

The Insolvency Act 1986

Administrator's progress report

Name of Company SFT Realisations Limited	Company number 06237509
In the High Court of Justice Chancery Division London District Registry	Court case number 15136 of 2009

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

We (a)

Andrew Hosking and Steve Akers
of Grant Thornton UK LLP, 30 Finsbury Square, London EC2P 2YU.

(b) Insert dates

Joint Administrators of the above company attach a progress report for the period

from

to

(b) 11 June 2009

(b) 10 December 2009

Signed

Joint Administrator

Dated

7/1/10.

Contact Details:

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

	Tel
DX Number	DX Exchange



A26

09/01/2010

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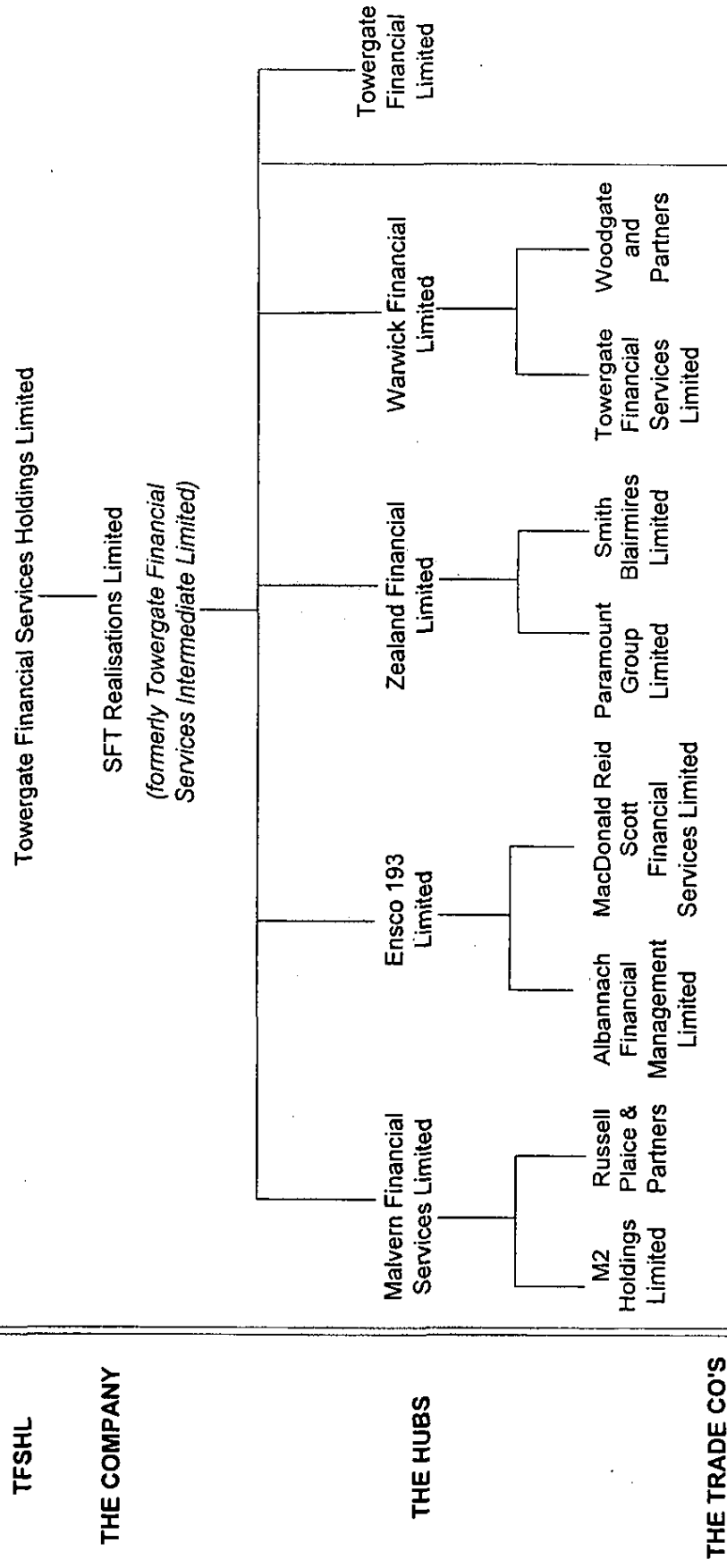
COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

