

Rule 2.38

Form 2.20B(Scot)

The Insolvency Act 1986

Administrator's progress report

R2.38

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company

ABC Business Centres Limited

Company number

SC184779

(a) Insert full
name(s) and
address(es) of
administrator(s)We
A P Beveridge
Zolfo Cooper
10 Fleet Place
London
EC2M 7RBE G Mackay
Zolfo Cooper
Cornerstone
107 West Regent Street
Glasgow
G2 2BAA O'Keefe
Zolfo Cooper
The Zenith Building
26 Spring Gardens
Manchester
M2 1AB

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

from

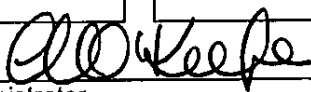
to

(b) Insert date(s)

(b) 3 May 2012

(b) 2 November 2012

Signed


Joint Administrator

Dated

13.12.12

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

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S1020QEP

18/12/2012

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COMPANIES HOUSE

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Registrar of Companies at:-
Companies House, 4th Floor, Edinburgh Quay 2, 139
Fountainbridge, Edinburgh, EH3 9FF
DX 235 Edinburgh / LP 4 Edinburgh-2

TUESDAY

**Joint Administrators'
Progress Report
for the period
3 May 2012 to
2 November 2012**

**ABC Business Centres Limited
In Administration**

14 December 2012

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1 Statutory information

- 1.1 Alastair Beveridge was appointed Joint Administrator of ABC Business Centres Limited (the Company) together with Elizabeth Mackay and Anne O'Keefe on 3 May 2012 by the Edinburgh Court of Session. The application for the appointment of Administrators was made by the directors of the Company.
- 1.2 The Administration is being handled by Zolfo Cooper's Manchester office, situated at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.
- 1.3 The Administration is registered in the Edinburgh Court of Session, no reference number was provided.
- 1.4 The trading address of the Company was Abbey House, Wellington Way, Weybridge, Surrey, KT13 0TT. The business traded under its previous name, Abbey Business Centres.
- 1.5 The registered office of the Company has been changed to c/o Zolfo Cooper, Cornerstone, 107 West Regent Street, Glasgow, G2 2BA and its registered number is SC184779.
- 1.6 In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Joint Administrators are to be exercised by any or all of the Joint Administrators.

2 Progress of the Administration

- 2.1 Attached at Appendix A is the Joint Administrators' Receipts and Payments Account for the period 3 May 2012 to 2 November 2012.

Properties

- 2.2 The Company held three commercial leases relating to sites at The Moorings, 25 Clarendon Road, Redhill (Redhill), The Beacon, 176 Vincent Street, Glasgow (Glasgow) and 5th Floor, 16 St Martin's Le Grand, London (St Martin's), (together the Properties). The Properties were leased premises and were sub-let to tenants on a fully furnished and serviced basis.
- 2.3 Since the Joint Administrators' Statement of Proposals dated 1 June 2012 (the Proposals), the tenants of Redhill vacated and a surrender of the lease was offered to the landlord on 8 June 2012.
- 2.4 Glasgow has also been fully vacated. A surrender of the leases on floors 1, 2, 3, 4 and 6 of Glasgow was offered to the landlord on 22 June 2012 and a further surrender of the lease on floor 5 was offered to the landlord on 28 September 2012.
- 2.5 The lease on St Martin's remains in place, as the Company is still in occupation and continuing to trade from these premises. The Joint Administrators are currently reviewing the options available in relation to the lease on St Martin's, with a view to potentially assigning it to another party for a premium. Negotiations are ongoing with the landlord and further details will be provided in the next report to creditors.

Other assets

- 2.6 The directors' Statement of Affairs (SOA) detailed that the Company had outstanding trade debtors of £549,753. To date, realisations of £150,608 have been made and these are shown in the Receipts and Payments Account at Appendix A.
- 2.7 Upon review of the ledger, it was noted that funds totalling £376,218 related to amounts due from tenants for periods after the Joint Administrators' appointment. The Company's operations are sub-contracted to Regus Management UK Limited (RMUK), under a full service agreement, and as such, the running costs and management charge will be deducted from any realisations made from these debtors.
- 2.8 RMUK have confirmed that £364,556 of these funds have been collected and are currently being held by RMUK. The Joint Administrators have requested a reconciliation of costs to be deducted from this sum and any balance which will be paid the Company. However, please note that RMUK have advised that costs are significant and only a small amount may become available to the Company, if any.
- 2.9 Of the remaining balance, the Joint Administrators anticipate making further recoveries in the region of £11,000 and the accounts have been referred to a debt collection agency.
- 2.10 The cash at bank of £819, listed on the SOA has not yet been realised. The Joint Administrators are liaising with the Company's pre-appointment bank to recover this cash.
- 2.11 The SOA also detailed that the Company had cash held in escrow of £44,883. This was an accounting error on the SOA as the escrow monies are not in fact an asset of the Company. Evidence has been supplied to confirm that these monies are due to be off-set against the liability owed to the secured creditor.
- 2.12 The Company has received £34,460 in relation to business rates refunds, which is currently being held in a suspense account. The Joint Administrators are reconciling these amounts to establish if they are due to the Company or if they need to be returned to RMUK.

