

Rule 2.25**Form 2.16B(Scot)**

The Insolvency Act 1986

R2.25**Statement of administrator's proposals**

Pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.25 of the Insolvency (Scotland) Rules 1986

Name of Company

AB10 Limited

Company number

SC 301275

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

I/We (a)
Michael James Meston Reid
Meston Reid & Co
12 Carden Place
Aberdeen
AB10 1UR

attach a copy of my proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 10 July 2009

Signed

Administrator

Dated

18.8.09

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

Michael James Meston Reid
Meston Reid & Co
12 Carden Place
Aberdeen
AB10 1UR

DX Number

01224 625554
DX Exchange

SGU3FCKG

When you have completed and signed this form, please send it to the Registrar of Companies at:-
Companies House, 37 Castle Terrace, Edinburgh EH1 2EB
DX 235 Edinburgh / LP4 Edinburgh-2

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20/08/2009
COMPANIES HOUSE

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AB10 LIMITED – IN ADMINISTRATION
ADMINISTRATOR'S PROPOSALS AND REPORT TO CREDITORS
JULY 2009

Meston Reid & Co
Chartered Accountants
12 Carden Place
Aberdeen
AB10 1UR

AB10 LIMITED – IN ADMINISTRATION

ADMINISTRATOR'S PROPOSALS AND REPORT TO CREDITORS

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AB10 LIMITED – IN ADMINISTRATION

ADMINISTRATOR'S PROPOSALS AND REPORT TO CREDITORS

1. Introduction

Michael James Meston Reid CA, Meston Reid & Co, 12 Carden Place, Aberdeen, AB10 1UR was appointed administrator of AB10 Limited "AB10" by its sole director. Such appointment was ratified by Aberdeen sheriff court on 7 July 2009.

In accordance with paragraph 49 of schedule B12 to the Insolvency Act 1986, the administrator sets out below his report to the creditors of AB10 together with his proposals for achieving the purpose of the administration. This report also includes the information required in accordance with rule 2.25(1) of The Insolvency (Scotland) Rules 1986.

The administrator has not undertaken an audit of the AB10 financial information contained in this report.

2. EC regulations on insolvency proceedings

In terms of EC regulation number 1346/2000, these proceedings are considered to be main proceedings and AB10 is not known to have an establishment in any other member state.

3. Purpose of the administration

Paragraph 3(1) of schedule B1 to the Insolvency Act 1986, states that an administrator must perform his functions with the objective of:

- rescuing the company as a going concern; or
- achieving a better result for the company's creditors as a whole than would be likely if the company was wound-up (without first being in administration); or
- realising assets for best value in order to pay a distribution to one or more secured or preferred creditors.

It is not possible to rescue the company as a going concern because AB10 had ceased all trading operations permanently prior to the administrator's appointment. However, it is considered that the administration process will enable better realisations for the benefit of the general body of creditors.

4. History, background and the events leading to the administration order

It is understood from the sole director, Stuart Spearritt "SS", that AB10 ceased trading operations permanently from the various retail outlets noted below by the end of March 2009. This was after the end of season sale had concluded.

Outlets: Unit 18, Trinity Mall, Aberdeen, AB11 6BE
Unit 25, Bon Accord Centre, Aberdeen, AB25 1HZ
Unit 332, The Centre, Livingston, EH54 6GS
Units 32 & 33, Ocean Terminal, Leith, Edinburgh, EH6 6JJ
Unit 19, The Bridges Shopping Centre, Sunderland, SR1 3DR

Upon cessation of trade, AB10's assets comprised current season's stock (which was subject to retention of title), old season stock with negligible value, and sundry shop fittings which the landlords could have argued had become fixtures. Prior to cessation of trade, SS incorporated Funky Edge Limited "FEL" and entered into discussions with the various landlords such that existing leases were transferred to FEL. All staff were also transferred to FEL. Discussions had also taken place with the key suppliers such that credit notes were issued to AB10 in respect of current season's merchandise and the goods re-invoiced to FEL. SS contends that his actions

AB10 LIMITED – IN ADMINISTRATION

ADMINISTRATOR'S PROPOSALS AND REPORT TO CREDITORS

secured the ongoing employment of staff and removed creditor liabilities from AB10 in terms of rent arrears and some of the larger trade creditors. FEL commenced trading using the AB10 name and indicated that the trading name was a key component of the assumption of such liabilities.