APPENDIX A



SFT REALISATIONS LIMITED - IN ADMINISTRATION

APPENDIX B

Glossary of terms

The Company	SFT Realisations Limited (formerly Towergate Financial Services Limited) - In Administration
TUL/the Purchaser	Towergate Underwriting Limited
The Hubs	Collective term for Malvern Financial Services Limited, Ensco 193 Limited, Zealand Financial Limited, Warwick Financial Limited and Towergate Financial Limited
TFSHL	Towergate Financial Services Holdings Limited
TPL	Towergate Partnership Limited
RBS	The Royal Bank of Scotland Plc
Lloyds	Lloyds TSB Bank Plc
The Senior Debt Holders	Collective term for RBS and Lloyds
The Junior Debt Holders	Collective term for Prudential and Aviva
Aviva	Aviva plc (formerly Norwich Union plc)
Prudential	Prudential plc
The Funders	Collective term for RBS, Lloyds (the Senior Debt Holders), Prudential and Aviva (the Junior Debt Holders)
The FSA	The Financial Services Authority
VAT	Value Added Tax
S of A	Statement of Affairs
TCS	Tata Consulting Limited
Focus	Focus Business Solutions Limited

SFT Realisations Limited (In Administration)
Joint Administrators' Abstract Of Receipts And Payments
11 June 2009 To 10 December 2009

APPENDIX C

RECEIPTS	Statement of Affairs (£)	Realised to date (£)
Intellectual Property	5.00	5.00
Sale of Shares	5.00	5.00
Inter-Company Debts	8,799,990.00	8,799,990.00
Book Debts	-	2,299.08
Bank Interest	-	821.09
Prepayments	28,431.00	-
Chattel Assets	15,535.00	-
	<u>8,843,966.00</u>	<u>8,803,120.17</u>
PAYMENTS		
Chargeholder Distribution		7,575,000.00
Pre-appointment Advisory Disbursements		43.00
Pre-appointment Advisory Fees		85,293.00
Legal Fees		200,857.71
Statutory Advertising		159.02
Bank Charges		20.00
Vat Irrecoverable		42,922.90
		<u>7,904,295.63</u>
Balances in Hand		<u>898,824.54</u>

APPENDIX D

SFT REALISATIONS LIMITED - IN ADMINISTRATION TIME COST ANALYSIS FOR PERIOD FROM 11 JUNE 2009 TO 10 DECEMBER 2009 IN ACCORDANCE WITH SIP 9												
Classification of work function	Partner		Manager		Other professionals		Other Professionals		Assistants and support staff		Total Time Cost Hrs £	Average hourly rate £
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£		
Administration and Planning	25.00	9,822.00	28.20	10,981.00	161.85	39,561.25	107.80	21,407.95	322.85	81,772.20		253.28
Realisation of Assets	2.00	960.00	1.50	547.50	26.90	7,092.50	19.75	3,063.00	50.15	11,663.00		232.56
Investigations	3.00	1,440.00	-	-	13.00	3,507.50	7.00	805.00	23.00	5,752.50		250.11
Creditors	-	-	1.00	320.25	43.40	10,995.50	95.93	13,306.40	140.33	24,622.15		175.46
Total hours and cost	30.00	12,222.00	30.70	11,848.75	245.15	61,156.75	230.48	38,582.35	536.33	123,809.85		230.85

Narrative of tasks undertaken

Administration and Planning

Includes: general administration and planning, reporting, statutory returns, court filings, physical filing, internal compliance reviews, case planning, statutory obligations (eg. statutory returns) maintenance of cash and estate records and general correspondence.

Realisation of assets

Includes: collection of pre-appointment bank balances, negotiating with debtors for the realisation of book debts, negotiating sale of plant and equipment.

Investigations

Includes; Statutory duty of investigation into Company's affairs under Statement of Insolvency Practice (SIP2).

Creditors

Includes: correspondence with unsecured creditors, preparing reports and circulars to creditors.



Our Ref JXA/IRA/GJP/JSK/ALH/T00259/PF7/091222 LTR Progress

TO THE CREDITORS

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8 January 2010

Dear Sirs

**SFT Realisations Limited (formerly Towergate Financial Services
Intermediate Limited) - In Administration (the Company)**
High Court of Justice No. 15136-09

1 INTRODUCTION

- 1.1. Following the appointment of Stephen Akers and myself as Joint Administrators of the Company by order of the Court on 11 June 2009, I now report on the progress of the administration to date.
- 1.2. I enclose Form 2.24B together with an account of my receipts and payments for the period ended 10 December 2009 in accordance with Rule 2.47 of the Insolvency Rules 1986.
- 1.3. In accordance with paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986 the functions of the administrators are to be exercised by any or all of them.

