

Rule 1 26/
1 54The Insolvency Act 1986
Notice to Registrar of
Companies of Supervisor's
Abstract of Receipts and
PaymentsPursuant to Rule 1 26(2)(b) or
Rule 1 54 of the
Insolvency Rules 1986**R.1.26(2)(b)/
R.1.54**

For Official Use

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To the Registrar of Companies

Company Number

01531627

Name of Company

North East Innovation Centre Company Limited

I / We

Gordon Smythe Goldie
Bulman House
Regent Centre, Gosforth
Newcastle upon Tyne
NE3 3LSAllan David Kelly
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne, NE3 3LS

supervisor(s) of a voluntary arrangement taking effect on

28 July 2006

present overleaf my/our abstract of receipts and payments for the period from

28 July 2006

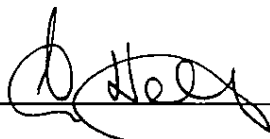
to

27 July 2007

Number of continuation sheets (if any) attached

☐

Signed



Date

23/8/07

Tait Walker
Bulman House
Regent Centre, Gosforth
Newcastle upon Tyne
NE3 3LS

Ref 10782/GSG/MJH/IN

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Insolvency Section 1

SATURDAY



ATMWUSLS

A21

01/09/2007

572

COMPANIES HOUSE

RECEIPTS		£
Brought forward from previous Abstract (if any)		0 00
Book Debts		93,568 75
Refund of Business Rates		871 40
Cash at Bank		26,303 38
Sale of Fixtures & Fittings		2,553 19
Bank Interest Gross		1,047 11
Motor Vehicles - Std Rate		7,000 00
VAT Output		1,671 81
Vat Control Account		1,996 49
Carried forward to * continuation sheet / next abstract		135,012 13
PAYMENTS		£
Brought forward from previous Abstract (if any)		0 00
Debt Collection Fees		7,729 30
Specific Bond		420 00
Supervisors Remuneration		21,709 86
Travelling Expenses		11 60
Valuers Fees		475 00
Legal Fees		8,635 50
CorporationTax		209 41
Postage		100 23
Wages & Salaries		7,698 20
PAYE & NI		252 09
Nominees Fee		1,500 00
Preferential Dividend		13,533 90
Pension Schemes		387 26
Room Hire		85 11
VAT Input		5,764 05
Carried forward to * continuation sheet / next abstract		68,511 51

* Delete as appropriate

* Delete as appropriate

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the supervisor since he was appointed

Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS
Tel (0191) 285 0321 Fax (0191) 284 9117 DX 60368 Gosforth www.taitwalker.co.uk

To the Creditors

Our Ref 10782/GSG/MJH/IN/PF7 1

Your Ref

Date 23 August 2007

Dear Sirs

**North East Innovation Centre Company Limited (Under a Voluntary Arrangement)
Newcastle upon Tyne County Court No. 707 of 2006**

As you are aware Gordon S Goldie and Allan D Kelly were appointed Joint Supervisors of North East Innovation Centre Company Limited ("the Company") on 28 July 2006

We provide herein our annual report on the conduct of the arrangement for the period from 28 July 2006 to 27 July 2007, and attach at Appendix 1 a summary of our receipts and payments for the same period

Compliance with Proposal

In summary, the proposal from the directors of North East Innovation Centre Company Limited (NEIC) was to

- a) sell the assets to an associated company Innovative Technologies Limited (IIT) with realisations distributed for the benefit of the Company's creditors IIT is associated to NEIC as two of the directors are the same A going concern sale would have provided the 17 employees with continued employment, and thus reduced any employee claims within the CVA thereby enhancing the level of unsecured dividend, or
- b) in the event that a sale to IIT could not be concluded, then the Directors proposed to cease trading, and instruct the Supervisors to realise the assets, with all assets of the Company being provided to the CVA fund net of the costs of realisation

A copy of the proposals is available upon request from this office

The sale to IIT was dependant upon IIT securing funding from third parties to purchase the assets and fund ongoing trading After several meetings with the Directors of IIT it was concluded that a sale would not be achieved within the desired timescale The Directors of NEIC took the decision to cease trading with effect from 4th August 2006, and the employees were dismissed at this stage

PARTNERS David R Arthur FCA Anthony L Crawley FCA Graham J Moore FCA Gordon S Goldie FCA FABRP Mark R C Brunton BSc (Hons) FCA ATII Michael A Smith BA (Hons) FCA Andrew J Moorby ACA ATII Allan D Kelly FCCA MABRP CF Stephen C Plaskitt BSc (Hons) FCA CF **ASSOCIATES** Christopher D Hodgson BA (Hons) ACA ATII Brian A Laidlaw BA CA Mavis V Lawley FCCA Julie Harrison FCA Lynn Marshall MABRP Adrienne Paterson ATII

Further meetings took place with IIT and possible investors, but eventually the board of IIT were unable to confirm the funding would be available to fund ongoing trading, and the Supervisors then commenced the process of realising the assets

Receipts and Payments Account

We attach for your information the abstract of Receipts and Payments for the 12 month period ended 27 July 2007. We would comment specifically as follows -

Receipts and Realisations

From the estimated figures at the time of the proposals, we anticipated total receipts of £109,263 in the event the Company's assets would have to be realised without a sale to IIT. To date we have realised £135,012

- Book Debts

At the date of our appointment, the books and records show that outstanding book debts totalled £168,899.52. To date we have collected £93,568.75, with a potential further sum in the region of £40,000 to be collected from the European Regional Development Fund (ERDF).