It is understood that FEL may have potential claims against AB10 for:

- (a) rent paid from date of assignation of each lease but prior to cessation of trade by AB10 and
- (b) sales processed by AB10 during the period from date of assignation of the lease and prior to cessation of trade because a new debit/credit card paying facility was not in place.

FEL have intimated that such claims are unlikely to be lodged.

5. Involvement of Meston Reid & Co

Earlier this year SS approached Michael J M Reid and a local solicitor for insolvency and legal advice respectfully. During such discussions, it was noted that the sum of £18,000 had been arrested by Aberdeen City Council on 12 March 2009 in respect of non-domestic rates. In order to challenge the arrestment, the possibility of liquidating the company was discussed. However, if AB10 was subject to liquidation "AB10" would have become a prohibited name. FEL could not use the AB10 name as long as SS was a director thereof without leave of court. In order to address this, SS intimated that he wanted to appoint an administrator. Steps were being undertaken in this regard at the beginning of May 2009 but on 7 May, the day before the petition was due to be lodged in court, a provisional liquidator was appointed by an AB10 creditor.

The provisional liquidator undertook a review of the AB10 company asset position. Such review revealed that there were no assets other than the potential challenge of an arrestment referred to above. After due consideration, the petition was withdrawn by the creditor and the provisional liquidator released on 1 July.

Recognising his duty to all AB10 stakeholder groups, SS elected to continue with his wish to appoint an administrator. In this way the AB10 name could continue to be used by FEL. The offer by FEL of £30,000 which had been tabled in late April in respect of the trading name together with sundry shop fittings and ancillary items of old stock was confirmed. In view of the level of such offer, which is in excess of the monies arrested if they had become available, the best interests of all stakeholder groups was served by Michael J M Reid agreeing to act as administrator.

6. Assets

As mentioned in section 4 above, the only potential source of monies after cessation of AB10's trading activities was:

- (a) the proceeds of an arrested bank account. In order to consider challenging the arrestment undertaken by Aberdeen City Council, AB10 would require to be liquidated; or
- (b) the AB10 trading name together with shop fittings and ancillary items of old stock. FEL submitted an offer of £30,000 for such items on the condition that the administrator did not seek to liquidate AB10 and challenge the arrestment.

Clearly, option (b) offered the higher return.

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ADMINISTRATOR'S PROPOSALS AND REPORT TO CREDITORS

7. Liabilities

Information available from the company records suggest trade creditors of approximately £494,000. All such creditors will be afforded an ordinary ranking in the administration.

8. Initial meeting of creditors

The initial meeting of creditors will be held at 11am on Wednesday 19 August 2009 at 12 Carden Place, Aberdeen, AB10 1UR in order to consider the administrator's proposals.

Votes at the meeting are based on the unsecured value of each creditor's claim and a resolution is passed if a majority and value of those creditors, either in attendance or represented by proxy, vote in favour of it.

A creditor will be entitled to vote at the meeting if a claim has been lodged at 12 Carden Place, Aberdeen, AB10 1UR either before or at the meeting. For the purpose of formulating claims, creditors should note that the date of commencement of the administration is 7 July 2009.

9. Administrator's remuneration

The administrator's remuneration will be based upon time costs properly incurred at current Meston Reid & Co charge-out rates in accordance with rule 2.39 of the Insolvency (Scotland) Rules 1986.

A copy of the Creditor's Guide to Administrator's Fees in Scotland which explains the basis upon which an administrator's fees are fixed and the rights of creditors in relation to approving and monitoring fees can be found on the Meston Reid & Co insolvency website: www.scotdebt.net. Alternatively details are shown on the Insolvency Practitioners Association website at www.insolvency-practioners.org.uk. A paper copy of SIP 9 can be provided from Meston Reid & Co upon request.

