

**Liquidator's Progress
Report****S.192****Pursuant to Sections 92A and 104A and 192
of the Insolvency Act 1986**

To the Registrar of Companies

Company Number

05944610

Name of Company

Ecotek UK Limited

+/ We
Adrian Graham
4th Floor, Leopold Street Wing
The Fountain Precinct
Sheffield
S1 2JA

Julian Pitts
4th Floor
Leopold Street Wing
The Fountain Precinct
Sheffield
S1 2JA

the liquidator(s) of the company attach a copy of ~~my~~our Progress Report
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 01/02/2012 to 31/01/2013

Signed



Date

4/2/13

Begbies Traynor (Central) LLP
4th Floor, Leopold Street Wing
The Fountain Precinct
Sheffield
S1 2JA

Ref EC013CVL/AACG/JNRP/RH

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COMPANIES HOUSE

Ecotek UK Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments

Statement of Affairs		From 01/02/2012 To 31/01/2013
	SECURED ASSETS	
Uncertain	Intellectual Property - EWiz	<u>NIL</u> NIL
	SECURED CREDITORS	
(252,265 80)	The Royal Bank of Scotland plc	<u>NIL</u> NIL
	ASSET REALISATIONS	
12,816 06	Stock	6,607 00
6,546 70	Book Debts	4,964 78
Uncertain	VAT Refund	NIL
	Rates Refund	248 85
	Bank Interest Gross	<u>1 74</u>
		11,822 37
	COST OF REALISATIONS	
	Statement of Affairs Fee	5,000 00
	Office Holders Fees	4,000 00
	Office Holders Expenses	34 30
	Agents/Valuers Fees - CW Hamson	1,561 20
	Accountancy Fees	35 00
	Statutory Advertising	<u>229 50</u>
		(10,860 00)
	UNSECURED CREDITORS	
(60,247 71)	Trade Creditors	NIL
(961 54)	Employees	NIL
(7,038 25)	Loan - Martin Havenhand	NIL
(26,841 64)	HM Revenue & Customs (PAYE/NIC)	<u>NIL</u> NIL
	DISTRIBUTIONS	
(100 00)	Ordinary Shareholders	<u>NIL</u> NIL
<u>(328,092.18)</u>		<u>962.37</u>
	REPRESENTED BY	
	Vat Receivable	812 23
	Bank 1 Current	185 64
	Vat Payable	<u>(35 50)</u>
		962.37



Adrian Graham
Joint Liquidator

**Ecotek UK Limited (In Creditors'
Voluntary Liquidation)**

Progress report pursuant to Section 104A of the
Insolvency Act 1986 and Rule 4.49C of the
Insolvency Rules 1986

Period: 1 February 2012 to 31 January 2013

Important Notice

This progress report has been produced solely to comply with our statutory duty to report to creditors and members of the Company on the progress of the liquidation. 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 and members for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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- ❑ Interpretation
- ❑ Company information
- ❑ Details of appointment of liquidators
- ❑ Progress during the period
- ❑ Estimated outcome for creditors
- ❑ Remuneration and disbursements
- ❑ Liquidators' expenses
- ❑ Assets that remain to be realised
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 - 2 Liquidators' time costs and disbursements
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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Ecotek UK Limited (In Creditors' Voluntary Liquidation)
"the liquidation"	The appointment of liquidators pursuant to Section 98 of the Act on 1 February 2012
"the liquidators", "we", "our" and "us"	Adrian Graham of Begbies Traynor (Central) LLP, 4th Floor, Leopold Street Wing, The Fountain Precinct, Sheffield, S1 2JA and Julian Pitts of Begbies Traynor (Central) LLP, 4th Floor, Leopold Street Wing, The Fountain Precinct, Sheffield, S1 2JA
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (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 Act

2. COMPANY INFORMATION

Trading name(s)	Ecotek UK Limited
Company registered number	05944610
Company registered office	4th Floor, Leopold Street Wing, The Fountain Precinct, Sheffield, S1 2JA
Former trading address	18 Napier Court, Gander Lane, Chesterfield, S43 4PZ

3. DETAILS OF APPOINTMENT OF LIQUIDATORS

Date winding up commenced	01 February 2012
Date of liquidators' appointment	1 February 2012
Changes in liquidator (if any)	None

4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 1 February 2012 to 31 January 2013

Intellectual Property – Ewiz

The Company owned the patent to the product EWiz. All necessary paperwork regarding the patent was collected immediately on appointment.

The documentation was forwarded to our valuation agents BTG Asset Consulting ("BTGAC") (a division of the Begbies Traynor Group) for advice on the steps to be taken to realise any interest. The patent has been marketed for any potential interested party but to date no offers have been received.

The directors' estimated statement of affairs indicated that any realisations from the patent were uncertain. It is not anticipated that any realisations will be made from this source given the interest received to date.

Stock

Immediately on appointment, BTGAC collected the stock held at a storage facility in Derbyshire. The rent for the premises was due shortly after our appointment which meant that the stock needed to be removed immediately to preserve its value.

