

The Insolvency Act 1986

Administrator's progress report

Name of Company

Empire Realisations (8) Limited (Formerly
Eurotel
Corporate Services Limited)

Company number

02402775

In the
High Court of Justice, Chancery Division, Leeds
District RegistryCourt case number
2144 of 2009(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Ian Brown
Deloitte LLP
1 City Square
Leeds
LS1 2ALDaniel Francis Butters
Deloitte LLP
1 City Square
Leeds
LS1 2AL

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

From

To

(b) Insert date

(b) 3 February 2010

(b) 2 August 2010

Signed


Joint / Administrator(s)

Dated

26 August 2010

FRIDAY

A19 *AENE8N3N* 262
03/09/2010
COMPANIES HOUSE

Belle Holdco Limited	2141 of 2009
Belle Bidco Limited	2146 of 2009
Empire Realisations (1) Limited (formerly Eurotel Holdings Limited)	2143 of 2009
Empire Realisations (2) Limited (formerly Neville Ward Holdings Limited)	2140 of 2009
Empire Realisations (3) Limited (formerly Northpoint Services Limited)	2150 of 2009
Empire Realisations (4) Limited (formerly Eurotel Limited)	2149 of 2009
Empire Realisations (5) Limited (formerly Allington Communications Limited)	2147 of 2009
Empire Realisations (6) Limited (formerly Service Direct Limited)	2148 of 2009
Empire Realisations (7) Limited (formerly Advance Telephone Systems Limited)	2142 of 2009
Empire Realisations (8) Limited (formerly Eurotel Corporate Services Limited)	2144 of 2009
Empire Realisations (9) Limited (formerly Digital Exchange Maintenance Services Limited)	2156 of 2009
Multilink Business Communications Limited	2145 of 2009

- All In Administration ("the Companies")

PROGRESS REPORT PRODUCED PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986

2 September 2010

This report has been prepared for the sole purpose of advising the Creditors. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by Creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

The Administrators act as agents of the Companies without personal liability

Ian Brown and Daniel Butters
Administrators of the Companies - In Administration
Deloitte LLP
1 City Square, Leeds LS1 2AL

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-

ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used:

"Act"	The Insolvency Act 1986 (as amended)
"Rules"	The Insolvency Rules 1986
"the Administrators"	Ian Brown and Daniel Butters of Deloitte LLP
"the Bank"	Lloyds TSB Bank plc
"Deloitte"	Deloitte LLP
"Inflexion"	Inflexion Private Equity
"the Group", " the Companies" or "the business"	Belle Holdco Group comprising all Companies set out in Appendix 2 of this document
"Holdco"	Belle Holdco Limited
"Bidco"	Belle Bidco Limited
"Eurotel"	Empire Realisations (4) Limited (formerly Eurotel Limited)
"EBIT"	Earnings before interest and tax
"AIM"	Alternative investment market
"RPO"	The Redundancy Payments Office
"ROT"	Retention of Title
"Prescribed Part"	The Prescribed Part of the company's net property subject to s176A of The Insolvency Act 1986.
"QFCH"	Qualifying Floating Charge Holder
"EY"	Ernst & Young LLP
"Oakley"	Oakley Capital Corporate Finance
"Eversheds"	Eversheds LLP

1. INTRODUCTION

1.1. Introduction

This report has been prepared in accordance with Rule 2.47 of The Rules to provide creditors with an update on the progress of the Administration of the Companies since our progress report to creditors dated 2 March 2010.

Given the information previously provided to creditors, we have not included detailed background information in respect of the Companies and have focussed on progress of the administrations since the first progress report.

A schedule of statutory information in respect of the Companies is attached at Appendix 1.