10. Company fact sheet

The company fact sheet at appendix I provides a summary of the statutory information filed with the registrar of companies and extracted from the AB10 records available to the administrator.

11. Estimated statement of affairs

A summary of the information available from the AB10 records is shown as appendix II together with the administrator's notes and comments thereon. A statutory statement of affairs has been provided to the director in accordance with statute and he has been requested to return the completed document to the administrator before 31 July 2009. Should the director's submission reflect a significantly different position, creditors will be advised accordingly.

12. Dividend prospects

The administrator will be required to calculate a prescribed part in accordance with articles 2 and 3 of the Insolvency Act 1986 (Prescribed Part) Order 2003.

In summary, the prescribed part is 50% of the first £10,000 of net asset realisation proceeds and 20% of the remainder of realisations up to the value of £2,975,000. If realisations are in line with the director's expectations, and because there is no floating charge it is anticipated that unsecured creditors may receive a dividend.

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13. Deficiency account

The deficiency is detailed on the attached estimated statement of affairs at £463,584.71. A reconciliation of such deficiency with the most recent set of annual accounts submitted to the registrar of companies for the year ended 31 January 2007 is shown at appendix III.

14. Administrator's proposals

The proposals to creditors are:

- (a) Realise the AB10 company name and residual moveable assets with a view to enhancing dividend prospects to creditors in accordance with their legal ranking. In this regard, the offer of £30,000 referred to in section 5 above was accepted and the funds are held in an appropriate account.
- (b) Apply to court seeking an order allowing the administrator to pay a distribution of the prescribed part to unsecured creditors.
- (c) Undertake all duties and exercise such powers as may be required in order to achieve the purpose of the administration.
- (d) Once the monies available have been distributed to creditors in accordance with their legal ranking, file a notice with both the court and the registrar of companies in order that the process can conclude.
- (e) Settle all valid administration outlays. In this regard, if there be any unpaid costs of the administration at conclusion of the process, they will be given priority over the costs of any subsequent insolvency procedure that may arise.
- (f) Seek an extension of the administration period if deemed necessary by the administrator.

Creditor agreement is sought for the following:

- (i) Michael James Meston Reid of Meston Reid & Co, chartered accountants, 12 Carden Place, Aberdeen, AB10 1UR to remain in office as administrator and his actions to date be approved.
- (ii) The administrator's remuneration be fixed on the basis of time, cost and outlays properly incurred by him and his staff in attending to matters arising in the insolvency in accordance with SIP 9 which is referred to in section 9 above. Details of the first fee claim will be tabled at the meeting when time costs to date will be known.
- (iii) Ratification of acceptance of the offer of £30,000 for the AB10 trading name, shop fittings and ancillary items of stock by Funky Edge Limited.

15. Progress report

A progress report covering the first 6 months of the administration will be sent to creditors in January 2010.

AB10 LIMITED – IN ADMINISTRATION

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16. Conclusion

Please do not hesitate to contact either Michael J M Reid or Michelle Byrne at Meston Reid & Co, 12 Carden Place, Aberdeen, AB10 1UR, telephone number 01224 625554 or alternatively by e-mail at reidm@mestonreid.com or bymem@mestonreid.com, should you have any queries regarding any aspect of the administration process.

Submitted by:

Michael J M Reid CA
Administrator
Meston Reid & Co
12 Carden Place
Aberdeen
AB10 1UR

10 July 2009

The affairs, business and properties of AB10 Limited are being managed by Michael J M Reid, chartered accountant and licensed insolvency practitioner, authorised by the Institute of Chartered Accountant of Scotland and appointed administrator on 7 July 2009.

