

The Insolvency Act 1986


Administrator's Progress Report 2.24B

Name of Company Avent Engineering Limited	Company number 1895378
In the Manchester District Registry [full name of court]	Court case number 3599 of 2008

(a) Insert full name(s) and address(es) of administrator(s) We Dermot Justin of BDO LLP, 3 Hardman Street, Manchester, M3 3AT and Mark Roach of BDO LLP, 1 Victoria Street, Bristol, BS1 6AA

Joint Administrators of the above Company attach a progress report for the period

(b) Insert date	From (b) 25 March 2009	to (b) 24 September 2009
-----------------	---------------------------	-----------------------------

Signed 
Joint Administrators
Dated 15/10/09

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 will be visible to searchers of the public record

BDO LLP, 3 Hardman Street, Manchester,	
M3 3AT.	
Our Ref JRUJA/LP/A2805/A6	Tel 0161 817 7500
DX Number	DX Exchange



A20 19/10/2009 18
COMPANIES HOUSE

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



BDO Stoy Hayward LLP
Chartered Accountants

3 Hardman Street
Manchester M3 3AT
Telephone: +44 (0)161 817 7500
Facsimile: +44 (0)161 817 7683
DX 710256 Manchester 3
Website: www.bdo.co.uk

TO ALL CREDITORS

8 September 2009

Your Ref
Our Ref 08/JRI/JA/LS/A2805/A6

Please ask for Lyndsay Scholefield
Direct Dial: 0161 817 7544

Dear Sirs

Avent Engineering Limited - In Administration ("the Company")

It is now almost twelve months since our appointment in respect of the Company. In accordance with Rule 2.47 of the Insolvency Rules 1986, we are now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration.

1 Statutory Information

The Joint Administrators are Mark Peter George Roach and Dermot Justin Power of BDO Stoy Hayward LLP, Fourth Floor, One Victoria Street, Bristol, BS1 6AA and 3 Hardman Street, Spinningfields, Manchester, M3 3AT respectively and they were appointed in respect of the Company on 25 September 2008. Under the provisions of paragraph 100(2) of schedule B1 of the Insolvency Act 1986 the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.

The Joint Administrators were appointed by Allied Irish Bank Group (UK) Plc ("AIB"), the qualifying floating chargeholder, pursuant to Paragraph 14 of schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the Manchester District Registry and the court case number is 3599 of 2008.

The Company's registered office is situated at 3 Hardman Street, Spinningfields, Manchester, M3 3AT and the registered number is 01895378.

We enclose, for your information, a summary of my receipts and payments to date showing a balance in hand of £625,365 together with a copy of my abstract account covering the last six month period, and report as follows:

08/LS/P2765
c:\windows\temp\notesfd2c40\report.01.09.09.doc



2 Receipts

The receipts shown are self-explanatory, although we would comment specifically on;

2.1 Freehold Land & Property

- 2.1.1 As previously reported, a sale of the freehold land and property at Bath Industrial Estate in Chippenham, was completed in November 2008 for the sum of £725,000. After deduction of the associated costs, an amount of approximately £714,091 was transferred to AIB on the same day, under its fixed charge.

2.2 Book Debts

- 2.2.1 As previously advised it was not possible to secure a sale of the business as a going concern, therefore our intention is to maximise realisations to creditors through the recovery of the Company's assets, in particular, the recovery of the Company's book debts.
- 2.2.2 At the date of appointment the book debt ledger was estimated by the Company to be approximately £4 million. However, on investigation of this balance by our agents, they advised that a significant proportion would not be recoverable due to ongoing defect periods which would likely lead to significant counter claims and disputes being submitted against the debts.
- 2.2.3 However, we can confirm that to date our agents have made significant progress in relation to the collection of the smaller 'project' debts. Since our last report an amount of £171,000 has been collected bringing total collections to approximately £487,000 against a ledger at the date of our appointment of £527,000.
- 2.2.4 Our agents continue to pursue the remaining balance of £40,000 in relation to the project debts and recovery of this amount is estimated to be completed by March 2010, which is earlier than previously anticipated due to the negotiation of early settlements by our agents.
- 2.2.5 As previously advised there are two significant contract debts which remain outstanding to the Company. The first debt amounts to approximately £1.5 million, however, as previously reported there is a two year defect period under the contract which the debtor wishes to exercise. Therefore, our agents have estimated that the likely timing of any realisation in this matter will be October 2010, however, our agents are in negotiations with the debtor to achieve an early settlement of the debt by October 2009. The level of realisations achieved will be dependant upon any valid counter claims made by the debtor, in relation to the associated defect costs incurred during the two year period. The counter claims made to date exceed the debt due to the Company, however, the majority of the claims appear spurious and

our agents have requested that the debtor provides back up documentation to substantiate the claims. Our agents are continuing to pursue this matter vigorously, however, until the claims are validated it is unclear as to the level of realisations that will be achieved from this source.

