

The Insolvency Act 1986

Notice of move from Administration to Creditors' Voluntary Liquidation

2.34B

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 name(s) and
address(es) of
administrator(s)We, Dermot Justin Power and Mark Roach of BDO LLP, 3 Hardman Street, Manchester, M3 3AT and Fourth Floor, One Victoria Street, Bristol, BS1 6AA(b) Insert name and address
of registered office of
companyhaving been appointed Administrator(s) of (b) Avent Engineering Limited whose registered office is situated at 3 Hardman Street, Spinningfields, Manchester, M3 3AT(c) Insert date of appointment
(d) Insert name of applicant /
appointorOn (c) 25 September 2008 by (d) Allied Irish Bank Group (UK) Plc

Hereby give notice that

(e) Insert name(s) and address(es)
of liquidator(s)The provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply, and it is proposed that (e) Dermot Justin Power and Mark Roach of BDO LLP, 3 Hardman Street, Manchester, M3 3AT and Fourth Floor, One Victoria Street, Bristol, BS1 6AAwill be the Liquidator(s) of the Company (IP No(s) 6006/01 and 9231)

I/We attach a copy of the final progress report

Signed

ff

Joint/Administrator(s)

Dated

22/03/10

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 JA/LP/A2805/C15

Tel 0161 817 7500

DX Number

DX Exchange

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



TUESDAY



Tel +44 (0)161 817 7500
Fax +44 (0)161 817 7683
DX 710256 Manchester 3
www.bdo.co.uk

3 Hardman Street
Manchester M3 3AT

TO ALL CREDITORS

22 March 2010

Your Ref

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

Please ask for Lyndsay Parker
Direct Dial: 0161 817 7544

Dear Sirs

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

We now supply our final report in respect of this Administration

1 Statutory Information

- 1.1 The Joint Administrators are Mark Peter George Roach and Dermot Justin Power of BDO 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.
- 1.2 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.
- 1.3 The Company's registered office is situated at 3 Hardman Street, Spinningfields, Manchester, M3 3AT and the registered number is 01895378.
- 1.4 We enclose, for your information, a summary of our receipts and payments to date showing a balance in hand of £626,114 together with a copy of our abstract account covering the last six month period, and report as follows.

08/LS/P2765
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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 of sale, an amount of approximately £714,091 was distributed to AIB on the same day, under its fixed charge

2.2 Book Debts

- 2.2.1 At the date of appointment, the book debt ledger was estimated by the Company to be approximately £4 million. However, due to the ongoing defect periods which would likely lead to significant counter claims and disputes being submitted against the debts, our agents advised that a significant proportion would not be recoverable.
- 2.2.2 We can confirm that our agents have continued to make significant progress in relation to the collection of the smaller and independent 'project' debts. Since our last report an amount of approximately £27,000 has been collected bringing total collections to approximately £514,000.
- 2.2.3 In relation to the balance of the project debts, our agents have advised that there is one significant debt that remains outstanding. Our agents are in negotiation with the debtor and we will report the outcome in our next report
- 2.2.4 As previously reported, there are two significant contract debts amounting to approximately £1.5 million and £1 million, both of which still remain outstanding to the Company. The first debt of £1.5 million has a two year defect period under the contract, which the debtor is exercising and therefore, the estimated timing of any realisation, if at all, in this matter will be October 2010. Our agents have continued to negotiate with the debtor to achieve an early settlement of the debt and have held several meetings, however, no settlement has yet been reached. The level of realisations achieved will be dependant upon any valid counterclaims made by the debtor in relation to the associated defect costs incurred during the two year period. Our agents have made significant progress in reducing the value of these counterclaims and our agents believe that certain other claims made by the debtor are also invalid under the terms of the contract. Therefore, we have instructed our lawyers to review a number of clauses within the contract. They have confirmed that certain claims can be disputed and have written to the debtor in this respect. We await their response. Until all of the counterclaims have been agreed, it is unclear as to the level of realisations that will be achieved from this source.

2.2.5 In relation to the second debt amounting to approximately £1 million, since our last report our agents have spent a significant amount of time in discussions with the debtor in an attempt to maximise the level of 'Primary Debt', being the unpaid invoices due to the Company, and by reducing the substantial level of counterclaims made against the debt. In addition, we have instructed a former employee to provide further information and assist our agents in maximising potential realisations. 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. However, our agents have advised that the majority of the claims made to date, appear estimated and have requested documentation in support of these claims on a number of occasions. However, the debtor has provided only limited information. Until the level of unpaid invoices is agreed and the counter claims have been validated, we are unable to quantify the likely level of realisations in this matter. Our agents continue to pursue this debt vigorously.

2.3 Claim Brought by the Company

2.3.1 As previously advised, following lengthy negotiations with the debtor, an offer of £250,000 was accepted on 27 July 2009, on our agents' recommendation, in full and final settlement of this matter.

2.3.2 Our agent's costs totalling £18,750, have been discharged from the proceeds, being the agreed 7.5% of any realisations achieved.

