

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company
 Aquaclear Leisure Limited

Company number
 04156376

In the
 HM High Court of Justice, Newcastle upon Tyne
 District Registry
(full name of court)

Court case number
 4480 of 2009

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

I/We (a)
 Ian William Kings
 RSM Tenon Recovery
 Tenon House
 Ferryboat Lane
 Sunderland
 Tyne and Wear
 SR5 3JN

Steven Philip Ross
 RSM Tenon Recovery
 Tenon House
 Ferryboat Lane
 Sunderland
 Tyne and Wear
 SR5 3JN

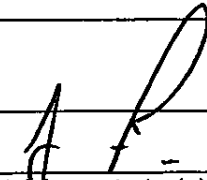
administrator(s) of the above company attach a progress report for the period

(b) Insert date

From
 (b) 1 September 2009

To
 (b) 12 July 2010

Signed


 Joint Administrator(s)

Dated

12 July 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

Steven Philip Ross
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 SR5 3JN

DX Number

+44 (0) 191 511 5000
 DX Exchange

TUESDAY



A40 13/07/2010 215
 COMPANIES HOUSE

le 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

Private and Confidential

**To all known creditors and members of
Aquaclear Leisure Limited**

RSM Tenon Recovery
Tenon House, Ferryboat Lane, Sunderland,
Tyne and Wear SR5 3JN
DX: 711918 Sunderland 7
T +44 (0)191 511 5000
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www.rsmtenon.com

Our ref: SPR/SJB/5503048
Your ref:
12 July 2010

When telephoning or e-mailing please contact Steven Brown on +44 (0)191 511 5000 or steven.brown@rsmtenon.com

Dear Sirs

Aquaclear Leisure Limited ("the Company") – In Administration

In accordance with Rule 2 47 of the Insolvency Rules 1986 ("the Rules"), I would like to provide creditors with a final report following my appointment as Joint Administrator on 1 September 2009

1. Statutory Information

Statutory information relating the Company and the appointment is attached to this report, as **Appendix I**

2. Joint Administrators' Proposals

As you are aware, the Joint Administrators' proposals for achieving the purpose of the Administration were approved, with modifications, by creditors at the meeting of creditors held on 9 November 2009

In accordance with Rule 2 110(2)(a) of the Rules, a copy of these proposals is attached to this report, as **Appendix II**

I can confirm that during the course of the only deviation from the modified proposals was that the Company did not move from Administration to Liquidation immediately following the meeting of creditors

3. Administration Strategy

The strategy of the Administration was outlined in detail in my initial and subsequent report to creditors. I would summarise as follows

At the commencement of the Administration, the Company operated one premises only, "Social Bar & Café" in Carlisle ("Social"), and employed 12 people

The Joint Administrators considered the merits of continuing to trade Social, it was concluded that there was a benefit to a limited trading period whilst a sale of the business as a going concern was pursued. Such a sale would have ensured that the value of the assets, including goodwill, was maximised

Unfortunately, it was not possible to secure such a sale, although a surplus of £1,466 42 was generated during the trading period.

Once it became clear that a sale of Social as a going concern was unlikely a wind down strategy was implemented. All employees were made redundant and agents were instructed to dispose of the Company's assets.

4. Joint Administrators' Abstract of Receipts and Payments

Attached, as *Appendix III*, is the Joint Administrators' Abstract of Receipts and Payments for the period from 1 September 2009 to 12 July 2010. I would comment specifically as follows:

4.1. Trading Surplus

As detailed above, a surplus of £1,466 42 was generated during the trading period.

4.2. Fixtures, Fittings and Equipment

The Company's tangible fixed assets were sold to Aquaclear North East Limited on 7 September 2009 for total consideration of £4,350 00. The directors of the Company are also directors of Aquaclear North East Limited.

The assets had been valued by James Sutherland (Auctioneers) Limited and the consideration received was in-line with this valuation.