1.2. Details of the appointment of the administrators

Ian Brown and Dan Butters of Deloitte were appointed Joint Administrators of the Companies by the High Court of Justice in the Leeds District Registry with effect from 3 August 2009, following the filing of a Notice of Appointment of Administrators by the Directors of the Companies. The relevant court numbers are noted at the front of this report

For the purposes of Paragraph 100(2) of Schedule B1 of the Act, the Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally

2.2. Administrators' Proposals

The Administrators' proposals are as follows:

1. the Administrators continue to manage the affairs and any remaining assets of the Companies and the settlement of all Administration expenses,
2. the Administrators continue with their enquiries into the conduct of the directors of the Companies and continue to assist any regulatory authorities with their investigation into the affairs of the Companies;
3. the Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors against each of the Companies unless the Administrators conclude, in their reasonable opinion, that a Company will have no assets available for distribution,
4. the Administrators be authorised to distribute funds to the secured and preferential creditors as and when claims are agreed and funds permit and, in relation to distributions to unsecured creditors, if the Court gives permission following an appropriate application;
5. that, in the event the creditors of each Company so determine, at meetings of creditors, a Creditors Committee be appointed in respect of each or any Company comprising of not more than five and not less than three creditors of that Company or Companies;
6. that, in respect of each Company, the Creditors' Committee, if one is appointed, shall be asked to agree that the Administrators' fees be fixed by reference to the time given in attending to matters arising in the Administrations and asked to agree the Administrators' expenses.
7. that, if a Creditors' Committee is not appointed at a meeting of creditors, the creditors shall fix the Administrators' remuneration by reference to the time properly given by the Administrators and their staff in attending to matters arising in the Administration, calculated at the prevailing standard hourly charge out rates used by Deloitte LLP at the time when the work is performed. And that the Administrators be authorised to draw their remuneration, plus VAT, from the Administration estate, together with disbursements incurred which relate specifically to the case
8. that, if a Creditors' Committee is not appointed at a meeting of creditors, the creditors shall fix the Administrators' disbursements for mileage by reference to mileage properly incurred by the Administrators and their staff in attending to matters arising during the Administration, calculated at the prevailing standard mileage rate used by Deloitte LLP at the time when mileage is incurred (presently up to 40p per mile), plus VAT where applicable. And that the Administrators be authorised to draw their disbursements for mileage from the Administration estate.
9. that, if a Creditors' Committee is not appointed and no creditors' meeting is held, the secured and preferential creditors of each Company shall be asked to agree the Administrators' fees, in accordance with Rule 2.106(5A)(a), by reference to the time given in attending to matters arising in the Administration and that the Administrators' expenses for mileage be calculated by reference to mileage

2.3. Progress on and achievement of the approved proposals

We have summarised below the progress and current status in respect of each of the approved proposals:

Proposal	Current status
1	The Administrators continue to manage the affairs of the Companies which includes, dealing with the leasehold properties and dealing with the crystallisation of a £2 1m capital gains tax liability.
2	We have completed our duties in this regard.
3	This process is ongoing and at present we do not anticipate that there will be a dividend to unsecured creditors
4	A distribution of £12.4m has been made to the Bank under its fixed charge
5-7	We have received no requests to establish a Creditors' Committee in relation to any of the Companies
8	Agreed
9	Agreed
10-12	The Administrators obtained an extension of the Administration by 6 months to 2 February 2011 by approval from the secured creditors for all the Companies.

Further information in respect of the realisation of assets, the status of liabilities and the estimated outcome for creditors is contained in the following sections of this report.

3.3 Estimate Future Realisations

The business and assets as stated above were sold on 3 August 2009. There are no further assets of the Business to realise

3.4 Estimated Outcome for creditors

There will be no dividend to unsecured creditors due to the CGT liability of £2.1m that has crystallised

4 DISTRIBUTION TO CREDITORS

4.1 Secured Creditors

The Companies' Bank debt at the date of the appointment of the Administrators, and as set out in the Statement of Affairs, can be summarised as follows:

	£m
<i>Senior A</i>	10.2
<i>Senior B</i>	4.0
<i>Senior C</i>	0.9
<i>Revolving Credit Facility</i>	<u>1.5</u>
	<u>16.6</u>

The bank debt for the Group sits within Bidco, however there are cross guarantees in place across all Group companies.