The stock was uplifted to a local auction house as this was deemed the best method of disposal. Certain items of the stock were sold in small quantities in an effort to seek an offer for the stock as a whole.

To date stock realisations total £6,607 against the directors' estimated statement of affairs figure of £12,816.06. There still remain certain items of stock to sell which is currently ongoing.

Book Debts

The directors' estimated statement of affairs indicated that book debts of £6,546 70 were collectable. On appointment a review of the debtor ledger was undertaken to assess these debts.

Each of the debtors was written to asking for immediate payment of the debt. It transpired that certain debts were old with little chance of realisation. These debts have been subsequently written off as irrecoverable.

Total collections during the course of the liquidation are £4,964 78. It is not anticipated that there will be any further debtor recoveries.

VAT Refund

The directors' estimated statement of affairs indicated that there may be a VAT refund due of £2,865 88. The necessary VAT return was submitted to HM Revenue & Customs to confirm this.

However there still remained a debt due to HM Revenue & Customs in respect of PAYE/NIC. The debt was offset against the VAT refund due and as a consequence no realisation has been received.

Rates Refund

A rates refund of £248 85 has been received from Bolsover District Council.

Bank Interest Gross

Interest of £1 74 has been received for the funds held in the liquidation current account.

Statement of Affairs Fee

The total of £5,000 plus VAT has been paid to Begbies Traynor (Central) LLP for the assistance in the preparation of the statement of affairs.

Agents/Valuers Fees

The total of £1,561 20 has been paid to CW Harrison for the sale of the stock at auction.

Accountancy Fees

The total of £35 has been paid to McDuell Bookkeeping Services for the completion of the PAYE/NIC returns.

Statutory Advertising

The total of £229 50 has been paid for the advertising in line with my statutory duties.

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in the directors' statement of affairs included within the report sent to creditors further to our appointment as liquidators'. 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 creditor

It appears that any distribution to The Royal Bank of Scotland plc ("RBS") under their security will be made by any fixed charge realisations.

As previously detailed in this report, the only asset subject to fixed charge is the EWiz product patent. It doesn't look like however that there will be any realisations from this source.

There is unlikely to be a distribution under the floating charge once the costs of the liquidation have been deducted from the asset realisations.

Preferential creditors

Based upon realisations to date and estimated future realisations, it is anticipated that there will be insufficient funds available to enable a dividend to be paid to 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 liquidator 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

A liquidator will not be required to set aside the prescribed part of net property if

- ☐ the net property is less than £10,000 and the liquidator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit, (Section 176A(3)) or
- ☐ the liquidator 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))

There will be no distribution of the prescribed part as our estimate of the Company's net property is less than the minimum prescribed by the Insolvency Act 1986 (Prescribed Part) Order 2003 and we think, in accordance with Section 176A(3)(b) of the Act, that the costs of making a distribution of the prescribed part to unsecured creditors would be disproportionate to the benefits.

Unsecured creditors

Based upon realisations to date and estimated future realisations it is anticipated there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors.

6. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by a resolution of creditors at the meeting held pursuant to Section 98 of the Act by reference to the time properly given by us (as liquidators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the liquidation and we are authorised to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which accompanied the Statement of Affairs and other information presented to the

meeting of creditors convened pursuant to Section 98 of the Act and which is attached at Appendix 2 of this report

Our time costs for the period from 1 February 2012 to 31 January 2013 amount to £18,696 which represents 103 60 hours at an average rate of £180 46 per hour

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

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 1 February 2012 to 31 January 2013
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

To 31 January 2013, we have drawn the total sum of £4,000 plus disbursements of £34 30 on account. In addition to this sum, we have also drawn £5,000 for the assistance of the preparation of the statement of affairs

7. LIQUIDATORS' EXPENSES

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

8. ASSETS THAT REMAIN TO BE REALISED

Stock

As previously detailed in section 4 of this report, the stock is currently being sold in tranches at auction. It is uncertain at this time when all stock will be sold.

Intellectual Property – Ewiz

The patent for the EWiz product will continue to be marketed. Based on current information, there are unlikely to be any realisations.

9. OTHER RELEVANT INFORMATION

Investigations and reporting on directors conduct

You may be aware that a liquidator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. In addition, as explained in the report circulated at the meeting of creditors convened pursuant to Section 98 of the Act, such report having also been sent to creditors following the meeting, a liquidator is also required to consider the conduct of the Company's directors and to make an appropriate submission to the Department for Business Innovation and Skills. We can confirm that we have discharged our duties in these respects.

Investigations carried out to date

We have undertaken an initial assessment of the manner in which the business was conducted prior to the liquidation of the Company and potential recoveries for the estate in this respect.

The investigations noted that there may have been several payments made in preference to the connected company, Ecotek Global Limited ("Global"). However after examining the means of Global, there is unlikely to be any realisations. It now appears that Global will shortly be entering into liquidation.

Connected party transactions

We have not been made aware of any sales of the Company's assets to connected parties.

10. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 4.49E 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 which have been detailed in this progress report.

Right to make an application to court

Pursuant to Rule 4.131 of the Rules, any secured creditor or any 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 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred as set out in this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

11. CONCLUSION

We will report again in approximately twelve months time or at the conclusion of the liquidation, whichever is the sooner.



