

The Insolvency Act 1986

**Notice of move from administration
to creditors' voluntary liquidation**

Name of Company SFT Realisations Limited
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Company number 06237509

In the High Court of Justice, Chancery Division, Companies Court
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Court case number 15136 of 2009

(a) Insert name(s) and
address(es) of
administrator(s)We Andrew Lawrence Hosking and Stephen John Akers of Grant Thornton UK LLP, 30
Finsbury Square, London, EC2P 2YU(b) Insert name and address
of registered office of
companyhaving been appointed Joint Administrators of (b) SFT Realisations Limited of Grant Thornton
UK LLP, 30 Finsbury Square, London, EC2P 2YU(c) Insert date of
appointment

on (c) 11 June 2009 by (d) order of the Court

(d) Insert name of applicant /
appointer

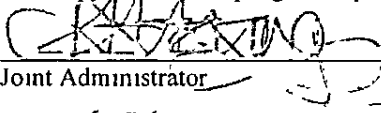
hereby give notice that

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply,

(e) Insert name(s) and
address(es) of liquidator(s)and it is proposed that (e) Andrew Lawrence Hosking and Stephan Akers of Grant Thornton
UK LLP, 30 Finsbury Square, London, EC2P 2YU
will be the Joint Liquidators of the company (IP Numbers 9009 and 6460)

We attach a copy of the final progress report .

Signed


Joint Administrator

Dated

8/6/2010

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

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

TUESDAY



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08/06/2010
COMPANIES HOUSE

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Grant Thornton

Our Ref ALH/JSK/IRA/JXA/HZW/T00259/PF7/100608/LTR /Progress

TO THE CREDITORS

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8 June 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 and outcome of the administration

1.2 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.

- 1.3 In accordance with Rule 2.47 of the Insolvency Rules 1986, I enclose Form 2.24B together with an account of my receipts and payments for the period ended 8 June 2010 at Appendix C. I also enclose Form 2.34B in accordance with Rule 2.117 of the Insolvency Act 1986
- 1.4 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

Sale of the Business and Assets

4.1 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

- 4.2 To date, I have collected £2,299 in respect of pre appointment debts
- 4.3 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. Therefore, there will be no recovery from TPL.
- 4.4 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 there will be no recovery from TCS.

Chattel assets and others

- 4 5 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, there has been no recovery, and it is no longer commercial to continue to pursue these assets.
- 4 6 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 7 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 8 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.

Prepayments and other accrued income

- 4 9 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 software support provider. **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 currently still in correspondence with **Focus** in order to establish the strength of this assertion. Therefore this will continue to be pursued in the liquidation.
- 4 10 There is also a prepayment of c£42k due from TCS, which as advised in 4 5 above, will be subject to set off. As above, there will be no recovery from TCS.
- 4 11 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 this will be finalised during the liquidation.

Cash in hand and at bank

- 4 12 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 13 Total interest in the sum of £1,189.34 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 A first and final dividend of c£72k has been made to the preferential creditors of the Company. This amount has been paid to employees, and comprises of up to £800 per week for arrears of wages and accrued holiday pay to the date of our appointment.
- 5 4 All remaining amounts owed to the employees of the Company will be ranked as an unsecured claim. This will be adjudicated upon in the distribution of the Prescribed Part.

Unsecured Creditors

- 5 5 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 6 In this case, the Prescribed Part which will be available 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 8 June 2010 by grade of staff and type of work.
- 6 2 This shows total time costs of £167,687.25, representing hours at an average of £216.34 per hour. 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.

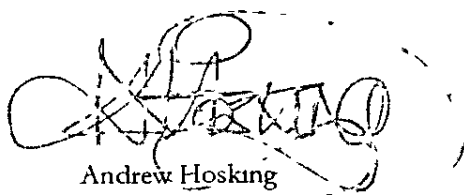
- 6.3 To date, remuneration of £131,665.03 has been agreed with the **Senior Debt Holders** of the Company, of which £103,369.85 has been drawn. This has been calculated according to time properly given by the Joint Administrators and our staff attending matters arising in the administration. Final costs will be concluded in the liquidation, including Joint Administrators' final fees, which will be up to the sum of £24,060 (excluding £4,210.50 Irrecoverable VAT), and Category 1 disbursements of £21.00 (excluding £3.68 Irrecoverable VAT).
- 6.4 Further time costs to finalise the conversion from administration to CVL are expected to be c£3k. Any outstanding administrators' time costs will be written off by my firm.
- 6.5 A final distribution of £77k has been made to the **Senior Debt Holders**. The remaining £600k surplus will be dealt with by the Liquidators as the prescribed part.
- 6.6 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, the Company will be going into creditors voluntary liquidation and Stephen Akers and I will be appointed Joint Liquidators. This will be triggered by the filing of Form 2.34B at Companies House, which has been duly sent.

