

**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

FC026932

Name of Company


Alpha International Overseas Telecommunications Services Limited

I / ~~We~~
Kikis Kallis FCCA FABRP
Mountview Court
1148 High Road
Whetstone
London, N20 0RA

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 15/06/2011 to 14/06/2012

Signed



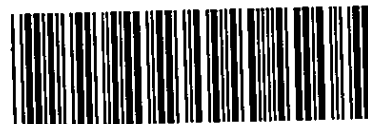
Date

13/8/12

Kallis & Company
Mountview Court
1148 High Road
Whetstone
London, N20 0RA

Ref ALP2431/KK/KG/BK/IG

WEDNESDAY



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15/08/2012

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COMPANIES HOUSE

Alpha International Overseas Telecommunications Services Limited
(In Liquidation)
Liquidator's Abstract of Receipts & Payments

**Statement
of Affairs**

**From 15/06/2011
To 14/06/2012**

ASSET REALISATIONS

C3 Europe Limited	53,841 50
Goodwill & IPR	30,613 12
Tax Refund	15,568 11
VAT Refund	92,650 76
Surplus from Administration	281,753 60
Bank Interest Gross	1,284 66
Cash in Hand	8,598 85
	<hr/>
	484,310 60

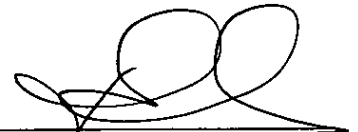
COST OF REALISATIONS

Liquidator's Fees	37,300 00
Accountancy Fees	7,500 00
Corporation Tax	15,392 41
Statutory Advertising	190 50
	<hr/>
	(60,382 91)

423,927 69

REPRESENTED BY

VAT Receivable	12 70
Bank 1 Current	423,914 99
	<hr/>
	423,927 69



Kikis Kallis FCCA FABRP
Liquidator

ALPHA INTERNATIONAL OVERSEAS TELECOMMUNICATIONS SERVICES LIMITED (IN LIQUIDATION)

**Liquidator's First Progress Report to Members and Creditors
For the year ending 14 June 2012**

STATUTORY INFORMATION

Company name Alpha International Overseas Telecommunications Services Limited

Registered office Mountview Court, 1148 High Road, Whetstone, London, N20 0RA

Former trading address Hill House, 2 Heron Square, Richmond, Surrey, TW9 1EP

Registered number FC026932

Liquidator's name: Kikis Kallis FCCA FABRP

Liquidator's address: Mountview Court, 1148 High Road, Whetstone, London, N20 0RA

Liquidator's date of appointment 15 June 2011

RECEIPTS AND PAYMENTS ACCOUNT

My Receipts & Payments Account for the period from 15 June 2011 to 14 June 2012 is attached at Appendix 1

ASSETS

C3 Europe Limited

The company had an intercompany account with its parent company C3 Europe Limited ("C3"). A reconciliation of this account showed that the company was due £2,177,383.82 from C3. A first interim dividend of £53,841.50 has been received from the liquidation of C3 representing 2.47p in the £. A further dividend may be possible but the timing and quantum of this is not clear at this stage.

Goodwill & IPR

As you may recall the company's business and assets were sold together with the assets of its parent company C3 Europe Limited ("C3") to Onyx Innovation UK Limited on 2 August 2010. The deferred consideration of £350,000 became payable by way of 18 monthly instalments on 2 August 2011. This was to be apportioned with the total amount due to Alpha being £262,044 and £87,956 to C3.

Unfortunately the deferred consideration payments have not been made on the dates due. The total amount due to Alpha as at 14 June 2012 is £160,136.57, however only £30,613.12 has been received as shown on the receipts and payments account. There is still £231,428.60 outstanding in deferred consideration.

However, Onyx went into liquidation on 31 May 2012 and there is no likelihood of any further payments being made from the assets. The director, Zafar Mirza, had given a personal guarantee but he appears to be personally insolvent. Further enquiries are being made in this regard with a view to petitioning for the director's bankruptcy.