4.3. Stocks

The Company's remaining stocks were sold to Aquaclear North East Limited on 7 September 2009 for total consideration of £2,500 00.

The stocks had been valued by James Sutherland (Auctioneers) Limited and the consideration received was in-line with this valuation.

4.4. Cash with Solicitors

On 3 August 2009, certain of the Company's assets were sold to various connected companies for total consideration of £3,476,246 69. The proceeds were used to partially repay secured debts owed to Abbey National plc ("Abbey") and Scottish & Newcastle UK Limited ("S&N"), although £25,000 00 of the proceeds remained on deposit with the Company's solicitors.

The debts to Abbey and S&N were secured by various debentures dated 2 April 2004 and after.

4.5. Other

If the sale detailed above had been made during the Administration process, the Joint Administrators would have been required to set aside a "Prescribed Part" fund specifically for the benefit of unsecured creditors as the various debentures to Abbey and S&N postdate the commencement of the provisions of Section 176A of the Insolvency Act 1986 ("the Act").

The prescribed part would have been calculated at 50% up to £10,000 00 and 20% of the property that exceeds this amount

James Sutherland (Auctioneers) Limited have valued the assets sold on 3 August 2009 at £3,642,941 08 which after repayment of debts secured by way of fixed charges would have resulted in net property of £141,190 00 and prescribed part fund of £31,238 00

I have, therefore, made formal demand for the payment of £31,238 00 from the directors of the Company on the grounds that this amount, which would have been set aside specifically for the benefit of unsecured creditors following a sale of assets during the Administration process, was paid to secured lenders, discharging debts which had been personally guaranteed by the same

5. Outcome to Creditors

5.1. Floating Charge Creditors

I do not anticipate a distribution to floating charge creditors as any recoveries will be specifically for the benefit of unsecured creditors

5.2. Unsecured Creditors and the Prescribed Part

No distribution has been made to unsecured creditors during the Administration process as the Joint Administrators consider it more appropriate to deal with this through a liquidation process

It is estimated that, following the recovery of the prescribed part fund detailed above, there will be a distribution to unsecured creditors of less than 1p in £1, subject to final claims received

6. End of Administration

The Joint Administrators' proposals included the provision to end the Administration through a move into Creditors' Voluntary Liquidation. Furthermore, no nominations for the appointment as Liquidator were received and, as such, the current Joint Administrators will become the Joint Liquidators, in accordance with Paragraph 83(7) of Schedule B1 of the Act

The Administration will cease to be effective from the date Form 2 34B "Notice of move from administration to creditors' voluntary liquidation" is filed at Companies House. In accordance with the resolution passed by creditors, the Joint Administrators' release from liability will take effect within 14 days of the filing of Form 2 34B

7. Remuneration

At the initial meeting of creditors held pursuant to paragraph 49 of Schedule B1 of the Act it was resolved that the Joint Administrators' proposals relating to their remuneration be approved. This provided for the Joint Administrators to be remunerated with reference to time properly spent in dealing with this matter

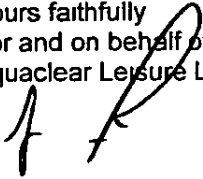
The Joint Administrators' time costs to date amount to £22,622 50 plus disbursements of £923 60. In accordance with Statement of Insolvency Practice 9, I have attached, at **Appendix IV**, a breakdown of these time costs

Of these costs, remuneration of £20,000 00 and disbursements of £479 60 have been drawn to date

8. Further Information

Should you have any queries or wish to discuss please do not hesitate to contact Steven Brown on the number at the head of this report

Yours faithfully
For and on behalf of
Aquaclear Leisure Limited

A handwritten signature in black ink, appearing to read 'S P Ross', is written over the text 'For and on behalf of'.