3 Assets still to be realised

- 3.1 As detailed above, the options available in relation to the lease at St Martin's are being reviewed.
- 3.2 The Joint Administrators are also continuing to pursue the outstanding trade debtors and cash at bank.

4 Investigations

- 4.1 The Joint Administrators conducted investigations into the conduct of the directors and transactions entered into prior to the Company's Insolvency, as required by the Company Directors Disqualification Act 1986, and Statement of Insolvency Practice 2 - Investigations by Office Holders in Administrations and Insolvent Liquidations. Based upon the outcome of the Joint Administrators' investigations, there were no matters identified that required further action.

5 Joint Administrators' remuneration

- 5.1 The secured creditor, Regus No.1 S.A.R.L (SARL), approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Administration.
- 5.2 The Joint Administrators' time costs for the period 3 May 2012 to 2 November 2012 are £30,386. This represents 106 hours at an average rate of £288 per hour. Attached at Appendix B is a Time Analysis for the period which provides details of the activity costs incurred by staff grade.
- 5.3 Principal areas of activity during the period are discussed in further detail below.
- **Administration and planning** - time has been incurred formulating and implementing the initial case strategy, complying with statutory duties and performing general administrative work. Case related treasury and support time is also recorded here.
 - **Investigations** - time has been incurred conducting investigations into the directors' conduct together with the Company's dealings prior to the appointment of the Joint Administrators and the submission of a report to the Department for Business, Innovation and Skills pursuant to the Company Directors Disqualification Act 1986. In addition to this, time has been spent on investigating and responding on matters raised by creditors.
 - **Realisation of assets - floating charge** - liaising with the landlords and sub-tenants of the Properties. Time has also been spent regarding the potential transfer of the leases.
 - **Creditors** - time has been incurred notifying all creditors of the appointment and preparing statutory reports. Time has also been spent dealing with creditor correspondence and reporting to the secured creditor.
- 5.4 Approval of the Joint Administrators' remuneration will be sought in accordance with rule 2.39 of the Insolvency (Scotland) Rules 1986 as amended, and will be obtained from SARL in due course, as the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the Unsecured Creditors' Fund (see section 6.4).
- 5.5 To date no fees have been taken, however, disbursements of £77 have been paid on account.
- 5.6 Attached at Appendix C is additional information in relation to the Joint Administrators' policy on staffing, the use of sub-contractors, payment of disbursements and details of their current charge-out rates by staff grade:

6 Estimated outcome for creditors

Secured creditor

- 6.1 The Company granted a floating charge to SARL on 17 December 2010, and a subsequent floating charge to ABC Acquisitions Limited (ABC) on 16 May 2011. SARL's charge ranks in priority to ABC's.
- 6.2 SARL is owed approximately £1.5 million. Funds are expected to be available to permit a distribution to be made to SARL, however, it is expected that a significant shortfall will be incurred. As SARL will suffer a shortfall on its lending, there will be no funds available to ABC.

Preferential creditors

- 6.3 The Company had no employees and will therefore have no preferential creditors.

Unsecured Creditors' Fund

- 6.4 Pursuant to section 176A of the Insolvency Act 1986, where there is a floating charge which post dates 15 September 2003, the Joint Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (Unsecured Creditors' Fund).
- 6.5 As the Company granted a floating charge to the secured creditor after 15 September 2003, the Joint Administrators are required to create an Unsecured Creditors' Fund. The Joint Administrators can confirm that, based on realisations to date, the amount available for the Unsecured Creditors' Fund is £25,500, before costs. Please note that this is subject to change dependant on the level of future assets realised.

Unsecured creditors

- 6.6 Based on current information, unsecured creditors are anticipated to be approximately £1.2 million. The only funds that will become available for unsecured creditors is the Unsecured Creditors' Fund.

7 Ending the Administration

- 7.1 The Administration is due to end automatically on 2 May 2013, however, it will not be possible to conclude all outstanding matters in the Administration prior to this date. Therefore, the Joint Administrators are seeking the approval of the secured creditor for an extension to the Administration period of six months in accordance with paragraph 78 of schedule B1 of the Insolvency Act 1986.
- 7.2 The Joint Administrators will be discharged from liability under paragraph 98 of schedule B1 to the Insolvency Act 1986 directly after their appointment as Joint Administrators ceases to have effect.

