

The Insolvency Act 1986

Liquidator's Progress Report
Pursuant to Section 192 of
The Insolvency Act 1986**S.192**

To the Registrar of Companies

For Official Use

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Company Number

06857961

Name of Company

Absolute Group UK Limited

I / We
Paul W Barber
340 Deansgate
Manchester
M3 4LYAlan H Tomlinson
340 Deansgate
Manchester
M3 4LYthe liquidator(s) of the company attach a copy of my/our progress report
under section 192 of the Insolvency Act 1986

Signed



Date

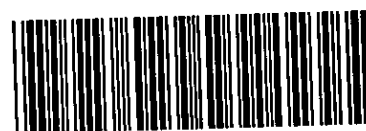
5/9/11

Begbies Traynor (Central) LLP
340 Deansgate
Manchester
M3 4LY

Ref AB021CVL/PB/AHT/DJ

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Insolvency Sect 192 Part 1

THURSDAY



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COMPANIES HOUSE

Absolute Group 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: 28 July 2010 to 27 July 2011

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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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Absolute Group UK Limited (In Creditors' Voluntary Liquidation)
"the liquidation"	The appointment of liquidators pursuant to Section 98 of the Act on 28 July 2010
"the liquidators", "we", "our" and "us"	Alan H Tomlinson of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY and Paul W Barber of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY
"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)	Absolute Group UK Limited
Company registered number	06857961
Company registered office	340 Deansgate, Manchester, M3 4LY
Former trading address	Europa House, Barcroft Street, Bury, Manchester, Manchester, BL9 5BT

3. DETAILS OF APPOINTMENT OF LIQUIDATORS

Date winding up commenced	28 July 2010
Date of liquidators' appointment	28 July 2010
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 28 July 2010 to 27 July 2011

Uncharged Asset Realisations

Office Furniture & Computer Equipment

Office furniture and computer equipment were detailed in the Estimated Statement of Affairs as having a realisable value of nil because of their age and basic quality. As such these items would not warrant the costs of collection.

Stock / WIP

Detailed in the Estimated Statement of Affairs were stock / WIP with a book value of £1,140 and £4,200, respectively, estimated to realise nil/uncertain. The stock mainly consisted of old hard disk drives used to power the CCTV equipment. However, based on discussions with agents Messrs Robson Kay & Co Limited, it was considered not cost effective to recover these drives due to the limited value of such as evidenced in the market. WIP, this represented one unfinished contract which had not been invoiced. The directors advised that the total cost to date was circa £4,200 with the total value of the contract being approximately £6,000. However, this debt was disputed prior to the liquidation and upon becoming Joint Liquidators we discovered that there was not sufficient paperwork to pursue this debt. Accordingly, there are no likely realisations in this regard.

Cash at Bank

The Estimated Statement of Affairs showed the sum of £1,561.56 being due from the bank, however, upon our appointment they had applied a final charge, which reduced the sum to £1,516.51.

Book Debts

The Director's Statement of Affairs estimated that book debts totalling £12,000 were realisable

To date, the sum of £719 64 has been realised. It remains unclear as to how much more is anticipated as upon trying to collect the debtors numerous counter claims have been made by customers disputing the amounts and quality of work whilst a large number of the smaller debtors have failed to respond. Collections remain ongoing in respect of the outstanding balance. The Joint Liquidators have also used collection agents.

A payment made in error to an associated Company, from which the directors' purchased the goodwill and assets was refunded in the sum of £287 50 upon our appointment as Joint Liquidators.

Loan to Employee

No realisations have been made to date, in respect of this matter. However, the outstanding sum of £1,750 is deemed due and the pursuit of same is ongoing.

Sale of Tax losses to Group

The Company was part of a group of companies. One in particular had financed the Company since its incorporation. After lengthy and protracted negotiations in agreeing a payment for the losses, a figure was agreed at £2,000 with the group company having to bear the costs of finalising the accounts for corporation tax purposes.

Redirection Refund

A refund of £51 97 was received, in respect of Royal Mail Redirection Services.

Bank Interest

The sum of £6 49 has been received in respect to Bank interest.

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(s)

There are no secured creditors.

Preferential creditors

Preferential claims received in this matter total £2,414.

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 in respect of the preferential debts.

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))

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors

Unsecured creditors

Unsecured creditors were estimated at £149,693 and we have admitted claims in the total sum of £154,333 of which £134,786 relates to FOIS Limited a group company connected by common directors

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 on 28 July 2010 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 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 28 July 2010 to 27 July 2011 amount to £13,798 which represents 102 hours at an average rate of £135.27 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 28 July 2010 to 27 July 2011
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

To date, I have drawn a fee in relation to the Statement of Affairs being the sum of £5,000 plus disbursements of £322 91 on account. A statement of expenses incurred and discharged is attached at Appendix 3

I have not drawn any Category 2 disbursements nor sought approval for payment of these

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

Book debts totalling £13,952 are still outstanding and we are taking appropriate steps with a view to collecting these remaining amounts or finalising and closing our files

The loan to the Employee is being pursued

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 prior to the meeting of creditors convened pursuant to Section 98 of the Act, 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

Upon our initial letters to the Company's debtors some of the responses received back spoke of allegations and contradicting facts to those of the directors, of which we have therefore decided to enquire further into these allegations. Upon receiving a response I shall if warranted disclose our findings if any