A Graham
Joint Liquidator

Dated 11 February 2013

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 1 February 2012 to 31 January 2013

Ecotek UK Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments
To 31/01/2013

S of A £		£	£
	SECURED ASSETS		
Uncertain	Intellectual Property - EWiz	NIL	NIL
	SECURED CREDITORS		
(252,265 80)	The Royal Bank of Scotland plc	NIL	NIL
	ASSET REALISATIONS		
12,816 06	Stock	6,607 00	
6,546 70	Book Debts	4,964 78	
Uncertain	VAT Refund	NIL	
	Rates Refund	248 85	
	Bank Interest Gross	1 74	
			11,822 37
	COST OF REALISATIONS		
	Statement of Affairs Fee	5,000 00	
	Office Holders Fees	4,000 00	
	Office Holders Expenses	34 30	
	Agents/Valuers Fees - CW Harrison	1,561 20	
	Accountancy Fees	35 00	
	Statutory Advertising	229 50	
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(60,247 71)	Trade Creditors	NIL	
(961 54)	Employees	NIL	
(7,038 25)	Loan - Martin Havenhand	NIL	
(26,841 64)	HM Revenue & Customs (PAYE/NIC)	NIL	
			NIL
	DISTRIBUTIONS		
(100 00)	Ordinary Shareholders	NIL	NIL
(328,092.18)			962.37
	REPRESENTED BY		
	Vat Receivable		812 23
	Bank 1 Current		185 64
	Vat Payable		(35 50)
			962.37

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred and
- d Table of time spent and charge-out value for the period from 1 February 2012 to 31 January 2013

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting,
- Car mileage is charged at the rate of 45 pence per mile,
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

The following items of expenditure which relate to services provided by an entity within the Begbies Traynor Group are to be charged to the case (subject to approval)

BTG Asset Consulting may be utilised to provide assistance in the valuation and sale of the company's assets

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Sheffield office as at the date of this report are as follows

	Standard 1 May 2011 – until further notice Regional
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in units 6 minute units

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	Ecotek UK Limited
CASE TYPE	Creditors' Voluntary Liquidation
OFFICE HOLDERS	Adrian Graham and Julian Pitts
DATE OF APPOINTMENT	1 February 2012

1 CASE OVERVIEW

1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

1.2 Complexity of the case

The case has been of a complexity to be expected in view of the assets and industry of the company

1.3 Exceptional responsibilities

The joint liquidators have instructed agents to collect the stock held at the storage facility in Derbyshire and realise the EWiz patent. Furthermore the collection of the book debts has been undertaken

1.4 The office holders' effectiveness

All company assets have been realised within the first year of the liquidation except for the final quantities of stock and EWiz patent

1.5 Nature and value of property dealt with by the office holders

The company's assets comprised of intellectual property, stock, book debts, rates refund and bank interest gross amounting to £11,822.37

1.6 Anticipated return to creditors

It is anticipated that there is unlikely to be funds to enable a distribution to any rank of creditor

1.7 Time costs analysis

An analysis of time costs incurred between 1 February 2012 and 31 January 2013 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type

The time costs analysis provides details of work undertaken by the Liquidators and their staff following their appointment only

1 8 Work undertaken prior to appointment

In addition to the post appointment time costs detailed in the Time Costs Analysis, the costs relating to work undertaken prior to the Liquidators' appointment in summoning, advertising and holding the creditors' meeting and assisting the directors in preparing the statement of affairs were approved by the creditors at the Section 98 meeting

1 9 The views of the creditors

Creditors have been kept informed as to the progress of the liquidation via this annual report. In addition, updates have been made to the secured creditor on the anticipated return to them under their security

1 10 Approval of fees

My remuneration is based on hourly costs at scale rates calculated on the time properly given by me and my staff in attending to matters arising in the liquidation and was approved at the meeting of creditors pursuant to Section 98 of the Act held on 1 February 2012

1 11 Approval of Expenses and Disbursements

The creditors at the Section 98 meeting provided approval for me to draw disbursements, including disbursements for services provided by my firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) in accordance with my firm's policy, a copy of which is attached at Appendix 2 of this report

1 12 Category 2 Disbursements

In accordance with the resolution obtained in relation to expenses and disbursements, the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements have been charged to the case since the date of my appointment

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage – Premises	15 30
TOTAL	15 30

1 13 Other professionals employed & their costs

Valuation assets BTG Asset Consulting and C W Hamson were instructed to sell the assets of the Company. The costs are detailed in appendix 3

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

2 1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 2

2 2 The rates charged by the various grades of staff who may work on a case are attached at Appendix 2

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STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Agent's fees	C W Harrison	1,561 20	1,561 20	Uncertain
Statutory advertising	Courts Advertising	229 50	229 50	Nil
Bond	AUA Insolvency Risk Marsh	30 00	15 00	15 00
Company Searches	Companies House	4 00	4 00	Nil
Accountancy Fees	McDuell Bookkeeping	35 00	35 00	Nil