Alpha International Overseas Telecommunications Services Limited (In Liquidation)
Liquidator's First Progress Report for the year ending 14 June 2012

Tax Refund

Corporation tax of £15,568.11 had been paid in the administration period. However after the company went into liquidation we received confirmation from HMRC that our calculations were incorrect and the amount actually due was £15,392.41. This was as a result of the rate of tax changing on 1 April 2011 to 20%.

This payment has been refunded in full by HMRC as payment for the correct amount was made from the subsequent liquidation account.

VAT Refund

A VAT refund of £92,650.76 has been received during the liquidation.

Surplus from Administration

The surplus from Administration of £281,753.60 represents the balance in hand from the Administration of the case that was transferred to the liquidation.

Bank Interest Gross

Gross bank interest of £1,284.66 has been received during the course of the liquidation.

Cash in Hand

Cash in hand represents sums that had been held by the accountant in their client account which had been advanced by Alpha to pay suppliers on its behalf, prior to the administration of the case.

LIABILITIES

Secured Liabilities

An examination of the company's mortgage register held by the Registrar of Companies, showed that the company had not granted any debentures.

Preferential Creditors

The company's employees, 4 in total, were transferred under the Transfer of Undertakings (Protection of Employment) Regulations ("TUPE") to Onyx Innovation UK Limited, the transfer occurring on 2 August 2010. As expected, no claims have been received in this regard.

Crown Creditors

The statement of affairs included £25,775.97 owed to HMRC in respect of PAYE and VAT. HMRC's final claims totalling £25,400.11 have been received.

Luxembourg Taxes

As previously advised, a claim of £624,272.33 has been received from the Luxembourg tax authorities. This claim has been admitted for dividend purposes, but it may be possible to make a counterclaim against the seller of the business of Alpha that was purchased in 2007. Further investigations into this matter are continuing. Delays in establishing a claim have been as a result of incomplete documentation and reticence on the part of the relevant parties to provide the same. Solicitors were instructed in this regard and the documentation is currently

Alpha International Overseas Telecommunications Services Limited (In Liquidation)
Liquidator's First Progress Report for the year ending 14 June 2012

under review

Unsecured Creditors

The statement of affairs included 10 unsecured creditors with an estimated total liability of £759,633.74. I have received claims from all the creditors at a total of £776,132.75. A dividend of 30p in the £ was declared on 27 July 2012 and this is enclosed with this report. A further dividend should be possible if any realisations can be achieved for the deferred consideration from the liquidation of Onyx Innovation UK Limited, the director as Guarantor or if a claim can be made against the former seller of the business in respect of the tax liability.

LIQUIDATOR'S ACTIONS SINCE APPOINTMENT

My actions as liquidator are detailed in the body of this report and relate to my duties as required by the insolvency legislation along with and including investigations relating to the company officers and asset realisations.

I have spent a considerable amount of time pursuing the purchaser of the business Onyx Innovation UK Limited, to obtain payment for the deferred consideration. Title to the assets sold to Onyx in August 2010 from C3 and Alpha has not passed to Onyx as full payment has not been received. As such I have held meetings with Zafar Mirza and prospective purchasers who showed interest in purchasing the business of Onyx which would have allowed the deferred consideration payments to be met. However, these meetings did not result in any firm offers for the business and Onyx was subsequently placed into liquidation.

I attended the creditors meeting held to place Onyx Innovation UK Limited into liquidation on 31 May 2012. I raised concerns regarding the actions of the director and the subsequent liquidation of the company. These matters are to be further investigated by the liquidator of Onyx. Following the meeting of creditors I have been notified that due to incomplete information having been provided to the appointed liquidator he will be petitioning for the compulsory winding up of the company. Matters will therefore be dealt with by the Official Receiver in due course.

I have made further enquiries regarding any possible counterclaim for a tax liability against the seller of the business of Alpha in 2007. My initial enquiries indicated that the company's books and records did not contain all the documentary evidence required to make such a counter-claim. The sellers' solicitors were not willing to co-operate with providing further information and I instructed solicitors to make an application under section 236 of the Insolvency Act 1986 to obtain their co-operation. Matters in this regard are progressing and I am hopeful that this will be resolved shortly. If I am able to make this counter-claim then it will result in further realisations in the liquidation but it is difficult to quantify these at this stage.

INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

Within six months of my appointment as liquidator, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present director would make him unfit to be concerned with the management of the company. I would confirm that my report has been submitted.

LIQUIDATOR'S REMUNERATION

My remuneration was previously authorised by creditors whilst the Company was in Administration at a meeting held on 8 October 2010 to be drawn on a time cost basis.

My outstanding work in progress as Administrator amounted to £138,085.91. I confirm I have drawn the entire amount due to date. £138,085.91 was drawn and accounted for during the Administration period. My time costs as Liquidator to 14 June 2012 amount to £47,116.19. I have drawn £37,300 to date. A schedule of my time costs

Alpha International Overseas Telecommunications Services Limited (In Liquidation)
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incurred is attached as Appendix 2 and information about current charge out rates and routine work undertaken in the Liquidation is attached as Appendix 3

In addition to the routine work above, I have spent additional time as follows

- Chasing Onyx for payment of the deferred consideration
- Meetings and discussions with the director of Onyx with a view to the potential sale of Onyx to an interested party
- Instructing solicitors to take legal action against Onyx for default in payments
- Instructing solicitors to issue a statutory demand against Zafar Mirza as Guarantor for the deferred consideration.
- Assisting the proposed liquidator of Onyx with information regarding the assets sold to Onyx in 2010.
- Attending the creditors meeting to place Onyx into liquidation.
- Raising my concerns to the Liquidator to enable him to carry out detailed investigations into the conduct of the director and possible wrongful trading.
- Reviewing the Share Purchase Agreement between the Bethany Group and C3 Europe Limited to establish whether the Luxembourg tax liabilities of the company should have been included in this
- Instructing solicitors to obtain co-operation from the seller's solicitors in providing documentation required to pursue any possible claim against the seller

A copy of 'A Creditors Guide to Liquidators' Fees' published by the Association of Business Recovery Professionals and 'A Statement of Insolvency Practice 9 (Revised)' are available at the link www.r3.org.uk Please note that there are different versions for cases that commenced before or after 6 April 2010 and in this case you should refer to the post-April 2010 version. A hard copy can be obtained on request to my office

LIQUIDATOR'S EXPENSES

My expenses to 14 June 2012 amount to £7,690.50. I have drawn the full amount in the period of this report

The following agents or professional advisors have been utilised in this matter

<u>Professional Advisor</u>	<u>Nature of Work</u>	<u>Fee Arrangement</u>
Soteriou Banerji	Accountant and Tax Adviser	Time costs
Lewis Terrance Rose	Solicitors	Time costs
Karslakes Solicitors	Solicitors	Time costs
Turner Parkinson LLP	Solicitors	Time costs

The choice of professionals 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. The fees charged have been reviewed and I am satisfied that they are reasonable in the circumstances of this case

Alpha International Overseas Telecommunications Services Limited (In Liquidation)
Liquidator's First Progress Report for the year ending 14 June 2012

FURTHER INFORMATION

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Liquidator's remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

DIVIDEND PROSPECTS

Ordinary unsecured creditors

A Notice of Intended Dividend was issued on 23 April 2012 requiring claims to be submitted by 28 May 2012. A first interim dividend of 30p in the £ was declared on 27 July 2012 to the unsecured creditors of the company. This payment is attached with this report.

Please note that a total of £232,839.84 was distributed and that £33,387.99 has been retained as a provision for unsettled claims.

A further dividend should be possible if additional realisations are achieved for the deferred consideration and any possible counterclaim against the seller of the business of Alpha. It is not possible to quantify the timing or amount of the dividend at this stage.

SUMMARY

The Liquidation will remain open until the deferred consideration has been paid and the possible counterclaim against the seller of the business has been resolved. Once this issue has been dealt with the Liquidation will be finalised and our files will be closed.

Should you have any queries regarding this matter please contact Bina Kotecha on 020 8492 6031.



KIKIS KALLIS FCCA FABRP
LIQUIDATOR

Appendices

- 1 Receipts & Payments account for the period from 15 June 2011 to 14 June 2012
- 2 Liquidator's time cost analysis for the period from 15 June 2011 to 14 June 2012
- 3 Kallis & Company charge out rates and disbursements policy