8 Next report

- 8.1 The Joint Administrators are required to provide a progress report within six weeks of the end of the next six months of the Administration, or the date they cease to act as Administrators, if earlier.

For and on behalf of
ABC Business Centres Limited



Anne O'Keefe
Joint Administrator

Encs

Receipts and Payments Account for the period 3 May 2012 to 2 November 2012

Appendix A

Statement of Affairs £		£
	Floating charge assets	
	Receipts	
549,753	Trade debtors	150,608
-	Bank interest	6
819	Cash at bank	-
-	Suspense account (rates refund)	34,460
		<u>185,074</u>
	Payments	
	Agent's/valuer's fees	3,000
	Category 1 disbursements:	
	Statutory advertising	77
	Bank charges	48
		<u>(3,125)</u>
	Balance	<u>181,949</u>
	Represented by	
	VAT receivable	615
	Interest bearing account	181,334
		<u>181,949</u>

Time Analysis for the period 3 May 2012 to 2 November 2012

Appendix B

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning	2.0	12.6	3.8	0.1	18.5	7,020.00	379
Strategy and control	-	2.1	6.3	3.5	11.9	3,324.00	279
Statutory duties	0.5	0.6	3.3	4.6	9.0	2,237.00	249
Case administration	-	0.8	1.0	7.8	9.6	1,501.00	154
Accounting and treasury	-	-	-	1.2	1.2	180.00	150
Internal documentation	-	-	-	-	-	-	-
Investigations	-	2.3	8.0	4.7	15.0	4,076.00	272
Director conduct reports	-	-	-	2.8	2.8	420.00	150
Other investigations	-	-	0.5	-	0.5	152.50	305
Internal documentation	-	-	-	-	-	-	-
Realisation of assets - floating charge	-	1.0	-	-	1.0	370.00	370
Asset realisation strategy	-	2.7	-	-	2.7	999.00	370
Asset identification and valuation	-	3.7	-	-	3.7	2,109.00	370
Sale of assets	-	0.5	1.0	1.4	2.9	700.00	241
Recovery of assets	-	2.3	4.0	4.0	10.3	2,731.00	265
Dealing with third party assets	-	-	-	-	-	-	-
Creditors	-	-	-	0.1	0.1	15.00	150
Creditor claims	0.5	2.3	8.8	1.0	12.6	4,052.00	322
Reporting to creditors	-	0.3	-	-	0.3	111.00	370
Secured creditors	-	0.8	-	0.6	1.4	386.00	274
Unsecured creditors	-	-	-	-	-	-	-
Totals	3.0	24.0	34.7	21.8	105.5	30,385.50	288

Additional information in relation to the Joint Administrators' remuneration pursuant to Statement of Insolvency Practice 9 (Scotland)

Appendix C

1. Policy

Detailed below is Zolfo Cooper's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

1.1 Staff allocation and the use of sub-contractors

The Joint Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The case team will usually consist of a partner, a senior associate, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Joint Administrators' charge-out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, time spent by treasury in relation to specific tasks on an assignment is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The Joint Administrators have not utilised the services of any sub-contractors in this case.

1.2 Professional advisors

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

Name of professional advisor	Basis of fee arrangement
Sidley Austin LLP (legal advice)	Hourly rate and disbursements
Willis Limited (insurance)	Risk based premium
CBRE Limited (valuation and disposal advice)	Percentage of realisations

The Joint Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document

storage. Any properly reimbursed expenses incurred by the Joint Administrators and their staff will also be chargeable.

Category 2 disbursements do require prior approval by creditors before they are paid. If they are incurred, they will be drawn in accordance with the resolution approved by creditors. Category 2 disbursements that may be incurred are as follows.

- Photocopying - charged at the rate of ten pence per sheet for notifications and reports to creditors and other copying.
- Printing - charged at the rate of ten pence per sheet for black and white printing and 15 pence per sheet for colour.
- Business mileage for staff travel - charged at the rate of 45 pence per mile.

2. Charge-out rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 January 2011 is detailed below. Time is charged by case staff in units of six minutes.

Description	£
Partner/director	
Partner 1*	575
Partner 2*	520
Director	450
Senior associate	
Senior associate 1*	410
Senior associate 2*	370
Associate/analyst	
Associate	305
Analyst*	280
Junior analyst and support staff	
Junior analyst*	150
Senior treasury associate	220
Treasury associate	150
Treasury analyst	95
Support	80
*Key	
<i>Partner 1 - partners with three or more years' experience at partner level</i>	
<i>Partner 2 - partners with less than three years' experience at partner level</i>	
<i>Senior associate 1 - staff with two or more years' experience at senior associate level</i>	
<i>Senior associate 2 - staff with less than two years' experience at senior associate level</i>	
<i>Analyst - staff with more than one year's experience at analyst level</i>	
<i>Junior analyst - first year analysts</i>	