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

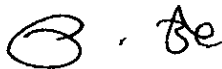
Pursuant to Rule 4.49E of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, 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, in relation to the basis fixed for our remuneration, inappropriate

11. CONCLUSION

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



Paul Barber
Joint Liquidator

Dated 5 September 2011

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 28 July 2010 to 27 July 2011

Absolute Group UK Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments
To 27/07/2011

S of A £		£	£
	SECURED ASSETS		
NIL	Goodwill	<u>NIL</u>	NIL
	ASSET REALISATIONS		
NIL	Office Furniture & Computers	NIL	
NIL	Stock	NIL	
Uncertain	Stock/WIP	NIL	
12,000 00	Book Debts	719 64	
NIL	Shares & Investments	NIL	
1,561 56	Cash at Bank	1,516 51	
287 50	Debtor monies paid to associated company	287 50	
	Bank Interest Gross	6 49	
Uncertain	Loan to Employee	NIL	
	Cash Guarantee	2,499 31	
	Redirection Refund	51 97	
	Sale of Tax losses to Group	<u>2,000 00</u>	7,081 42
	COST OF REALISATIONS		
	Specific Bond	40 00	
	Preparation of S of A	5,000 00	
	Storage Costs	2 91	
	Statutory Advertising	279 00	
	Company Search	<u>1 00</u>	(5,322 91)
	UNSECURED CREDITORS		
(20,868 00)	Trade & Expense Creditors	NIL	
(3,458 00)	HM Revenue & Customs (PAYE)	NIL	
(6,426 00)	HM Revenue & Customs (VAT)	NIL	
(118,941 00)	FOIS Limited	NIL	NIL
	DISTRIBUTIONS		
(100 00)	Ordinary Shareholders	<u>NIL</u>	NIL
<u>(135,943.94)</u>			<u><u>1,758 51</u></u>
	REPRESENTED BY		
	Vat Receivable		1,056 57
	Bank 1 Current		1,101 94
	Vat Payable		(400 00)
			<u><u>1,758 51</u></u>

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 28 July 2010 to 27 July 2011

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 40 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.

(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

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

² Ibid 1

- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

On 7 June 2010, Tomlinsons was acquired by Begbies Traynor (Central) LLP

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 Manchester 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
Junior Administrator	110
Cashier	110
Secretarial	110

Prior to 1 May 2011, the following rates applied

	Charge-out Rate (£ per hour)
Partner	395
Director	350
Senior Manager	325
Manager	295
Assistant Manager	250
Senior Administrator	195
Administrator	160
Junior Administrator	130
Cashier	100
Secretarial	100

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 6 minute units

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	ABSOLUTE GROUP UK LIMITED
CASE TYPE	CREDITORS' VOLUNTARY LIQUIDATION
OFFICE HOLDERS	ALAN H TOMLINSON & PAUL W BARBER
DATE OF APPOINTMENT	28 July 2010

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

At first glance and initial discussions with the Directors', the administration of this case seemed fairly straight forward. However, upon our appointment it became apparent that there were numerous disputed debts. The books and records that were collected did not provide sufficient documentation to negotiate with the debtors and the majority have had to be written off. Negotiations into the sale of the taxable losses were also protracted.

1.3 Exceptional responsibilities

There were no exceptional responsibilities.

1.4 The office holders effectiveness

There have been various allegations from the Company's debtors, which contradict the statements of the directors'. Enquiries into these allegations are ongoing.

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

Please see Receipts & Payments account enclosed.

1.6 Anticipated return to creditors

It is not anticipated that there will be a return to any class of creditor.

1.7 Time costs analysis

An analysis of time costs incurred between 28 July 2010 and 27 July 2011 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.

Different aspects of the liquidation are dealt with by staff at the appropriate level.

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

There have been no specific matters on which the Joint Liquidators have felt it appropriate to consult creditors

1 10 Approval of fees and Disbursements

The following resolution was passed at the Meeting of Creditors on 28 July 2010, in respect of fees of the Joint Liquidators -

"THAT the joint liquidators' remuneration be fixed by reference to the time properly given by them (as liquidators) and the various grades of their staff calculated at the prevailing hourly charge-out rates of Begbies Traynor (Central) LLP for attending to matters arising in the winding up "

1 11 Category 2 Disbursements

No specific resolution was sought in respect of category 2 disbursements. As such, no disbursements of this nature have been charged to the case

1 12 Other professionals employed & their costs

On this assignment I have used the professional advisors listed below. I have also indicated alongside, the basis of my fee arrangement with them, which is subject to review on a regular basis

Name of Professional Advisor	Basis of Fee Arrangement
Dalynn & Co Ltd (Debt collectors)	Percentage of realisations

My choice was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them

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

Total time cost by other parties				
Average hourly rate £	325.87			
	130.25	110.00	101.85	
				135.27

STATEMENT OF EXPENSES

	Amount Incurred £	Amount Discharged £
Specific Bond	40 00	40 00
Preparation of Statement of Affairs	5,000 00	5,000 00
Storage Costs	9 70	2 91
Statutory Advertising	279 00	279 00
Company Search	1 00	1 00
	<hr/>	<hr/>
	5,329 70	5,322 91
	<hr/>	<hr/>