

The Insolvency Act 1986

Administrator's progress report

Name of Company
Hythe Realisations Limited (Formerly Elec-Track
Installations Limited)

Company number
02792810

In the High Court of Justice, Chancery Division,
Companies Court

Court case number
360 of 2008

(a) Insert full name(s) and
address(es) of
administrator(s)

We, Martin Ellis and David Thurgood, of Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P
2YU

administrators of the above company attach a progress report for the period

(b) Insert dates

from

(b) 16 July 2008

to

(b) 15 January 2009

Signed

Joint Administrator

Dated

13/02/2009

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

Grant Thornton UK LLP

Hartwell House
55-61 Victoria Street

Bristol
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DX Exchange Bristol

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



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17/02/2009

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COMPANIES HOUSE

TUESDAY

Our Ref MUN/JCR/DRT/E00043/PF/7

To The Creditors

Recovery and Reorganisation

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9 February 2009

Dear Sirs

**Hythe Realisations Limited (Formerly Elec-Track Installations Limited) - In
Administration (The Company)
In the High Court of Justice, No 574 Of 2008**

1 Introduction

- 1.1. Following the appointment of myself and Martin Ellis as Joint Administrators of the above Company by the Company's directors on 16 January 2008, I now report on the progress of the administration to date.
- 1.2. I enclose Form 2.24B together with an account of my receipts and payments for the six month period ended 15 January 2009 in accordance with Rule 2.47 of the Insolvency Rules 1986.
- 1.3. In accordance with paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986 the functions of the administrators are to be exercised by any or all of them.

2 Statutory Information

- 2.1. The company's statutory details are as follows:

Registered Number	02792810
Registered office	30 Finsbury Square, London, EC2P 2YU (formerly Unit 1 Pennypot Industrial Estate Hythe Kent CT21 6PE)

Chartered Accountants
Member firm of Grant Thornton International Ltd
Grant Thornton UK LLP is a limited liability partnership registered in England and Wales No OC307742 Registered office Grant Thornton House, Melton Street, Euston Square, London W1W 1 2EP
A list of members is available from our registered office

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business

A list of personnel permitted by Grant Thornton to accept appointments as insolvency practitioners and of their respective authorising bodies may be inspected at the above address

Former trading addresses

please see attached schedule
at Appendix B.

3 Progress Report

Sale of Business

- 3.1. As you will know from my prior reports, following the sale process undertaken by the directors in Autumn/Winter 2007, the directors ultimately sold the business and assets of the Company's Isolations and Possessions (I&P) division to Morgan Est Plc (Morgan Est) on 11 January 2008.
- 3.2. However, in the subsequent days the directors were unable to dispose of the Overhead Line Electrification (OLE) division.
- 3.3. On my appointment I formed the view that there was no realistic prospect of achieving a going concern sale of the OLE division. Accordingly, all the Company's contracting operations ceased and associated staff were made redundant.

Office Closure

- 3.4. The Company retained certain members of office staff to assist with administrative tasks and with the collection of the Company's book debts.
- 3.5. In doing so the Company has paid wages and associated costs of £32,578. Those staff have now been made redundant.
- 3.6. The Company continued to occupy certain of its premises whilst I gathered the information required to assist with the book debt collections. In doing so the Company has incurred costs of £12,824.
- 3.7. The company has previously vacated all the properties and handed the keys back to the landlord in order to surrender the leases. However, the surrender of the leases was not agreed by the landlord. The landlord may have an unsecured claim against the company in respect of dilapidations. The funds available are insufficient to enable a distribution to unsecured creditors as there will be a significant shortfall to secured creditors of the company.

Book Debt Collection

- 3.8. As advised in my previous report, Morgan Est was appointed by the Company's directors to collect the book debts of the I&P division under the terms of the 11 January 2008 sale agreement. Morgan Est has continued to collect these debts after my appointment.
- 3.9. Upon my appointment I instructed my agents, Naismiths, to assist me in collecting the book debts relating to the OLE division.
- 3.10. Since my last report further book debts of £553,565 were collected from both divisions. This

brings the total book debt realisations to 1,217,110.