Steven P Ross

Joint Administrator

Licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales

Company Information

Company Name Aquaclear Leisure Limited
Company Number 04156376
Registered Office Tenon House
Ferryboat Lane
Sunderland
Tyne and Wear
SR5 3JN
Trading Address 16 Bonemill Lane
Fatfield
Washington
Tyne and Wear
NE38 8AJ

Appointment Details

Joint Administrators Ian William Kings and Steven Philip Ross
Joint Administrators' Address RSM Tenon Recovery
Tenon House
Ferryboat Lane
Sunderland
Tyne and Wear
SR5 3JN
Date of Appointment 1 September 2009
Court HM High Court of Justice, Newcastle upon Tyne District Registry
Court Reference 4480 of 2009
Appointed by Directors
Functions Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Joint Administrators acting jointly or alone
EC Regulations The Company's Registered Office is from where the Company carries on its business. Therefore in the absence of proof to the contrary, the Company's centre of main interests is in the United Kingdom and as such these proceedings will be the main proceedings as defined in article 3 of the EC regulation as
Extensions The Joint Administrators have not sought an extension to the period defined by Paragraph 76(1) of Schedule B1 of the Act that provides for the automatic end of the Administration after 12 months from the date of appointment

Aquaclear Leisure Limited – In Administration

Statement of Joint Administrators' proposals Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986

In accordance with Paragraph 49 of Schedule B1 of The Insolvency Act 1986 ("the Act") and The Insolvency Rules 1986 ("the Rules"), Ian William Kings and Steven Philip Ross the Joint Administrators ("Administrators") of Aquaclear Leisure Limited ("the Company"), make the following proposals for achieving the purpose of the Administration.

These proposals and the attached report to creditors together set out the information required by and discharge the Administrators' duty pursuant to Paragraph 49 of Schedule B1 of the Act and Rule 2.33 of the Rules.


Proposals

The Administrators propose that

- (a) they continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration such that
 - (i) they dispose of the Company's ownership of such assets at such time(s) on such terms as they consider expedient;
 - (ii) they investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company which supplies or has supplied goods or services to the Company.
 - (iii) in addition, they do all such things and generally exercise all their powers as Administrators as they in their discretion consider desirable or expedient in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals; and
- (b) the Administration shall continue (subject to the statutory provisions relating to automatic termination) until the realisable assets of the Company have been realised and all liabilities incurred during the Administration have been discharged or until such a time as deemed appropriate by the Administrators. At this stage the Company shall be dissolved or placed into liquidation as outlined above. If necessary, the Joint Administrators propose to seek an extension of their appointment as Administrators from the creditors and/or the Court pursuant to paragraph 76 of Schedule B1 to the Act.
- (c) In the event that the Administrators are of the view that it is appropriate for the Company to move from Administration into Liquidation, whether compulsory or voluntary, the Joint Administrators be authorised to take steps to place the Company into whichever liquidation process they, at their discretion, deem appropriate. In either circumstance, it is proposed that the Joint Administrators would take the appointment as joint liquidators of the Company and that they will act jointly and severally in their duties. In relation to moving into creditors' voluntary liquidation, and in accordance with paragraph 83(7) and Rule 2.117 (3), creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the proposals and before those proposals are approved.
- (d) If the Administrators consider that there will be no distribution to creditors who are neither secured nor preferential, and if they also consider that an exit from the Administration into

compulsory liquidation is not appropriate, then the Administrators be authorised to take the necessary procedural steps to bring about the end of the Administration and move the Company into dissolution pursuant to paragraph 84 of Schedule B1 to the Act