2 STATUTORY INFORMATION

- 2.1. The Company's statutory details are as follows:

registered number	06237509
registered office	30 Finsbury Square London EC2P 2YU
former trading address	Towergate House Eclipse Park Sittingbourne Road Maidstone ME1 3EN

3 SUMMARY OF ADMINISTRATORS' PROPOSALS

3.1. The Joint Administrators' proposals for the Company were circulated to creditors on 20 July 2009, and subsequently approved. These proposals are:

- the Joint Administrators will pursue the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound-up.
- In order to achieve the above objective, the Joint Administrators effected a sale of certain assets of the Company to Towergate Underwriting Limited (TUL), for the consideration of £8.8m. This sale received prior consent from the **Senior Debt Holders** and the FSA. The Joint Administrators will seek to realise any remaining assets, to the extent possible, on a piecemeal basis.
- The administration will end by the Company going into creditors voluntary liquidation and that Stephen Akers and Andrew Hosking be appointed joint liquidators.
- It is proposed that the Joint Administrators shall be discharged from liability in respect of any action of theirs as Joint Administrators when they cease to be Joint Administrators of the Company, pursuant to paragraph 98(1) of Schedule B1 of the Insolvency Act 1986.

4 PROGRESS REPORT

4.1. Attached at Appendix A is an extract from the Company's corporate structure and at Appendix B is a glossary of terms. These will assist in interpreting the content of this document. Words in bold are defined in the glossary.

Sale of the Business and Assets

4.2. A sale of the Companies' principal assets to TUL was completed on 11 June 2009, via a pre-pack administration, for the consideration of £8.8m. The sale included inter-company debts due from the **Hubs** (the Company's immediate subsidiaries) to the Company, the Company's shares in the **Hubs** and Towergate Financial Limited, and intellectual property.

Debtors

- 4.3. To date, I have collected £2,299 in respect of pre appointment debts.
- 4.4. Approximately 80% of the balance that is due from debtors relates to inter-company re-charges due from Towergate Partnership Limited (TPL). It is noted that **TPL** are also a creditor of the Company, in the sum of c£1.4m, which will likely be set off against the debtor balance due of £73.6k. I do not, therefore, anticipate any recovery from **TPL**.
- 4.5. Further amounts due include c£27k which was erroneously over-paid to Tata Consulting Limited (TCS), a firm contracted to develop and support the IT systems for potential future acquisitions made by the Towergate Group. Per the company records, **TCS** are also a creditor of the Company, for the sum of c£61k, which is likely to be set off against the debtor

balance due. TCS have further submitted a counterclaim for a creditor balance of £208k. As any set off would eradicate the debtor balance due to the Company I do not anticipate any recovery from TCS.

Chattel assets and others

- 4.6. The directors identified in the Statement of Affairs (S of A) assets pertaining to computer equipment and software licenses, which they have estimated to have a realisable value of c£16k. I have attempted to realise these assets through specialist agents; however, it is unlikely that any significant realisations will be achieved.
- 4.7. As regards the software, upon investigating the position, as presented to us in the directors' S of A, we have discovered that the licenses have, in fact, vested in TPL rather than the Company.
- 4.8. As regards the computer equipment, a desktop valuation was conducted by our agents, estimating a total realisable value of c£8.5k. I conducted an initial enquiry with the former employees, requesting the return of all equipment, and sought to track down any remaining equipment at the head office.
- 4.9. Regrettably, it has proved difficult to retrieve any equipment from the staff or locate any of the equipment at the former head office. Based on the estimated valuation of these assets and the amount of time and costs involved in pursuing a realisation, it was deemed unviable to continue.
- 4.10. Furthermore, any further pursuit would involve a stronger approach towards former employees that were made redundant upon our appointment, and likely result in a set off against their outstanding debt due from the Company.

Prepayments and other accrued income

- 4.11. According to the Company's records there is a balance of c£82k in respect of a prepayment to Focus Business Solutions Limited (Focus), the Company's insurance broker. Focus have disputed the prepayment and advised that there is a breach of contract clause that would eliminate the rights of the Company to a refund of any pre-payment. I am in correspondence with Focus in order to establish the strength of this assertion, however, it is unclear that there will be any realisation.
- 4.12. There is also a prepayment of c£42k due from TCS, which as advised in 4.5 above, may be subject to set off. As above, I do not anticipate any recovery from TCS.
- 4.13. I am seeking to recover payments of c£2k relating to staff loans made by the Company which were repaid to TPL in error. TPL have agreed to repay the sum and I await their remittance.