- 2.2.6 The second outstanding debt amounts to approximately £1 million. Since our last report our agents have continued to hold discussions with the debtor on a regular basis to try and agree the level of the 'Primary Debt' due to the Company (being the sum owed by the debtor to the Company before the offset of valid counter claims). Currently there remains a difference of approximately £300,000 between the balance the debtor believes is due to the Company and the balance per the Company's records. Our agents are continuing to provide the debtor with documentation necessary to substantiate the debt due to the Company and resolve the difference.
- 2.2.7 In addition, at the date of our appointment there was a period of four and a half years left under the contract. Therefore, our agents initially advised that they anticipated that there would be significant offset claims in relation to reinstatement costs of the contract. To date the debtor has provided details of counter claims amounting to approximately £1.2 million, which is in excess of the debt due to the Company based on present figures. However, our agent has advised that the majority of the claims made to date appear estimated. In order for our agents to be able to validate these claims, they have requested supporting documentation. To date very little supporting documentation has been received and therefore until the 'Primary Debt' is agreed and the counter claims have been validated, we are unable to quantify the likely level of realisations in this matter at this time. Our agents will continue to pursue this debt vigorously.
- 2.2.8 Given these circumstances, we are uncertain at this stage as to the likely level of recoveries and the timing of payments, if any, in relation to these two large contract debts. We will provide an update on the progress of these collections in our next formal report in 6 months time.

2.3 Outstanding Claim Brought by the Company

- 2.3.1 As previously advised, upon our appointment we were advised by the Director that a potential action was being brought against a debtor of the Company, for an amount exceeding £1 million, which was being investigated by ourselves and our agents. Our agents were of the opinion that a significant part of the debt could be challenged by the debtor.
- 2.3.2 Since our last report, and following meetings with the debtor and our lawyers, our agents confirmed that the only appropriate course of action was to proceed legally through the Adjudication process. We were also advised that if an award was made in favour of the Company, the debtor would not make payment and proceed to

court to challenge the same. Such an outcome would incur significant legal costs; therefore, we sought a settlement of the debt out of process.

- 2.3.3 Following further negotiations, an out of court settlement of £250,000 was reached, in full and final settlement of this matter. Our agent's recommended acceptance of this offer on the basis that that if we proceeded to Adjudication, there was no guarantee that we would achieve a settlement higher than this offer, together with the possibility of excessive costs being incurred if the Adjudication process was not successful. This offer was accepted by the secured creditor, Allied Irish Bank ("AIB") on 27 July 2009, following our agent's recommendation, given that they would be the chief beneficiary of such proceeds.

2.4 Insurance Claims

- 2.4.1 As previously reported, our agents reached a settlement of approximately £21,500 in relation to Salisbury insurance claim and we are in receipt of the funds.
- 2.4.2 In relation to the remaining insurance claim in respect of a sewage spillage in Swanage, our agents have confirmed that the loss adjuster is still awaiting final costings from a third party and until this has been received, a settlement cannot be finalised. Our agents will continue to pursue this claim.

2.5 Sundry Refunds

- 2.5.1 Various refunds have been received into the Administration account amounting to approximately £13,000, in respect of business rate refunds, tax refunds and insurance refunds.

2.6 Chattel Assets

- 2.6.1 As previously advised, the above assets were found to have little realisable value. We can confirm that an amount of approximately £2,000 was recovered from these assets. No further realisations are expected from this source.

2.7 Cash at Bank & Petty Cash

- 2.7.1 An amount of approximately £9,000 has been received in relation to cash held at the Company's former bank account and approximately £1,000 in relation to petty cash sums collected from the Company's premises at the date of our appointment.