This claim has been complicated to finalise and requires an audit from the Company's auditors together with a monitoring visit from ERDF. A process has now been established and the audit visits are being arranged. We have been advised by the ERDF that if the audit is unsuccessful, they will make a claim for all grant monies to be repaid. This would create a further unsecured creditor in the CVA, and whilst we have not received final details of their potential claim, we understand it may be in the region of £160,000.

- Cash at Bank

£26,303.38 represents the credit balance at the date of our appointment.

- Sale of fixtures and fittings

The fixtures and fittings of the office were valued by James Sutherland (Auctioneers) Ltd at £4,520 on a forced sale basis. However this valuation did not take into account any costs of realisation in particular the cost of disconnection and uplift of the heavier plant and equipment.

With this taken into consideration, an offer of £3,000 was received from ITT.

- Sale of motor vehicle

The motor vehicle which had been independently valued by James Sutherland (Auctioneers) Ltd at £6,500 on a forced sale basis, was sold to ITT for £7,000.

Payments

- Debt Collection Fees

We have collected some of the outstanding balances with the assistance of George Ord, a director of NEIC. Mr Ord had specific knowledge of the contracts and the process of reclaiming the funds, and without his assistance the likely recovery of debtors may have been significantly lower due to the complexity of reclaiming through the grants system,

and the increased Supervisor costs in undertaking this task Debt collection fees of £7,729 30 have been paid on sums collected to date

- Legal Fees

Legal fees relate to the preparation of the CVA, the potential sale agreement to IIT, as well as assistance in resolving the position of the employees and subsequently, the claim of the Pension Fund

- Wages and Salaries

Within the CVA, the business traded under the control of the Directors from 28 July 2006 to 4 August 2006 when it became apparent that a quick sale could not be progressed with IIT Wages for that period totalled £8,337

To date, the company and the directors have fulfilled all of the obligations included within the CVA, and have fully co-operated with the Supervisor

Creditors Claims

Preferential Creditors

Thirteen preferential claims in respect of unpaid wages and holiday pay have been received totaling £13,534 A dividend of 100p in £ was paid on 8th June 2007

Unsecured Creditors

Thirty three unsecured claims have been received totalling £526,861 68

To date, we have not declared a dividend due to the issues with ERDF claim The decision of the auditors will have a significant impact on the potential dividend, as this will either generate a further £40,000 to distribute, or increase the creditors by a potential £160,000

If you have not submitted a claim, I should be obliged if you would do so otherwise you will be excluded from the benefit of any future dividends

Nominees Fees

As disclosed in the proposals and approved at the meetings of creditors and members, the Nominees fee was fixed at £1,500 plus VAT and disbursements The Nominees fee, together with disbursements of £3,720 61, relating to legal fees and room hire have been paid

Nominees legal fees totaled £3,635 30, against £1,500 estimated in the proposals The additional cost relates to (in addition to the preparation of the CVA) to

- assistance in resolving the position of the employees, and
- the drafting of the potential sale agreement to IIT

These additional fees would have been incurred by the Supervisors in progressing the sale to IIT in any event

Supervisors Remuneration

At the meeting of creditors held on 28 July 2006 our remuneration was approved on a time cost basis

Enclosed at Appendix 2 is a summary of time costs as prescribed by Statement of Insolvency Practice 9 A Guide to Supervisors' Fees can be downloaded from <http://www.icaew.com/index.cfm?route=146784> or provided upon written request from this office We also enclose a copy of Tait Walker - Statement on Remuneration and Expenses in Insolvency Proceedings which details our current charge out rates and expenses recovery policy

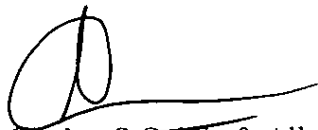
Total time spent to 27 July 2007 on this assignment amounts to 168 hours 18 minutes resulting in time costs of £23,388 80

The Supervisors fees, estimated in the proposal at £15,000, have exceeded the original estimation This has been due to the additional time expended on the aborted sale to IIT, additional considerations in respect of the period of trading, realisation of the assets, clarification of the pension fund claim, and issues in collecting the book debts has been required by the Company over the last twelve months We revise our estimate of total Supervisors remuneration to the conclusion of the case to £35,000