Cash in hand and at bank

- 4.14. As at the date of my appointment, the cumulative balance of funds held in the Company's three bank accounts was £51.5k, which was retained by the Security Trustee and set-off against the debt due to the Senior Debt Holders.

Bank Interest

- 4.15. Total interest in the sum of £666 has been received to date.

5 ESTIMATED OUTCOME

Secured Creditor

- 5.1. The **Senior Debt Holders** were owed c£8m of the £65m facility on appointment. An interim distribution of £7.5m was made on 12 June 2009 from the £8.8m received from the **Purchaser**, pursuant to the fixed charges held by the **Senior Debt Holders**. A further distribution of £75k was made on 10 December 2009.
- 5.2. The **Junior Debt Holders** were owed c£6.5m of the £16m facility and it is unlikely that there will be a distribution to the **Junior Debt Holders** under their security.

Preferential Creditors

- 5.3. Preferential claims have been estimated at £88k. This amount comprises of up to £800/employee for arrears of wages and accrued holiday pay to the date of appointment. It is estimated that preferential creditors will be paid in full.
- 5.4. The employees' claim forms have been received and have been forwarded to the Insolvency Service for settlement. Furthermore, I am currently in the process of reconciling and agreeing the preferential claim from the Redundancy Payments Office (**RPO**).
- 5.5. I have provided a revised RP14a to the **RPO**, who have issued RP2 Forms to certain employees in order to agree the claims made, pending receipt of these completed RP2 Forms from these employees. I expect to receive a revised preferential claim from the **RPO** within the month and will be in a position to begin processing the first and final distribution to preferential creditors.

Unsecured Creditors

- 5.6. In accordance with Section 176A of the Insolvency Act 1986, as the floating charge which is held over the assets of the Company post-dates 15 September 2003, a prescribed part is to be carved out of the floating charge assets and made available to the unsecured creditors of the Company. The calculation is applied to the net property, this being the floating charge assets less preferential creditors and administration expenses. The prescribed part is 50% of the first £10,000 of realisations and 20% of all further realisations up to £2,975,000.
- 5.7. In this case, the Prescribed Part which will be distributed to the Company's unsecured creditors is £600,000, the maximum possible sum. Any submitted claims will be held by the Joint Administrators and passed to the liquidators, to be agreed following their appointment.

6 ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

- 6.1. In accordance with Statement of Insolvency Practice (SIP 9), I attach as Appendix D a

summary of my time costs to 10 December 2009 by grade of staff and type of work.

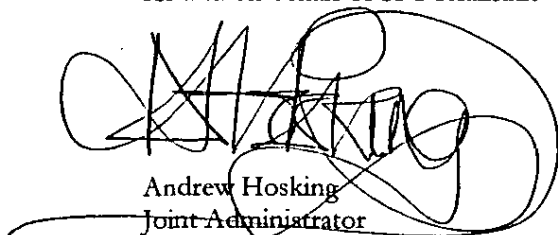
- 6.2. This shows total time costs of £123,810, representing hours at an average of £231 per hour. I have not drawn any remuneration to date. Details of any matters which have had a significant impact on the time costs are included in the appendix, together with details of any disbursements charged during the period under review.
- 6.3. It is my intention to seek the approval for my remuneration from the secured creditor of the Company. I will request for my remuneration to be calculated according to time properly given by the Joint Administrators and our staff attending matters arising in the administration.
- 6.4. Background information regarding the fees of administrators can be found at <http://www.insolvency-practitioners.org.uk> (navigate via 'Technical' to 'Creditors Guides to Fees'). Alternatively I can supply this information by post on request.

7 CONCLUSION OF THE ADMINISTRATION

- 7.1. As per the approved proposals referred in Section 3 above, I will not be applying for an extension to the administration and intend for the Company to convert to a creditors' voluntary liquidation, as soon as practicable, within the next 6 months.

Should you have any queries please do not hesitate to contact my colleague, Ian Avery, on 020 7728 2242.

Yours faithfully
for and on behalf of SFT Realisations Limited



Andrew Hosking
Joint Administrator