2.4 Insurance Claims

2.4.1 As previously reported, our agents reached a settlement of approximately £21,500 in relation to the 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 has indicated a potential recovery of £15,000. Settlement is subject to one final investigation which is currently being carried out by the Loss Adjuster.

2.5 Landfill Tax Refund

2.5.1 An amount of approximately £33,000 has been received in relation to a landfill tax refund, following a change in legislation. No further realisations are expected from this source.

2.6 Sundry Refunds

2.6.1 Various refunds have been received into the Administration account amounting to approximately £15,000, in respect of business rates refunds, tax refunds and insurance refunds.

2.7 Chattel Assets

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

2.8 Cash at Bank & Petty Cash

- 2.8.1 An amount of approximately £9,000 has been received in relation to cash held in 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 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. However, we would comment specifically on the following expenditure:
- 3.2 A distribution of approximately £714,091 was made to AIB in November 2008 under its fixed charge security following the sale of the property. No further distributions are anticipated under the AIB's fixed charge although as there remains a debt due to AIB of approximately £1 million, future distributions are likely to be made under its 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 book debt collection process as mentioned above. Wage payments of approximately £74,000 were therefore made to those employees, in addition to 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 £62,000 has been made to our agents in respect of book debt and chattel asset realisations, of which £18,750 was paid in relation to the claim referred to in section 2.3 above. All payments have been made contingent, based on realisations.
- 3.5 Payments amounting to approximately £57,000 have been made to our lawyers in respect of their costs in dealing with the sale of the freehold land and property, the advice in relation to the ongoing employee TUPE claims discussed below and the review and advice provided in relation to the large outstanding contract debt's.

- 3 6 An amount of £1,000 has been made to BDO Investment Management Limited in relation to their fees for dealing with the review of the Company's pension schemes and advising the employees of their entitlements.

4 Outstanding Matters

4.1 Debtors

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

4 2 TUPE Employees

- 4 2.1 A number of ex-employees of the Company have made claims 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.

- 4 2 2 Exeter Employment Tribunal were due to hold a pre-hearing meeting in September 2009 to discuss the claims made by the employees against the contractors. However, this was postponed as further claims were received from employees. The pre-hearing meeting is now due to be held on 26 March 2010, following which, if the adjudicators 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. Should an award not be made, the consequence could be that the claims have to be paid preferentially from the realisations in this matter. We will keep you updated on the progress in our next report.

4 3 Insurance Claims

- 4 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.

5 Future of the Administration

- 5.1 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 distribution to one or more secured or preferential creditors

5 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.

5 3 The second objective has been achieved. The Administration has enabled a better realisation of contractual debts than would have been achieved in Liquidation, given the ability to retain key Company staff.

5 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.

6 Future of the Company

6 1 At the meeting of creditors held on 3 December 2008, creditors approved the Administrators' proposal to exit the Administration by way of Creditors' Voluntary Liquidation if they believe that realisations are sufficient to allow a distribution to unsecured creditors.

6 2 We currently estimate that funds will be available to unsecured creditors, the level of which will be determined by the outcome of the remaining debtor realisations, and, therefore, the Company will move to Creditors' Voluntary Liquidation. I attach a copy of form 2.34B, being notice of the move from Administration to Creditors' Voluntary Liquidation which has been sent to Companies House for filing.

7 Prospects for Creditors

7.1 Secured Creditor

7 1.1 A distribution has already been made to the secured creditor, AIB, under its fixed charge security and further distributions are anticipated under its 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 The Redundancy Payments Office ("RPO") have confirmed their payments to the employees of the Company and their preferential claim which amounts to £58,596. In addition, a balance of preferential payments are due to some employees in relation to claims that were in excess of the statutory limit and were not settled by the RPO. Preferential creditors' claims against the Company to date, therefore, total approximately £98,000. These claims are currently being agreed and it is anticipated that these claims will be settled in full. However, a distribution cannot

be made until the TUPE claims, subject to the adjudication by the Tribunal highlighted in section 4.2, are resolved.

- 7.2.2 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 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 likely that there may be sufficient funds available for a distribution to be paid under the Prescribed Part. The quantum and timing of a distribution will depend on the outcome of the book debt collections.

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.

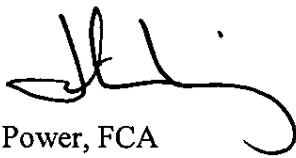
8 Administrators' Remuneration

- 8.1 In cases where there will be no distribution to unsecured creditors other than the Prescribed Part, we are obliged to seek authorisation of our fees from the secured and preferential creditors. Therefore we will request authorisation from the secured creditor, being AIB and the preferential creditors to approve the Joint Administrators' remuneration on a time cost basis.

- 8.2 For your information, we attach a schedule to this report which summarises the time costs accrued to date but not yet drawn and indicates the work undertaken in dealing with this case, which total £202,110.

Should you require any further information, please contact my colleague Lyndsay Parker on 0161 817 7544.