AB10 LIMITED – IN ADMINISTRATION

COMPANY FACT SHEET

(based on the information filed at companies house and recorded in the statutory records)

COMPANY NAME	:	AB10 Limited
PREVIOUS NAMES	:	None
COMPANY NUMBER	:	SC301275
DATE OF INCORPORATION	:	25 April 2006
REGISTERED OFFICE	:	Pettens Farm Mennie Balmedie Aberdeenshire AB23 8YB
TRADING ADDRESSES	:	Unit 18, Trinity Mall, Aberdeen, AB11 6BE Unit 25, Bon Accord Centre, Aberdeen, AB25 1HZ Unit 332, The Centre, Livingston, EH54 6GS Units 32 & 33, Ocean Terminal, Leith, Edinburgh, EH6 6JJ Unit 19, The Bridges Shopping Centre, Sunderland, SR1 3DR
AUTHORISED AND ISSUED SHARE CAPITAL	:	100 ordinary £1 shares
SHAREHOLDERS	:	Stuart Spearritt : 75 ordinary £1 shares Tanya Spearritt : 15 ordinary £1 shares Hannah Spearritt : 10 ordinary £1 shares
DIRECTOR	:	Stuart Spearritt, appointed 25 April 2006
COMPANY SECRETARY	:	Jenna Forsyth, appointed 1 November 2006

Appendix I
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AB10 LIMITED – IN ADMINISTRATION

COMPANY FACT SHEET

(based on the information filed at companies house and recorded in the statutory records)

EXTRACT OF ACCOUNTS: BALANCE SHEET

As at 31 January 2007
(submitted to registrar of companies)
£ £

Fixed assets		
Tangible assets		1
Current assets		
Stock	73,124	
Related party	125,000	
Debtors/prepayments	<u>41,075</u>	
	239,199	
Creditors: amounts falling due within one year	<u>(101,004)</u>	
Net current assets		<u>138,195</u>
Total assets less current liabilities		138,196
Creditors: amounts falling due after more than one year		<u>(106,654)</u>
		<u>£31,542</u>
Capital and reserves		
Called up equity share capital		100
Profit and loss account		<u>31,442</u>
Shareholders' funds		<u>£31,542</u>

AB10 LIMITED – IN ADMINISTRATION**ESTIMATED STATEMENT OF COMPANY AFFAIRS AS AT 7 JULY 2009**

	Notes	£	£
Assets			
AB10 trading name, shop fittings and ancillary items of stock, estimated to realise	1		<u>30,000.00</u>
Total assets			30,000.00
Liabilities			
Ordinary creditors, as detailed on attached schedule	3		<u>493,484.71</u>
Estimated deficiency as regards ordinary creditors			(463,484.71)
Shareholders			
Issued and fully paid share capital	5	<u>100</u>	
Shareholders			
Stuart Spearritt : 75 ordinary £1 shares			
Tanya Spearritt : 15 ordinary £1 shares			
Hannah Spearritt : 10 ordinary £1 shares			<u>(100.00)</u>
Total estimated deficiency			<u>£463,584.71</u>

AB10 LIMITED - IN ADMINISTRATION

ESTIMATED STATEMENT OF COMPANY AFFAIRS AS AT 7 JULY 2009

Notes

1. The value attributed to the shop fittings and ancillary items of old stock is an estimate. An independent valuation has not been undertaken in view of the passage of time since cessation of trade by AB10 and the difficulty in identifying good. However, it is known that old season stock had been offered for sale throughout January and February 2009 with little remaining at date of transfer to FEL.

FEL offered £30,000 in order to purchase the items noted above together with the trading name "AB10". The funds have been provided to the administrator.

2. If liquidation proceedings had ensued, the liquidator may have been in a position to challenge the arrestment effected by Aberdeen City Council and might have recovered the sum of £18,000. It is anticipated that under liquidation proceedings, ordinary creditors would have received an estimated dividend of 3.5p in the £. Under administration proceedings, dividend prospects are expected to be in the region of 6p in the £. Both calculations are subject to anticipated realisation costs and to the costs of the respective insolvency process.
3. * denotes claim received from creditor on the prescribed form. All claims will be subject to formal adjudication in due course.
4. On the basis of the information currently available, the administrator will not be required to calculate a prescribed part in accordance with the provisions of the Insolvency Scotland Act 1986 (Prescribed Part) Order 2003 because it is not expected that there will be floating charge claim. The prescribed part is 50% of the first £10,000 of the net realisation proceeds and 20% of the remainder of realisations up to the total recoverable value of £2,975,000.
5. Shares were issued upon incorporation of the business.