The secured creditor, Lloyds TSB Bank plc, has been paid £12.46m in respect of its indebtedness to date from the sale of the business and assets. We anticipate further distributions of £100k to Bank subject to the final costs of the Administration.

In addition, Inflexion holds fixed and floating charges over each of the Companies. At the date of appointment, Inflexion was owed c.£25m. Inflexion will not recover any funds in respect of this lending as its security ranks behind the Bank. However, Inflexion released its security at the start of the Administrations.

These creditors all sit within Eurotel, which was the main trading entity of the Group. After discharging the costs of the Administration, there will not be sufficient realisations from floating charge assets to fully repay the Bank.

Accordingly, we do not expect any funds to be available to pay a dividend to the unsecured creditors of any of the Companies.

5 OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

5.1 Extensions to the initial appointment period

The Administrators sought to extend the period of the Administration by 6 months to 2 February 2011 and approval was gained from the secured creditor

5.2 Investigations

Enquiry into the conduct of the Directors of the Companies is complete, with returns submitted to the Department of Business, Innovation and Skills. Their contents are legally privileged

5.3 Exit

Under the Enterprise Act 2002, all Administrations automatically come to an end after one year, unless an extension is granted by the court or with consent of the creditors

Otherwise, and unless it is proposed that a company in Administration should be placed in Creditors' Voluntary Liquidation, the appointment of Administrators ceases on the following:

- An application to Court (in the event of a Court appointment);
- Filing a notice in Court and with the Registrar of Companies confirming that the purpose of Administration has been sufficiently achieved; and
- In the event that the company has no property the Administrator may notify the Registrar of Companies to that effect at which time the appointment of the Administrator ceases and three months following that date the company is deemed to be dissolved.

The exit route chosen in relation to the Companies will depend on the circumstances of the Administration and the approval of creditors

6 JOINT ADMINISTRATORS' FEES AND EXPENSES

6.1 Joint Administrators' Fees

There will be no funds available to the unsecured creditors other than by virtue of Section 176A(2)(a) of the Act; therefore, fixing of Administrators' remuneration will be approved in accordance with Rule 2.106(5A) of the Rules, which is outlined as follows:

- Where the Administrators have made a statement under paragraph 52(1)(b) the Administrators' remuneration may be fixed by approval of
 - each secured creditor, or
 - if the Administrators intend to make a distribution to preferential creditors, with the approval of each secured creditor and 50% of preferential creditors who respond to an invitation to consider approval.

The Administrators have agreed with the Bank the basis of the remuneration in respect of fixed and floating charge realisations (which will be on the basis of time spent)

In line with paragraph 52(1)(b) of Schedule B1 of the Act outlined above there is no requirement for unsecured creditors to pass a resolution in respect of Administrators' remuneration.

The Administrators' time costs are summarised in the table below. A detailed analysis of the time spent by work function is attached at Appendix 4.

A creditors' Guide to Administrators' Fees is available on request, or may be obtained from the following website -

[https://www.r3.org.uk/uploads/sip/SIP9_v5_April_2007\(1\).pdf](https://www.r3.org.uk/uploads/sip/SIP9_v5_April_2007(1).pdf)

6.2 Disbursements

The Administrators' direct disbursements in the six month period to 2nd February 2010 were as follows:

Nature of disbursement (£)	03/08/09 to 02/08/10	03/02/10 to 02/08/10
Mileage	29 27	0 00
Travel expenses incurred	55 10	0 00
Postage / Stationery	788 05	26 85
Insurance Costs	748 00	0 00
Legal Fees	6500 00	0 00
Total	8,120.42	26.85

Note that Deloitte policy is to seek approval of both Category 1 and 2 disbursements and therefore there is no need to distinguish between the two. Disclosure is required where we have incurred Category 2 expenses such as mileage and internal copying.

Mileage is calculated at the prevailing standard mileage rate of up to 40p used by Deloitte LLP at the time when the mileage is incurred.

