

**2.24B**

The Insolvency Act 1986

**Administrator's progress report**

Name of Company

Vanguard plc

Company number

02724392

In the  
High Court of Justice, Chancery Division

(full name of court)

Court case number  
3142 of 2006(a) Insert full  
name(s) and  
address(es) of  
administrator(s)

I/We (a)

Filippa Connor  
B & C Associates  
Trafalgar House  
Grenville Place  
Mill Hill  
London NW7 3SAJeffrey Brenner  
B&C Associates  
Trafalgar House  
Grenville Place  
Mill Hill  
London NW7 3SA

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

From

To

(b) Insert date

(b) From 5 May 2006

(b) To 17 April 2007

Signed

Joint / Administrator(s)

Dated

18.04.07

**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

Filippa Connor  
B & C Associates  
Trafalgar House  
Grenville Place  
Mill Hill  
London NW7 3SA

DX Number

020 8906 7730  
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**

FRIDAY



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20/04/2007

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COMPANIES HOUSE

**VANGUARD PLC - IN ADMINISTRATION**

**IN THE HIGH COURT OF JUSTICE**

**NO: 3142 OF 2006**

**ADMINISTRATOR'S REPORT ON THE  
PROGRESS OF THE ADMINISTRATION  
FOR THE PERIOD 5 MAY 2006 TO 17 APRIL 2007**

Following my appointment as Joint Administrator of the company I hereby now report on the progress of the Administration in accordance with Rule 2 47 of The Insolvency Act 1986 (as amended) I attach Form 2 24B together with an account of the receipts and payments for the period 5 May 2006 to 17 April 2007

1. Details of Appointment of Administrator

I, Filippa Connor together with Jeffrey Brenner, of B & C Associates, Trafalgar House, Grenville Place, Mill Hill, London NW7 3SA was appointed Joint Administrator on 5 May 2006 on the application of the debenture holder Gemcorp Aureole

The proceedings were brought in the High Court of Justice number 3142 of 2006

The Company's registered office was previously Vanguard Technology Park, Ffordd Derwen, Rhyl, Clwyd LL18 2LS but has now been changed to my offices at Trafalgar House, Grenville Place, Mill Hill, London NW7 3SA. The Company number is 02724392. Full details of the Company's statutory information were set out in my statement of proposals dated 28 June 2006 and there have been no changes in office-holder since the date of my appointment

At the date of this report, I should advise you that there have been no extensions to the initial period of my appointment but I do intend to place the Company into Creditors Voluntary Liquidation.

The EC Regulations apply and these proceedings are the main proceedings as defined in Article 3 of the EC Regulations

2 Purpose of the Administration

The purpose of the Administration is to rescue the Company as a going concern or if that is not possible to achieve a better result for the Company's creditors than would be likely if the Company were to be wound up or if that is not possible then the realisation of property in order to make a distribution to the preferential and secured creditors

In this instance, funding was not available to enable the Company to be saved as a going concern. There have been sufficient realisations in order to discharge the preferential creditors in full and to make a distribution to the secured creditor. In this instance, it is uncertain whether there will be sufficient funds available to enable a dividend to the unsecured creditors other than by virtue of the prescribed part.

The Director, Michael McFarlane has now provided me with a Statement of Affairs but to date, has not signed the document as he is still finalising his understanding of some figures. I enclose a copy as it differs from the estimated Statement of Affairs included in my report of 28 June 2006.

The expected future realisations are dealt with in more detail below.

3. Administrator's action to date to achieve the purpose of the Administration

On appointment I continued negotiations for the sale of the business and assets with a third party together with a number of other interested parties. On 18 May 2006, an agreement for the sale of the business and certain assets for £80,000 was completed. The sum of £80,000 was received on 22 May 2006.

I attach my receipts and payments account for the period 5 May 2006 to 17 April 2007 and would comment as follows -

**RECEIPTS:**

**Tangible Assets:**

The tangible assets which were professionally valued and comprise all office furniture and equipment realised the sum of £52,500.

**Goodwill:**

The goodwill which was professionally valued at £1,000 was included in the sales agreement and realised £2,497.

**Domain Names:**

The domain names were included in the sales agreement and realised £1

**Stock:**

The stock which was professionally valued at £5,000 and was included in the sales agreement realised £25,000. You will note from the revised Statement of Affairs that the Director Michael McFarlane has included the stock as having an estimated realisable value of £60,744. I must report that as the assets were professionally valued, I do not agree with the revised figure.

**Records:**

The records which comprise the client database were included in the sales agreement and realised £1.

**Book Debts:**

From the estimated to realise figure of £349,730, the sum of £289,430 has been realised as at 4 November 2006. You will recall that in my last progress report, I informed creditors that a number of debtors may have paid Vanguard PLC in error. I am still investigating this matter.

**Intellectual Property Rights:**

The intellectual property rights were included in the sales agreement and realised £1.