Nominee time costs totalled £6,349, but were restricted to £1,500 as detailed within the proposals and agreed by the Creditors

If you have any queries or wish to discuss any matters raised in this report please do not hesitate to contact Matt Higgins

Yours faithfully



Gordon S Goldie & Allan D Kelly
Joint Supervisors

**Voluntary Arrangement of
North East Innovation Centre Company Limited**

Statement of Affairs	From 28/07/2006 To 27/07/2007	From 28/07/2006 To 27/07/2007
ASSET REALISATIONS		
93,000 00 Book Debts	93,568 75	93,568 75
Refund of Business Rates	871 40	871 40
10,000 00 Cash at Bank	26,303 38	26,303 38
2,000 00 Sale of Fixtures & Fittings	2,553 19	2,553 19
2,000 00 Prepayments	NIL	NIL
2,000 00 Work in Progress	NIL	NIL
Bank Interest Gross	1,047 11	1,047 11
VAT	3,668 30	3,668 30
Motor Vehicles - Std Rate	7,000 00	7,000 00
	<u>135,012 13</u>	<u>135,012 13</u>
COST OF REALISATIONS		
Specific Bond	420 00	420 00
Supervisors Remuneration	21,709 86	21,709 86
Travelling Expenses	11 60	11 60
Valuers Fees	475 00	475 00
Legal Fees	8,635 50	8,635 50
CorporationTax	209 41	209 41
Postage	100 23	100 23
Wages & Salaries	7,698 20	7,698 20
PAYE & NI	252 09	252 09
Pension Schemes	387 26	387 26
Nominees Fee	1,500 00	1,500 00
Debt Collection Fees	7,729 30	7,729 30
VAT	5,764 05	5,764 05
Room Hire	85 11	85 11
	<u>54,977 61</u>	<u>54,977 61</u>
PREFERENTIAL CREDITORS		
Preferential Dividend	13,533 90	13,533 90
	<u>68,511 51</u>	<u>68,511 51</u>
Balance		<u><u>66,500 62</u></u>
REPRESENTED BY		
Current Account		<u><u>66,500 62</u></u>


Allan David Kelly
Joint Supervisor

TAIT WALKER - STATEMENT ON REMUNERATION AND EXPENSES IN INSOLVENCY PROCEEDINGS

Introduction

This policy has been prepared in accordance with guidelines set out in Statement of Insolvency Practice 9

The following information applies to any formal insolvency appointment of partners and/or staff of Tait Walker including the following

- Liquidator, Administrator or Receiver of a limited company,
- Trustee in Bankruptcy
- Supervisor of a Corporate, Individual or Partnership Voluntary Arrangement and
- Administrator under the Insolvent Estates Order

When acting as Nominee to a Corporate Individual or Partnership Voluntary Arrangement, the amount of Nominees remuneration is specified within the proposals The Nominees remuneration is a fixed amount and takes into account the expected time arising in implementing the proposal based on the historic experience of the Nominee

Policy

In order to maximise the cost effectiveness of the work performed it is Tait Walker's normal policy to delegate certain tasks within the case to members of their staff subject to their experience and specialist skills with the provision of supervision as appropriate Matters deemed to be complex or of significance will be dealt with by senior members of staff or the license holder

Unless otherwise fixed in accordance with the Insolvency Act 1986, all staff who work on this assignment, including case support (such as cashiers and secretarial staff etc) charge time directly to the assignment and are included within any analysis of time The costs of any central Tait Walker administration or general Tait Walker overhead costs are not charged directly to the assignment but are reflected in the general level of charge out rates

The rates vary between individuals of each grade reflecting experience and qualification Charge out rates may be revised annually to cover inflationary cost increases over the duration of the assignment In cases deemed to be particularly complex revised rates will be presented to creditors The maximum current charge out rates per grade from 1 June 2007 are -

<u>Grade</u>	<u>Rate (£) per hour</u>	<u>(Previous rate (£) to 31 May 2007)</u>
Partner	250	250
Associate	240	230
Manager	180	170
Case Handler / Administrator	125	120
Case support staff	85	85

Category 1 disbursements - Tait Walker recharges the costs of external supplies of incidental services directly to the case as expenses and disbursements These expenses may include, but are not limited to case advertising, specific penalty bond, identifiable telephone calls postage at cost, external document storage, external room hire, external printing, invoiced travel mileage at approved Inland Revenue scale rates and properly reimbursed expenses incurred by Tait Walker and its employees in connection with the case Obtaining a specific penalty bond and advertising are disbursements that are required in each case as a result of statutory obligations imposed on the Insolvency Practitioner

Category 2 disbursements - With the exception of photocopying, Tait Walker do not recharge expenses and disbursements which include an element of shared or allocated costs of internal facilities such as stationery, room hire, communication facilities, printing, internal document storage etc Tait Walker may recharge photocopying at up to 3p per sheet