3 Payments

- 3.1 As with those receipts mentioned above, creditors will note that many of the payments made through the Administration account have been made in accordance with statutory requirements and are self explanatory. Such items include statutory

advertising, storage costs for the Company's books and records and bank charges. However, we would comment on the following expenditure:

- 3.2 As previously reported, a distribution of approximately £714,091 was made to AIB in November 2008 under their fixed charge and in relation to the proceeds recovered from the sale of the property. No further distributions are anticipated under the Bank's fixed charge although as there remains a debt due to the chargeholder of approximately £1 million, future distributions are likely to be made under their floating charge.
- 3.3 Although the Company did not continue to trade following our appointment, it was necessary to retain the use of the former Company premises in Exeter and Chippenham for a short period to allow the retained employees to assist in the overall book debt collection process as mentioned above. Wage payments of approximately £74,000 were therefore made to those employees, including the associated PAYE and NIC liability of approximately £8,000. Employee expenses of £3,000 and vehicle hire costs of £2,000 were also paid. The utility companies were also reimbursed for the costs incurred in keeping these sites open, which amounted to approximately £6,000.
- 3.4 A payment of approximately £40,000 has been made to our agents for the services provided in respect of the recovery of the Company's book debts, and the realisation of the Company's chattel assets.
- 3.5 An amount of approximately £31,000 have been made to our lawyers in respect of their costs in dealing with the sale of the freehold land and property and advice in relation to the ongoing employee TUPE claims discussed below.
- 3.6 An amount of £1,000 has been made to Investment Management in relation to their fees for dealing with the review of the Company's pension schemes and advising the employees.

4 Future of the Administration

- 4.1 The statutory purpose of an Administration consists of three objectives, and we now address the progress that has been made in this respect;
- 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 property in order to make a dividend to one or more secured or preferential creditors.

- 4.2 It was not possible to achieve the first objective of rescuing the Company as a going concern given the previous attempts by the Directors to sell the business.
- 4.3 Therefore, the Joint Administrators focused on achieving the second objective of maximising the asset realisations for the benefit of the creditors as a whole. We therefore will continue to monitor book debt recoveries and seek to maximise the realisations under this heading.
- 4.4 The final objective of realising the assets in order to make a distribution to one or more of the secured or preferential creditors has also been achieved.

5 Exit Route

- 5.1 As previously reported, it is anticipated that the Company will exit Administration by way of a Creditors' Voluntary Liquidation ("CVL") should realisations be sufficient to warrant a distribution to non-preferential creditors under the prescribed part, per the proposals sanctioned at the meeting of creditors on 3 December 2008. Should the Company move into CVL it is proposed that the Joint Administrators be appointed as the Joint Liquidators.
- 5.2 If realisations are insufficient to enable a dividend to be paid to non-preferential creditors, the Joint Administrators propose to exit the Administration by way of dissolution of the Company under Paragraph 84 of Schedule B1 of the Insolvency Act 1986.

6 Outstanding Matters

6.1 Debtors

- 6.1.1 As detailed above, our agents are continuing to pursue the outstanding contract and project debts vigorously.

6.2 TUPE Employees

- 6.2.1 We can advise that a number of ex-employees of the Company have made applications to the employment tribunal in Exeter, in respect of their arrears of wages and accrued holiday pay that remains outstanding to them following the transfer of their employment to a new contractor at the date of our appointment.
- 6.2.2 Exeter Employment Tribunal have confirmed that they will be holding the pre-hearing meeting in September 2009 to discuss the claims made by the employees against the contractors. If at the pre-hearing meeting they conclude that the employees were subject to a TUPE transfer to the contractors, then appropriate directions will be made by the Tribunal to order that the contractors make payment to the employees for their outstanding arrears of wages.

6.2.3 However, if at the pre-hearing meeting no decision can be made, a full hearing will be required. We will provide a full update in our next report.

6.3 Insurance Claims

6.3.1 As detailed above, our agents continue to pursue the outstanding insurance claims and we are advised that this matter should be concluded shortly.

6.4 Extension of Administration

6.4.1 Until the above matters are concluded, the Joint Administrators are unable to state whether there will be sufficient funds available to enable a distribution to unsecured creditors to be made and therefore to place the Company into CVL, or if there are insufficient funds available to move the Company to dissolution. As a result, we hereby request the consent of the secured and preferential creditors to an extension of the Administration for a further 6 month period, to 23 March 2010, pursuant to Para 76(2)(b) of Schedule B1 of the Insolvency Act 1986.