**Cash at Bank:**

The balance held in the company's bank account of £3,669 was realised.

**Cash held on appointment:**

The sum of £8,812.50 represents monies received in respect of the initial costs of appointment.

**Bank Interest Gross:**

Since the date of Administration, the sum of £3,144 has been received.

**PAYMENTS:**

The payments are self explanatory but I would comment in respect of the following

**Direct Labour:**

Direct Labour relates to employees retained to assist in the Administration totalling £3,569 11 with the balance of £9,219 17 which relates to post appointment wages

**Employee Arrears/Holiday Pay:**

The sum of £19,472 represents the balance due to the employees in respect of their preferential claims which represents a dividend of 100p in the £ to the preferential creditors

**Floating Charge Creditor:**

The sum of £180,000 has been paid to the floating charge creditor under the terms of it's debenture. You will however note that the Director Michael McFarlane has included the floating charge creditor in the Statement of Affairs at only £147,950. I do not however agree this figure I am in possession of a statement signed by a Director of Vanguard reflecting the sum of £208,562 being due.

I have met the costs of the Administration to date as detailed on the attached receipts and payments account.

Creditors who have not yet submitted details of their claims to me are requested to do so as soon as possible I attach a proof of debt form for your use

In respect of my other duties as Joint Administrator I can confirm that I have complied with my obligations and submitted an a report under Section 7 (3) of the Company Directors Disqualification Act 1986 to The Department of Trade and Industry on the conduct of the directors

**4 Administrator's Remuneration**

With regard to my remuneration, the floating charge creditor has agreed to me drawing the sum of £50,000 on account It was agreed by the floating charge creditor that my time costs be based on time costs incurred by myself and my staff in attending to matters arising in the Administration In accordance with the Statements of Insolvency Practice (SIP9) I attach a summary of my time costs to date by grade of staff and type of work

This shows total time costs of £98,309 50 representing 494 65 hours at an average charge out rate of £198 75 per hour I have not drawn any further remuneration and the balance of £48,309 remains outstanding

5 Termination of the Administration

In accordance with the provisions of The Insolvency Act 1986 (as amended), any Administration should be completed within a period of 12 months (unless leave to extend is obtained from the Court or creditors) At present no extension application has been made You will be aware that I circulated all known creditors on 5 April 2007 requesting my discharge together with Jeffrey Brenner as Joint Administrators which would enable me to proceed with placing the Company into Creditors Voluntary Liquidation

I can report that I received the necessary agreement to this and I have therefore forwarded a notice of move from Administration to Creditors Voluntary Liquidation (form 2 34B) to the Registrar of Companies I will now report on the progress of the liquidation in due course

6 Summary of outstanding matters

With regard to the realisation of assets, I would comment as follows

**Sundry Debtors:**

The book value of the Sundry debtors has been amended to £1,954,755 and is estimated to realise £3,755 only To date, no sums have been recovered from this source

**Cromwells Madhouse PLC – In Liquidation:**

Since my last report, I have been informed by the liquidator of Cromwells Madhouse PLC that the anticipated dividend to the Unsecured Creditors will be approximately 2p in the £ Whilst a proof of debt in the sum of £707,164 was forwarded to the liquidator of Cromwells Madhouse PLC, we were only able to provide evidence to support a claim of £443,703 This sum has been agreed by the liquidator who anticipates declaring a first and final dividend to the Unsecured Creditors in May 2007

**Network Debtors:**

The network debtors which comprise commissions due to the company which are subject to potential claw back Whilst the estimated to realise value has been amended from uncertain to £101,284, I have been unable to trace any documentation to pursue these debts

**Other Debtors:**

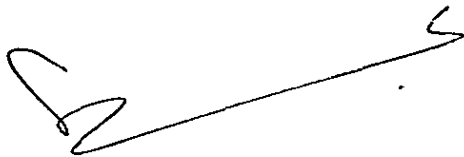
The sum of £24,000 represents cash lodged of £14,000 as security against the company's petrol cards. It was anticipated that approximately 50% would be recoverable. To date, no recovery has been made from this source. The balance of £10,000 represents a debt due from Calipso Communications Limited which has been placed into liquidation and there would appear to be no prospect of a dividend becoming available to the unsecured creditors.

**Director's Loan Account:**

The sum of £5,800 which represents a short term loan to one of the former Directors remains outstanding. I am continuing to pursue this debt.

As previously reported, I will be reporting on the progress of the liquidation in due course.

Dated this 18<sup>th</sup> day of April 2007

A handwritten signature in black ink, appearing to be 'Filippa Connor', written over a horizontal line.