- (e) Upon the Company either proceeding into Liquidation or dissolution as set out above, the Joint Administrators discharge from liability, pursuant to paragraph 98 of Schedule B1 shall take effect 14 days following either the Company entering into liquidation or filing the notice of moving from Administration to dissolution.
- (f) They be at liberty to incur and pay such costs and expenses, including professional fees, as considered to be incidental to the achievement of the purpose of the Administration or for the purposes set out herein or to the Joint Administrators' statutory duties.
- (g) The Administrators propose to be remunerated by reference to time properly spent both for their services as Administrators and also for their staff in attending to the matters arising in the Administration of the Company, charged at the charge out rates prevailing at the time the work is undertaken. The Administrators' remuneration will be agreed by the Creditors' Committee or in the event that no Committee is formed by creditors at the first meeting of creditors, by way of resolution for the acceptance of these proposals.
- (h) Tenon's costs and expenses relating to the appointment of Administrators as would fall within the definition of Rule 2.67(1)(c) be treated as an expense of the Administration (albeit incurred prior to the date of appointment) and calculated by reference to the charge out rates prevailing at the time the work is undertaken.
- (i) They be at liberty to recharge disbursements as detailed in the circulated Creditors guide to Administrators' fees.
- (j) They be at liberty to pay costs and remuneration in relation to proposals (g), (h) and (i) above when funds become available.
- (k) They consult with the Creditors' Committee, if formed, at appropriate intervals concerning the conduct of the Administration and the implementation and development of these proposals and where they consider it expedient obtain the sanction of that Committee on behalf of the creditors of the Company (and without further reference to them) to any proposed action on the part of the Administrators.


.....
Ian William Kings and Steven Philip Ross
Joint Administrator

1 September 2009

Appendix III

Joint Administrators' Abstract of Receipts and Payments

**Aquaclear Leisure Limited
(In Administration)
Joint Administrators' Trading Account**

Statement of Affairs	From 01/09/2009 To 12/07/2010	From 01/09/2009 To 12/07/2010
POST APPOINTMENT SALES		
Sales	4,494 01	4,494 01
	<u>4,494.01</u>	<u>4,494 01</u>
PURCHASES		
Purchases	280 36	280 36
	<u>(280.36)</u>	<u>(280 36)</u>
OTHER DIRECT COSTS		
Direct labour	1,551 75	1,551 75
Direct expenses	573 85	573 85
	<u>(2,125 60)</u>	<u>(2,125 60)</u>
TRADING EXPENDITURE		
Rates	253 13	253.13
Insurance	157 50	157.50
Professional fees	211 00	211 00
	<u>(621 63)</u>	<u>(621 63)</u>
TRADING SURPLUS/(DEFICIT)	<u><u>1,466.42</u></u>	<u><u>1,466.42</u></u>

Aquaclear Leisure Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 01/09/2009 To 12/07/2010	From 01/09/2009 To 12/07/2010
	<u>1,466.42</u>	<u>1,466.42</u>
REPRESENTED BY		
Fixtures, fittings and equipment		(4,350 00)
Stocks		(2,500 00)
Bank interest receivable		(4 37)
Cash with Solicitors		(25,000 00)
Specific Penalty Bond		98 00
Office Holders fees		20,000 00
Oath fee		5 00
Agents/Valuers fees		675 00
Legal advice and costs		590 00
Corporation Tax		308 70
Statutory advertising		151 20
Administration surplus		9,385 04
VAT control account		2,107 85
		<u>1,466.42</u>

Appendix IV

Information Relating to Joint Administrators' Remuneration

Office Holder Remuneration

Case Name	Aquaclear Leisure Limited	
Court	HM High Court of Justice, Newcastle upon Tyne District Registry	
Court Reference	4480 of 2009	
Office Holders	Ian William Kings Steven Philip Ross	IP Number 7232 IP Number 9503
Firm	RSM Tenon Recovery	
Address	Tenon House Ferryboat Lane Sunderland Tyne and Wear SR5 3JN	
Type of Appointment	Administration	
Date of Appointment	1 September 2009	

1. Overview of Case

1.1 Appointment

We were appointed Joint Administrators on 1 September 2009 following an application by the Directors

1.2 Strategy

See main report

1.3 Outcome to creditors

See main report

2. Explanation of Office Holders Charging and Disbursement Recovery Policies

2.1 Time recording

Time properly incurred on cases is charged to the assignment at the hourly rate prevailing at the time. The current hourly charge-out rates are outlined below

	£
Director and licensed Insolvency Practitioners	225-280
Manager	160-215
Other senior professional	110-205
Assistant and support staff	50-140

2.2 Disbursement recovery

Certain costs may be incurred in relation to a case and in the first instance, paid by RSM Tenon Recovery, and then recharged to the case. The amount recharged is the exact amount incurred. Examples are statutory bond, statutory advertising, land registry searches, insurance, travel and subsistence, archiving and storage costs.