6.5 You may indicate your consent or otherwise to this proposed extension by completing the attached "Notice of conduct of business by correspondence" form and returning it to BDO Stoy Hayward LLP, Manchester, no later than 12.00 hours on Wednesday 23 September 2009. Please attach details of your claim to your completed notice.

7 Prospects for Creditors

7.1 Secured Creditor

7.1.1 A distribution has already been made to the secured creditor, AIB, under their fixed charge and further distributions are anticipated under their floating charge but are not quantifiable at this stage as they are dependant upon the outcome of the book debt realisations which are uncertain.

7.2 Preferential Creditors

7.2.1 Preferential creditors currently have claims against the Company of approximately £60,000, although this is yet to be finalised by the Redundancy Payments Office. Any distribution to this class of creditor will be made in priority to that of the floating charge creditor and deduction of the prescribed part as mentioned below.

7.3 Prescribed Part

7.3.1 Under Section 176A of the Insolvency Act 1986, where after 15 September 2003 a company has granted to a creditor a floating charge, a proportion of the net property of the company must be made available purely for the unsecured creditors.

7.3.2 A fixed and floating charge was created in favour of AIB on 27 May 2005 and therefore the prescribed part will apply in this instance.

7.3.3 Based on present information it is still not known whether there will be sufficient funds available for a prescribed part distribution given the uncertainty regarding the future book debt collections. However, creditors will be informed as the case proceeds in this regard.

7.4 Unsecured Creditors

7.4.1 Given the level of indebtedness to the secured creditor, we do not anticipate there being sufficient funds available for a distribution to the unsecured creditors, other than that available under the prescribed part mentioned above.


8 Administrators' Remuneration

8.1 The creditors have already approved the Joint Administrators' remuneration on a time costs basis and to date costs of £195,683 have accrued but not yet been drawn. We attach a schedule which summarises the time costs drawn to date and indicates the work undertaken in that respect.

Yours faithfully

For and on behalf of Avent Engineering Limited



 D J Power, FCA

Joint Administrator

Authorised by the Institute of Chartered Accountants in England & Wales


Avent Engineering Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 25/03/2009 To 08/09/2009	From 25/09/2008 To 08/09/2009
SECURED ASSETS		
Freehold Land & Property	NIL	725,000.00
Buyers Rent Apportionment	NIL	5,221.44
	NIL	730,221.44
COSTS OF REALISATION		
Legal Fees	NIL	7,800.00
Rent Arrears	NIL	6,650.00
Banking Fees	NIL	25.00
Insurance Apportionment	NIL	286.38
	NIL	(14,761.38)
SECURED CREDITORS		
Chargeholder (1)	NIL	714,090.68
	NIL	(714,090.68)
ASSET REALISATIONS		
Furniture & Equipment	NIL	2,394.75
Book Debts	429,005.17	736,558.29
Tax Refund	NIL	271.28
Insurance Refund	NIL	21,521.53
Cash at Bank	NIL	9,316.10
Rates Refund	NIL	297.35
Trading Surplus/(Deficit)	NIL	(750.00)
Sundry Refund	(6,333.52)	13,302.23
Petty Cash	NIL	1,363.98
	422,671.65	784,275.51
COST OF REALISATIONS		
Employee Expenses	NIL	3,214.42
Utilities	NIL	4,077.75
Agents/Valuers Fees (1)	9,556.26	39,623.68
Legal Fees (1)	NIL	23,016.70
Security Costs	NIL	216.40
Telephone Telex & Fax	NIL	521.00
Investment Management Fees	NIL	1,000.00
Vehicle Expenses	NIL	2,212.02
Storage Costs	1,401.04	1,947.38
Statutory Advertising	NIL	388.63
Other Property Expenses	NIL	1,700.18
Wages & Salaries	NIL	73,552.63
PAYE & NI	NIL	8,000.92
Bank Charges	NIL	247.78
Sundry Costs	52.05	560.59
	(11,009.35)	(160,280.08)
	<u>411,662.30</u>	<u>625,364.81</u>

REPRESENTED BY

Vat Receivable
Floating Current A/c
Vat Payable

4,933.14
660,511.47
(40,079.80)
625,364.81

.....

Dermot Justin Power
Joint Administrator