6.3 Charge out rates

Our charge out rates for the staff involved in this assignment are as follows:

Grade	Range £ per hour	
	2009 rates	2010 rates
Partners	545 to 615	565 to 630
Managers/ Directors	295 to 525	310 to 535
Assistants/Support Staff	145 to 265	165 to 275

All partners and technical staff (including cashiers) assigned to the case record their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having

APPENDIX 1 - STATUTORY INFORMATION

Company Name	Debt Relief Limited	Empire Restructuring (1) Limited	Empire Restructuring (2) Limited	Empire Restructuring (3) Limited	Empire Restructuring (4) Limited
Previous Name	Nicholas John Williams	Empire Restructuring Limited	Empire Restructuring Limited	Empire Restructuring Limited	Empire Restructuring Limited
Company Number	04332228	04332228	04332228	04332228	04332228
Incorporation Date	21 June 2007	22 June 2007	22 June 2007	22 June 2007	22 June 2007
Registered Office	All companies - Debitis LLP, 1 City Square, Leeds, LS1 2AL	22 June 2007	22 June 2007	22 June 2007	22 June 2007
Former Registered Office / Trading Address	All companies - Empire House, Malvern Hill Road, Huddersley, HX1 1EP	22 June 2007	22 June 2007	22 June 2007	22 June 2007
Authorized ordinary shares	50,000 @ £0.10 each	50,000 @ £0.10 each	50,000 @ £0.10 each	50,000 @ £0.10 each	50,000 @ £0.10 each
A	52,495	52,495	52,495	52,495	52,495
B	10,700	10,700	10,700	10,700	10,700
C	1,000	1,000	1,000	1,000	1,000
D	10,300	10,300	10,300	10,300	10,300
Shareholders	Incorporation 2008 Beyond Fund Limited Partnership	Incorporation 2008 Beyond Fund Limited Partnership	Incorporation 2008 Beyond Fund Limited Partnership	Incorporation 2008 Beyond Fund Limited Partnership	Incorporation 2008 Beyond Fund Limited Partnership
Directors	Tracy Smith, Nicholas John Williams	Tracy Smith, Nicholas John Williams	Tracy Smith, Nicholas John Williams	Tracy Smith, Nicholas John Williams	Tracy Smith, Nicholas John Williams
Company Secretary	All companies - Nicholas John Williams	All companies - Nicholas John Williams	All companies - Nicholas John Williams	All companies - Nicholas John Williams	All companies - Nicholas John Williams
Business	All companies - Lloyd TSB Plc	All companies - Lloyd TSB Plc	All companies - Lloyd TSB Plc	All companies - Lloyd TSB Plc	All companies - Lloyd TSB Plc
Accountants	All companies - Ernst & Young LLP	All companies - Ernst & Young LLP	All companies - Ernst & Young LLP	All companies - Ernst & Young LLP	All companies - Ernst & Young LLP
Court Referrals: High Court of Justice, Chancery Division, Leeds District Registry	2,141 of 2009	2,141 of 2009	2,141 of 2009	2,141 of 2009	2,141 of 2009
Date of Appointment	All companies - 3 August 2009	All companies - 3 August 2009	All companies - 3 August 2009	All companies - 3 August 2009	All companies - 3 August 2009
Person who made the application	All companies - The appointment was made by the Court on the application of the Directors of the Company, pursuant to paragraph 22 of Schedule B1 of the Insolvency Act 1986	All companies - The appointment was made by the Court on the application of the Directors of the Company, pursuant to paragraph 22 of Schedule B1 of the Insolvency Act 1986	All companies - The appointment was made by the Court on the application of the Directors of the Company, pursuant to paragraph 22 of Schedule B1 of the Insolvency Act 1986	All companies - The appointment was made by the Court on the application of the Directors of the Company, pursuant to paragraph 22 of Schedule B1 of the Insolvency Act 1986	All companies - The appointment was made by the Court on the application of the Directors of the Company, pursuant to paragraph 22 of Schedule B1 of the Insolvency Act 1986
Joint appointment provisions pursuant to paragraph 15(2) of Schedule B1 of IASB	All companies - The Administrators are authorized to carry out, pursuant to paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, all functions, duties and powers by any of them jointly or severally	All companies - The Administrators are authorized to carry out, pursuant to paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, all functions, duties and powers by any of them jointly or severally	All companies - The Administrators are authorized to carry out, pursuant to paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, all functions, duties and powers by any of them jointly or severally	All companies - The Administrators are authorized to carry out, pursuant to paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, all functions, duties and powers by any of them jointly or severally	All companies - The Administrators are authorized to carry out, pursuant to paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, all functions, duties and powers by any of them jointly or severally