Michael J M Reid CA
Administrator
Meston Reid & Co
12 Carden Place
Aberdeen
AB10 1UR

10 July 2009

AB10 LIMITED - IN ADMINISTRATION**ESTIMATED STATEMENT OF COMPANY AFFAIRS**
AS AT 7 JULY 2009

<u>Creditor</u>	<u>Amount</u>
	<u>£</u>
Aberdeen City Council, Aberdeen	7,005.88
Aberdeen City Council, Aberdeen	30,943.87
Aberdeen City Council, Aberdeen	911.51
AMC, Aberdeen	74.75
Americana International Limited, Watford	610.65
BT Insolvency Group, London	1,923.23
Business Stream, Edinburgh	6,334.78
Claycard, Northampton	1,456.08
Clydesdale Bank plc, Aberdeen	5,261.01
Cardinal Packaging, Fife	5,855.48
City of Edinburgh Council, Edinburgh	33,334.20
Castle Security Group Limited, Edinburgh	3,758.83
D G Solicitors, Birmingham	2,194.90
European City Guide, Valencia	1,754.10
Fashion Box Limited, Wallasey	11,332.03
Gio-Gio, London	2,530.94
GSUS UK Limited, Amsterdam	19,827.22
H M Revenue & Customs, Liverpool	69,524.35
H M Revenue & Customs, Glasgow	21,208.08
Henri Lloyd Limited, Cardiff	19,119.60
H M Revenue & Customs, Inverness	12,344.96
i Love Limited, London	3,302.80
Johnston Publishing Scotland, Leeds	2,325.00
The Litigation Services Co, Shrewsbury	33,334.20
Land Securities Properties Limited, London	543.95
No Ordinary Designer Label Limited, London	9,063.20
No Ordinary Shoes Limited, London	3,516.82
Northumbrian Water, Durham	1,520.37
Peterlee Fire Company Limited, Durham	119.51
Pepe Jeans London Limited, London	39,454.13
Reith Lambert, Glasgow	76,793.85
Retail Systems Group plc, Colshill	8,557.92
Sixty UK Limited - in administration, St Albans	21,438.85
Shepherd & Wedderburn LLP, Edinburgh	6,716.27
Tyco Fire & Integrated Solutions UK Limited, Manchester	93.88
T Mobile, Hertfordshire	2,243.44
carry forward	<u>426,783.98</u>

Appendix II
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AB10 LIMITED - IN ADMINISTRATION

ESTIMATED STATEMENT OF COMPANY AFFAIRS
AS AT 7 JULY 2009

<u>Creditor</u>	<u>Amount</u>
	<u>£</u>
brought forward	426,783.98
Viking Direct, Leicester	150.17
West Lothian Council, Bathgate	27,003.90
Total	<u>£ 493,484.71</u>

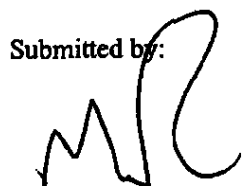
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AB10 LIMITED – IN ADMINISTRATION

DEFICIENCY STATEMENT AS AT 7 JULY 2009
(date of administration)

	£	£
Net assets recorded in the statutory accounts as at 31 January 2007		31,542.00
Add: adjustments for items which have increased deficiency		
Stock	72,124.00	
Debtors	<u>166,075.00</u>	
		(238,199.00)
		(206,657.00)
Trading losses during the period from 1 February 2007 to 7 July 2009		(275,927.71)
Deficiency to creditors as reflected in the estimated statement of company affairs		<u>£(463,584.71)</u>

Submitted by:



Michael J M Reid CA
Administrator
Meston Reid & Co
12 Carden Place
Aberdeen
AB10 1UR

10 July 2009