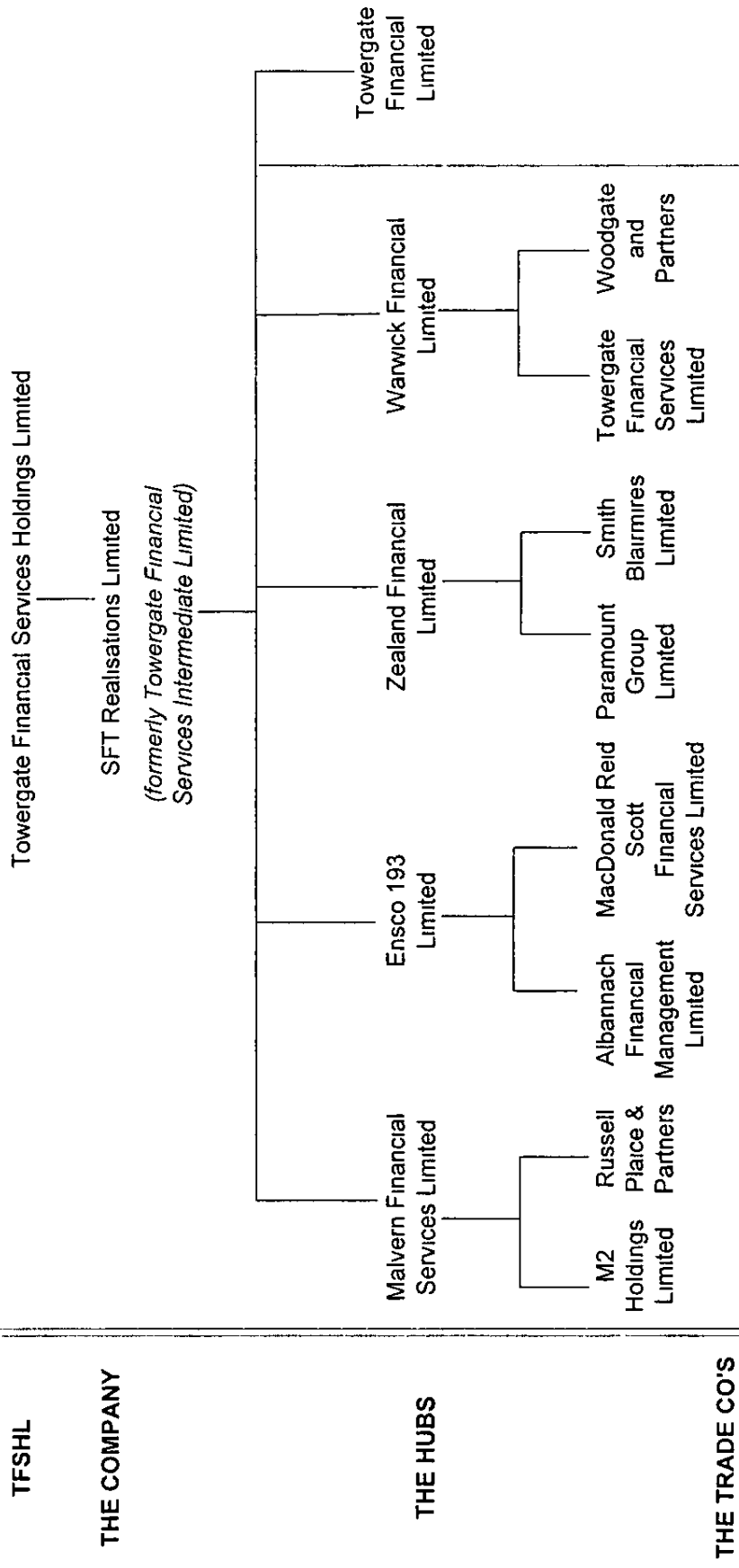
Should you have any queries please do not hesitate to contact my colleague, Ian Avery, on 020 7728 2242.

Yours faithfully
for and on behalf of SFT Realisations Limited



Andrew Hosking
Joint Administrator

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

APPENDIX C

SFT Realisations Limited (In Administration)
Joint Administrators' Abstract Of Receipts And Payments
11 June 2009 To 8 June 2010

RECEIPTS**Total (£)**

Intellectual Property	5 00
Sale of Shares	5 00
Inter-company Debts	8,799,990 00
Book Debts	2,299 08
Cash at Bank	74 19
Bank Interest	1,189 34
	<u>8,803,562 61</u>

PAYMENTS

Royal Bank of Scotland	7,652,017 00
Pre-appointment Advisory Disbursements	43 00
Pre-appointment Advisory Fees	85,293 00
Administrator's Fees	103,369 85
Administrator's Expenses	553 50
VAT Irrecoverable	61,109 48
Legal Fees	200,857 71
Corporation Tax	246 12
Statutory Advertising	159 02
Bank Charges	40 00
Preferential Creditors.	71,577 50
	<u>8,175,266 18</u>
Surplus to be passed to Liquidator	<u>628,296 43</u>

APPENDIX D

SFT REALISATIONS LIMITED - IN ADMINISTRATION TIME COST ANALYSIS FOR PERIOD FROM 11 JUNE 2009 TO 8 JUNE 2010 IN ACCORDANCE WITH SIP 9									
Classification of work function	Partner		Manager		Other professionals		Assistants and support staff		Average hourly rate
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	
Administration and Planning	26 70	10,545 00	28 90	11,501 50	210 30	52,396 25	207 78	32,963 35	226 75
Realisation of Assets	2 00	960 00	1 50	547 50	33 45	8,662 50	26 15	3,663 50	219 23
Investigations	3 00	1,440 00	-	-	43 55	11,850 00	11 25	1,575 00	257 18
Creditors	-	-	1 70	551 25	54 45	13,798 00	124 38	17,233 40	174 94
Total hours and cost	31 70	12,945 00	32 10	12,600 25	341 75	86,706 75	369 56	55,435 25	216 34

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