Other costs which may be charged to the case are room hire for meetings held at the offices of RSM Tenon Recovery and the cost of sending out reports to creditors, if material. The costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally.

3. Description of work carried out

Section 4 of this appendix outlines the time costs to date in relation to activities undertaken during this matter. These matters can be summarised as follows:

3.1 Administration and planning

The following activities have been undertaken:

- > Statutory duties associated with the appointment including the filing of relevant notices,
- > Notification of the appointment to creditors, members, employees and other interested parties,
- > Setting up case files,
- > Reviewing available information to determine appropriate strategy,
- > Setting up and maintaining bank accounts, and
- > 6 monthly progress review of the case.

Staff of different levels were involved in the above activities depending upon the experience required.

3.2 Investigations

The time spent comprises:

- > Corresponding with the former directors and management,
- > Review of questionnaires and comments provided by interested parties,
- > Review of company documentation,
- > Liaising with the creditors' committee on such matters, and
- > Completion of statutory returns to the Department of Trade and Industry.

Due to the complex nature and importance of the investigations, the staff utilised to conduct such work involved experienced members of staff

3.3 Realisation of assets

See main body of report for a summary of assets realised

Staff of different levels were involved in the above activities depending upon the experience required

3.4 Trading

The business continued to trade for a short period of time as a sale as a going concern was pursued

- > Trading activities included,
- > Planning appropriate trading strategy,
- > Liaison with employees,
- > Dealing with suppliers,
- > Contact and negotiation with customers,
- > Authorisation of commitments,
- > Review of trading position, and
- > Paying suppliers

Staff were chosen depending upon the appropriate level of experience required for the activity they were required to undertake

3.5 Creditors

The time spent includes the following matters

- > Recording and maintaining the list of creditors,
- > Dealing with employee related matters,
- > Dealing with reservation of title claims,
- > Recording creditor claims
- > Reporting to creditors,
- > Meetings of creditors,
- > Dealing with creditor queries, and
- > Reviewing and evaluating creditor claims

Staff of different levels were involved in the above activities depending upon the experience required

4. Time and charge-out summary

To date a total of 137.4 hours have been spent at an average charge out rate of £164.65 bringing the total cost to date to £22,622.50. Remuneration of £20,000.00 has been drawn to date.

A summary table is shown below

Classification of work function	Director / Insolvency Practitioner	Manager	Hours Other senior professional	Assistant and support staff	Total	Time cost £	Average hourly rate £
Administration and planning	8.0	27.1	4.2	23.8	63.1	8,159.00	129.30
Investigations	0.0	16.5	0.0	0.0	16.5	2,645.00	160.30
Realisation of assets	25.0	7.5	0.0	0.0	32.5	8,200.00	252.31
Trading	0.0	8.6	0.0	0.0	8.6	1,378.00	160.23
Creditors	0.0	10.6	3.4	2.7	16.7	2,240.50	134.16
Total	33.0	70.3	7.6	26.5	137.4	22,622.50	164.65

The above costs exclude VAT

5. Disbursements

5.1 Category 1 disbursements

Category 1 disbursements incurred are outlined below

	Incurred £	Paid £
Professional fees	211.00	211.00
Specific Penalty Bond	98.00	98.00
Oath fee	5.00	5.00
Legal advice and costs	90.00	90.00
Storage costs	444.00	0.00
Statutory advertising	75.60	75.60
Total	923.60	479.60

The above costs exclude VAT

5.2 Category 2 disbursements

No Category 2 disbursements have been charged to this matter