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)**

**Income and Expenditure Account
25 September 2008 to 22 March 2010**

INCOME	Total (£)
Freehold Land & Property	725,000.00
Buyers Rent Apportionment	5,221.44
Furniture & Equipment	2,394.75
Book Debts	513,738.32
Claim against the Company	250,000.00
Tax Refund	271.28
Insurance Refund	21,521.53
Cash at Bank	9,316.10
Rates Refund	297.35
Bank Interest Gross	1,132.18
Sundry Refund	13,731.46
Petty Cash	1,363.98
Landfill Tax Refund	32,930.80
	<hr/> 1,576,919.19 <hr/>
 EXPENDITURE	
Legal Fees	7,800.00
Rent Arrears	6,650.00
Banking Fees	25.00
Insurance	1,036.38
Chargeholder (1)	714,090.68
Stationary & Postage	2,667.64
Employee Expenses	3,916.42
Utilities	4,077.75
Agents/Valuers Fees (1)	61,771.18
Legal Fees (1)	57,000.65
Security Costs	216.40
Telephone Telex & Fax	521.00
Investment Management Fees	1,000.00
Vehicle Expenses	2,212.02
Storage Costs	2,523.78
Statutory Advertising	388.63
Other Property Expenses	1,700.18
Wages & Salaries	73,552.63
PAYE & NI	8,000.92
Bank Charges	247.78
Sundry Costs	1,405.59
	<hr/> 950,804.63 <hr/>
 Balance	 626,114.56 <hr/>
 MADE UP AS FOLLOWS	
Vat Receivable	13,789.48
Floating Current A/c	652,404.88
Vat Payable	(40,079.80)
	<hr/> 626,114.56 <hr/>

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


Statement of Affairs		From 25/09/2008 To 22/03/2010	From 25/09/2008 To 22/03/2010
	SECURED ASSETS		
725,000.00	Freehold Land & Property	725,000.00	725,000.00
	Buyers Rent Apportionment	5,221.44	5,221.44
		<u>730,221.44</u>	<u>730,221.44</u>
	COSTS OF REALISATION		
	Legal Fees	7,800.00	7,800.00
	Rent Arrears	6,650.00	6,650.00
	Banking Fees	25.00	25.00
	Insurance	1,036.38	1,036.38
		<u>(15,511.38)</u>	<u>(15,511.38)</u>
	SECURED CREDITORS		
(565,600.00)	Chargeholder (1)	714,090.68	714,090.68
		<u>(714,090.68)</u>	<u>(714,090.68)</u>
	ASSET REALISATIONS		
	Furniture & Equipment	2,394.75	2,394.75
900,000.00	Book Debts	513,738.32	513,738.32
	Claim against the Company	250,000.00	250,000.00
	Tax Refund	271.28	271.28
	Insurance Refund	21,521.53	21,521.53
11,725.00	Cash at Bank	9,316.10	9,316.10
	Rates Refund	297.35	297.35
	Bank Interest Gross	1,132.18	1,132.18
	Sundry Refund	13,731.46	13,731.46
	Petty Cash	1,363.98	1,363.98
	Landfill Tax Refund	32,930.80	32,930.80
		<u>846,697.75</u>	<u>846,697.75</u>
	COST OF REALISATIONS		
	Stationary & Postage	2,667.64	2,667.64
	Employee Expenses	3,916.42	3,916.42
	Utilities	4,077.75	4,077.75
	Agents/Valuers Fees (1)	61,771.18	61,771.18
	Legal Fees (1)	57,000.65	57,000.65
	Security Costs	216.40	216.40
	Telephone Telex & Fax	521.00	521.00
	Investment Management Fees	1,000.00	1,000.00
	Vehicle Expenses	2,212.02	2,212.02
	Storage Costs	2,523.78	2,523.78
	Statutory Advertising	388.63	388.63
	Other Property Expenses	1,700.18	1,700.18
	Wages & Salaries	73,552.63	73,552.63
	PAYE & NI	8,000.92	8,000.92
	Bank Charges	247.78	247.78
	Sundry Costs	1,405.59	1,405.59
		<u>(221,202.57)</u>	<u>(221,202.57)</u>
	PREFERENTIAL CREDITORS		
(132,282.00)	Employee Arrears/Hol Pay	NIL	NIL
		<u>NIL</u>	<u>NIL</u>

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

Statement of Affairs		From 25/09/2008 To 22/03/2010	From 25/09/2008 To 22/03/2010
	UNSECURED CREDITORS		
(4,423,714.00)	Trade & Expense Creditors	NIL	NIL
(217,346.00)	Redundancy & Notice	NIL	NIL
(1,075,274.00)	Intercompany	NIL	NIL
(1,630,211.00)	Customs & Excise	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	DISTRIBUTIONS		
(600,000.00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<u>(7,007,702.00)</u>		<u>626,114.56</u>	<u>626,114.56</u>

REPRESENTED BY

Vat Receivable	13,789.48
Floating Current A/c	652,404.88
Vat Payable	(40,079.80)
	<u>626,114.56</u>

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Dermot Justin Power
Joint Administrator

