructuring and Recovery LLP's Charging, Expenses and Disbursements Policy Statement
- Appendix D Joint Liquidators' Charge Out and Disbursement Rates;
- Appendix E Category 2 Disbursements Table;
- Appendix F: Joint Liquidators' Time Cost Analysis for the period set out above,

11.2.1. Joint Liquidators' disbursements

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

11.3. Total remuneration incurred and paid to date since appointment

We have incurred time costs of £11,239 since the date of our appointment in accordance with the resolution set out above. This has not been paid and remains outstanding.

Should you require any further information please do not hesitate to contact me at rmanchester@bakertilly.co.uk

12. JOINT LIQUIDATORS' STATEMENT OF EXPENSES

A statement of the expenses incurred during the period, is attached at Appendix E. 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.

13. CREDITORS' RIGHT TO INFORMATION AND ABILITY TO CHALLENGE 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.

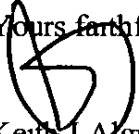
Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to court that the remuneration charged, the basis fixed or expenses incurred by the liquidator are in all 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 Creditors Guide to Fees Charged by Liquidators, can be accessed at the website of the Insolvency Practitioners Association (www.insolvency-practitioners.org.uk - "Regulation and Guidance > Creditors Guides to Fees"), or the Institute of Chartered Accountants in England & Wales (www.icaew.com - "Technical Resources > Insolvency > Creditors' guides") Alternatively I can provide you with a copy on written request to my office

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 Algie
Baker Tilly Restructuring and Recovery LLP
Joint Liquidator

Keith Algie is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales
Lindsey Cooper is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales

APPENDIX A

STATUTORY INFORMATION

COURT & REFERENCE	Salford County Court No 393 of 2010
COMPANY NAME:	Rednet Associates Limited
PREVIOUS COMPANY NAMES	n/a
COMPANY NUMBER	05892511
DATE OF INCORPORATION:	1 August 2006
TRADING NAME:	Rednet Associates Limited
TRADING ADDRESS.	10 The Edge, Clowes Street, Manchester
PRINCIPAL ACTIVITY	Other Business Activities
REGISTERED OFFICE	Baker Tilly Restructuring and Recovery LLP 3 Hardman Street Manchester M3 3HF Prior to Joint Liquidators appointment Brooklands Business Centre Rear of 42 Duncan Road Gillingham Kent ME7 4LE

Receipts and Payments Abstract: RREDNET - Rednet Associates Limited In Liquidation

Bank, Cash and Cash Investment Accounts From 12/08/2013 To 11/08/2014

SOA Value £		12/08/2013 to 11/08/2014		Total to 11/08/2014	
		£	£	£	£
	ASSET REALISATIONS				
0 00	Deposit on Inland Revenue Petiti	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)		(320 00)	
0 00	Official Receivers Debit Balance	0 00		(2,235 00)	
			(88 00)		(2,555 00)
0 00			(88 00)		(745 57)
	REPRESENTED BY				
	ISA NIB			(745 57)	
					(745 57)
					(745 57)

APPENDIX C

BAKER TILLY RESTRUCTURING AND RECOVERY LLP

CHARGING, EXPENSES AND DISBURSEMENTS POLICY STATEMENT

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 Baker Tilly Restructuring and Recovery 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
- Baker Tilly Restructuring and Recovery 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 2" disbursements at the rates prevailing at the time the cost is incurred to Baker Tilly Restructuring and Recovery 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

BAKER TILLY RESTRUCTURING AND RECOVERY LLP JOINT LIQUIDATORS' CURRENT CHARGE OUT AND DISBURSEMENT RATES

HOURLY CHARGE OUT RATES		
	Rates at commencement £	Current rates £
Partner	375	390
Directors / Associate Directors	n/a	350
Manager	140-225	n/a
Assistant Managers	n/a	190
Administrators	120	130
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

STATEMENT OF EXPENSES INCURRED BY THE JOINT LIQUIDATORS IN THE PERIOD FROM 3 AUGUST 2013 TO 2 AUGUST 2014

[illegible]

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									
	Background information	0 0	0 0	0 3	0 0	0 0	0 0	0 3	£ 57 00	190 00
	Case Management	0 0	0 9	3 1	0 0	0 0	0 0	4 0	£ 968 00	242 00
	Receipts and Payments	0 0	0 1	0 0	0 0	2 2	0 0	2 3	£ 321.00	139 57
	Tax Matters	0 1	0 0	0 4	0 0	0 5	0 0	1 0	£ 192 50	192 50
	Total	0 1	1 0	3 8	0 0	2 7	0 0	7 6	£ 1,538 50	202 43
	Creditors									
	Other Creditor Meetings and Reports	0 1	0 0	3 8	0 0	0 0	0 0	3 9	£ 805 00	206 41
	Unsecured Creditors	0 0	0 0	2 2	0 0	0 0	0 0	2 2	£ 578 00	262 73
	Total	0 1	0 0	6 0	0 0	0 0	0 0	6 1	£ 1,383 00	226 72
	Case Specific Matters - Legal Matters									
	Legal Matters	0 0	0 0	1 1	0 0	0 0	0 0	1 1	£ 225 00	204 55
	Total	0 0	0 0	1 1	0 0	0 0	0 0	1 1	£ 225 00	204 55
	Total Hours (From Jan 2003)	0 2	1 0	10 9	0 0	2 7	0 0	14 8	£ 3,146 50	212 60
	Total Time Cost (From Jan 2003)	£ 78 00	£ 350 00	£ 2,355 00	£ 0 00	£ 363 50	£ 0 00	£ 3,146 50		
Total Hours		0 2	1 0	10 9	0 0	2 7	0 0	14 8	£ 3,146 50	212 60
Total Time Cost		£ 78 00	£ 350 00	£ 2,355 00	£ 0 00	£ 363 50	£ 0 00	£ 3,146 50		
Average Rates		390 00	350 00	216 06	0 00	134 63	0 00	212 60		

APPENDIX F

JOINT LIQUIDATORS' TIME COST ANALYSIS

FOR THE PERIOD FROM 3 AUGUST 2013 TO 2 AUGUST 2014

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 F

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 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.