APPENDIX 2 – Schedule of Companies In Administration

Belle Holdco Limited

Belle Bidco Limited

Multilink Business Communications Limited

Empire Realisations (1) Limited (formerly Eurotel Holdings Limited)

Empire Realisations (2) Limited (formerly Neville Ward Holdings Limited)

Empire Realisations (3) Limited (formerly Northpoint Services Limited)

Empire Realisations (4) Limited (formerly Eurotel Limited)

Empire Realisations (5) Limited (formerly Allington Communications Limited)

Empire Realisations (6) Limited (formerly Service Direct (UK) Limited)

Empire Realisations (7) Limited (formerly Advance Telephone Systems Limited)

Empire Realisations (8) Limited (formerly Eurotel Corporate Services Limited)

Empire Realisations (9) Limited (formerly Digital Exchange Maintenance Services Limited)

APPENDIX 3

EMPIRE REALISATIONS (4) LIMITED -JOINT ADMINISTRATORS' ABSTRACTS OF RECEIPTS AND PAYMENTS TO 2 AUGUST 2010					
	Fixed Charge (£)		Floating Charge (£)		Total (£)
RECEIPTS	As at 3 February 2010	Realised/(paid) in the period	As at 2 August 2010	Realised/(paid) in the period	As at 2 August 2010
The business and goodwill	12,500,000 00	0 00	12,500,000 00		12,500,000 00
Licence fee			12,896 97	0 00	12,896 97
Plant & Machinery			50,000 00	0 00	50,000 00
Stock			50,000 00	0 00	50,000 00
Book Debts			900,000 00	0 00	900,000 00
Other Debts			69 00	0 00	69 00
VAT Refund			0 00	11,266 74	11,266 74
Rates Rebate			1,520 62	0 00	1,520 62
Bank Interest			364 75	1,038 18	1,402 93
Receipt monies due to Newco			22,595 15	(22,392 29)	202 86
VAT payable			3,192 98	0 00	3,192 98
	12,500,000.00	0.00	12,500,000.00	(10,087.37)	1,030,552.10
			1,040,639.47	(10,087.37)	13,530,552.10
PAYMENTS					
Rent			(26,135 88)	0 00	(26,135 88)
Lloyds TSB Bank plc					(12,460,000 00)
Cash at bank	(12,460,000 00)	0 00	(12,460,000 00)		(160 00)
Administrators' Fees			(65,000 00)	0 00	(65,000 00)
Administrators' Expenses			(822 97)	0 00	(822 97)
Legal Fees			(8,226 33)	(8,609 53)	(8,609 53)
Statutory advertising			(661 50)	(661 50)	(661 50)
Insurance of assets			0 00	(385 46)	(385 46)
Bank charges			(200 00)	(323 98)	(323 98)
VAT receivable			(14,459 72)	(14,526 78)	(14,526 78)
	(12,460,000.00)	0.00	(12,460,000.00)	0.00	(12,576,626.10)
Balances in hand	40,000.00	0.00	40,000.00	(10,087.37)	953,926 00
	40,000.00	0 00	40,000.00	(10,087.37)	1,030,552.10
			1,040,639.47	(10,087.37)	13,530,552.10