**FILIPPA CONNOR  
JOINT ADMINISTRATOR**

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**VANGUARD PLC - IN ADMINISTRATION  
ADMINISTRATOR'S FINAL RECEIPTS & PAYMENTS  
FOR THE PERIOD 5 MAY 2006 TO 17 APRIL 2007**

	Statement of Affairs	Amount Realised £
<b>RECEIPTS</b>		
Tangible Assets		52,500 00
Goodwill	1,000 00	2,497 00
Domain Names		1 00
Stock	60,744 00	25,000 00
Records		1 00
Book Debts	349,730 00	289,430 22
Intellectual Property Rights		1 00
Cash at Bank	3,672 00	3,669 11
Cash held on appointment		8,812 50
Bank Interest Gross		3,144 31
		<u>385,056 14</u>
<b>PAYMENTS</b>		
Direct Labour		12,788 28
Debt Collection Fees		10,414 04
Specific Bond		290 00
Initial costs of appointment		7,500.00
Administrators Fees		50,000.00
Administrators Expenses		8,941 09
Redirection of post		23 25
Agents Fees		6,932 00
Legal Fees		23,290 00
Statutory Advertising		73.80
Bank Charges		267 72
Employees Arrears/Holiday Pay		19,472 60
Floating Charge Creditor		180,000 00
		<u>319,992.78</u>
Balance		<u>65,063 36</u>



Vanguard plc  
Statement Of Affairs as at 5 May 2006

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
<b>Assets subject to fixed charge</b>		
<b>Assets subject to floating charge</b>		
<b>Uncharged assets:</b>		
Goodwill		1,000 00
Stock	121,487 00	60,744 00
Book Debts	1,421,813 00	349,730 00
Sundry Debtor	1,954,755 00	3,755 00
Cromwells Madhouse PLC - In Liquidation	715,427 00	50,080 00
Network Debtors	202,567 00	101,284 00
Cash at Bank	3,672 00	3,672 00
Other Debtors	24,000 00	7,000 00
Director's Loan account	5,800 00	5,000 00
Office furniture & equipment	49,200 00	15,000 00
Fixtures & fittings	5,898 00	1,000 00
<b>Estimated total assets available for preferential creditors</b>		<b>598,265 00</b>

Signature \_\_\_\_\_ Date \_\_\_\_\_

Vanguard plc  
Statement Of Affairs as at 5 May 2006

A1 - Summary of Liabilities

		Estimated to Realise £
<b>Estimated total assets available for preferential creditors (Carried from Page A)</b>		598,265 00
<b>Liabilities</b>		
Preferential Creditors -		
Employee Arrears/Hol Pay	57,053 00	57,053 00
<b>Estimated deficiency/surplus as regards preferential creditors</b>		541,212 00
Estimated prescribed part of net property where applicable (to carry forward)		111,242 40
<b>Estimated total assets available for floating charge holders</b>		429,969 60
Debts secured by floating charges		
Floating Charge Creditor	147,950 00	147,950 00
<b>Estimated deficiency/surplus of assets after floating charges</b>		282,019 60
Estimated prescribed part of net property where applicable (brought down)		111,242 40
<b>Total assets available to unsecured creditors</b>		393,262 00
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	935,931 00	
Employees	218,721 00	
KJC Mobile Phones Ltd - In Liquidation	1,672,217 00	
H M Revenue & Customs - Tax	2,034,732 00	
Opus Asia	2,207,750 00	
H M Revenue & Customs - VAT	12,904 00	
Loan - Apollo Hotel	41,769 00	
Telecom Group	1,455,891 00	
Contingent Creditor (£928,504)	NIL	
		8,579,915 00
<b>Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)</b>		(8,186,653 00)
Shortfall to floating charge holders (brought down)		NIL
<b>Estimated deficiency/surplus as regards creditors</b>		(8,186,653 00)
Issued and called up capital		
Ordinary Shareholders	55,565 00	55,565 00
<b>Estimated total deficiency/surplus as regards members</b>		(8,242,218 00)

Signature \_\_\_\_\_ Date \_\_\_\_\_

**C**

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Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	13 00	103 50	0 20	24 80	141 50	25,862 00	182 77
Investigations	1 20	24 25	0 00	0 00	25 45	5,560 00	218 47
Realisations of assets	44 50	58 75	0 00	0 00	103 25	24,372 50	236 05
Trading	0 00	95 75	0 00	0 00	95 75	19 150 00	200 00
Creditors	24 00	70 90	1 00	32 80	128 70	23,365 00	181 55
Case specific matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	82 70	353 15	1 20	57 60	494 65	98,309 50	198 75
Total Fees Claimed						50,000 00	

**SIP 9 - Time & Cost Summary**

Period 05/05/06 17/04/07

Category 2 Disbursements

Other amounts paid or payable to the office holder's firm or to party in which the office holder or his firm or any associate has an interest

Transaction Date	Type And Purpose	Amount
27/02/07	Couriers & Travel costs	130 00
27/02/07	Acoountancy & Bookkeeping costs	192 84
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	Total	322 84