EMPIRE REALISATIONS (6) LIMITED -JOINT ADMINISTRATORS' ABSTRACTS OF RECEIPTS AND PAYMENTS TO 2 AUGUST 2010

2

Appendix 3

BELLE BIDCO LIMITED -JOINT ADMINISTRATORS' ABSTRACTS OF RECEIPTS AND PAYMENTS TO 2 AUGUST 2010					
RECEIPTS	Fixed Charge (£)		Floating Charge (£)		Total (£)
	As at 3 February 2010	Realised/(paid) in the period	As at 2 August 2010	As at 3 February 2010	Realised/(paid) in the period
Lloyds payment for closing out of loan				61,900 00	0 00
	0.00	0.00	0.00	61,900.00	0.00
				61,900 00	61,900.00
PAYMENTS					
Bank charges	(80 61)	0 00	(80 61)		(80 61)
Debit interest	(61)	0 00	(61)		(61)
Bank charges				(81 50)	(141 65)
					(223 15)
	(80.61)	0.00	(80 61)	(81 50)	(223.15)
	(80.61)	0.00	(80.61)	61,818.50	(141.65)
	0.00	0.00	0.00	61,900 00	0 00
				61,900 00	61,900.00
Balances in hand					(304.37)
					61,595.63
					61,900.00

NOTES TO THE RECEIPTS AND PAYMENTS ACCOUNT – Please note that the negative balance on the Belle Bidco R & P Account are bank charges incurred due to inactivity on the account. These charges are to be reversed and the accounts closed shortly.

APPENDIX 4

Joint Administrators' Time Costs Analysis - 3 August 2009 to 2 August 2010

Task Type	Task Level	Partner and Director Hours	£	Manager and Assistant Managers Hours	£	Other Professional and Support Staff Hours	£	Total Hours	Total £	Average Rate £
Admin and Planning	Cashiers	-	-	16 7	5,301 0	54 1	11,231 0	70 8	16,532	234
	Closure	-	-	1 5	615 0	4 5	717 8	6 0	1,333	222
	Compliance	-	-	14 9	4,447 0	3 2	786 0	18 1	5,233	289
	Progress Reporting	10 0	6,195 0	52 8	15,427 0	20 1	2,972 5	82 9	24,595	297
	Fees	-	-	5 8	2,220 3	-	-	5 8	2,220	386
	Immediate Actions	-	-	3 5	1,099 3	-	-	3 5	1,099	314
	Meetings	21 0	13,005 0	1 3	512 5	-	-	22 3	13,518	608
Admin and Planning Total		31 0	19,200	96 4	29,622	81 9	15,707	209 3	64,529	308
Creditors	Distributions	-	-	0 5	205 0	-	-	0 5	205	410
	Unsecured	-	-	10 0	2,737 3	9 0	1,435 5	19 0	4,173	220
Creditors Total		-	-	10 5	2,942	9 0	1,436	19 5	4,378	225
Reporting & Investigations	D' Return	3 0	1,890 0	31 5	8,347 5	-	-	34 5	10,238	297
Investigation Total		3 0	1,890	31 5	8,348	-	-	34 5	10,238	297
Other Specific Matters	Tax & VAT	0 3	252 0	70 6	25,804 3	1 5	225 0	72 4	26,281	363
Other Specific Matters Total		0 3	252	70 6	25,804	1 5	225	72 4	26,281	363
Trading	Closure of Trading	-	-	-	-	3 0	435 0	3 0	435	145
	Ongoing Trading	-	-	1 0	265 0	-	-	1 0	265	265
Trading Total		-	-	1 0	265	3 0	435	4 0	700	175
Asset Realisation	Book Debts	-	-	1 5	569 3	-	-	1 5	569	380
	Leasehold Property	-	-	0 5	189 8	-	-	0 5	190	380
	Other Assets	-	-	6 3	2,410 0	-	-	6 3	2,410	386
Asset Realisation Total		-	-	8 3	3,169	-	-	8 3	3,169	384
Grand Total		34 3	21,342	218 2	70,150	95 4	17,803	347 9	109,295	314