- 3.11. Morgan Est and Naismiths are continuing to negotiate with all debtors and I anticipate further realisations in the region of £50,000 to £100,000.
- 3.12. After payment of the costs and expenses of the administration, funds realised from book debts and other assets will be paid first in satisfaction of the Company's preferential creditors (£72,000), and secondly to the Company's secured lender (Lloyds TSB) pursuant to its floating charge security.

Stock

- 3.13. As part of the sale agreement between the Company and Morgan Est, Morgan Est purchased all stock relating to the I&P division.
- 3.14. On my appointment I instructed my agents, King Sturge (formerly Bache Treharne LLP) to remove all remaining stock which had little or no realisable value, and store it on my behalf whilst seeking to dispose of it.
- 3.15. We have contacted several parties with the view to sell the stock. However, none of them have shown any interest in purchasing the stock. We therefore, do not expect any recoveries in this respect.

Other Assets

- 3.16. Prior to my appointment the Company had commenced legal proceedings against a third party, and the directors informed me that there was potentially significant value in this claim.
- 3.17. I have investigated this matter further and sought my own legal advice. Based on my enquiries and the legal advice I have received I have continued to pursue this claim on the Company's behalf.
- 3.18. The directors have been assisting me in this matter and I have been liaising with the Company's former advisors in addition to my own solicitors in order to finalise the Company's claim.
- 3.19. Since my last report, I have instructed Counsel to pursue this matter further. Consequently, we received a substantive settlement offer of £200,000 from the defendant. This offer has now been accepted.
- 3.20. In addition, I have received a refund of £30,917 from the Company's former holiday benefit scheme; this represents the surplus in the scheme after all payments to beneficiaries had been made.

Extension of the Administration

- 3.21. The administration of the company was to automatically terminate on expiry of 12 months from the date of my appointment on 16 January 2008, as per Para 76 of Schedule B1 of the

required to complete the ongoing negotiations with debtors for a further recovery of book debts. Therefore, we requested the secured and preferential creditors under paragraph 76(2)b of Schedule B1 of the Insolvency Act 1986, to provide their consent for an extension of six months in the period of administration.

- 3.22. The consent of secured and preferential creditors was received and administration of the company has now been extended until 15 July 2009.

Estimated Outcome For Creditors

- 3.23. My receipts and payments account for the period, attached at Appendix A; shows that I currently have funds in hand of £676,553.
- 3.24. Preferential claims in the administration total c.£72,000, and I anticipate paying a dividend of 100p in the pound in respect of these claims.
- 3.25. To date I have distributed £50,000 to the Company's secured creditor under its floating charge.
- 3.26. There will be no prescribed part of the Company's assets made available to the Company's unsecured creditors pursuant to s176A of the Insolvency Act 1986, which I previously noted in my proposals of 10 March 2008.
- 3.27. I anticipate a significant shortfall to the Company's secured creditor, and therefore do not expect to be able to make any distribution to the unsecured creditors.

Trust Accounts

- 3.28. As creditors are aware the directors of the Company established two 'trust' accounts in order to protect the interests of the Company's creditors whilst they sought a rescue/sale of the Company's business.
- 3.29. The first account was effective from 30 November 2007 to 11 January 2008 (the Trust), and the second account covered the period 12 January 2008 to 15 January 2008 (the Escrow Account).
- 3.30. We have been in contact with the beneficiaries of the first trust account to substantiate and agree their claims. Most of the beneficiaries have responded to our letters and their claims have now been agreed.
- 3.31. In respect of the second trust account, we have agreed the claims as indicated in the schedule of beneficiaries provided by the directors of the company.
- 3.32. We are now in a process of making a distribution to the beneficiaries of the both trust accounts.

Administrators' Remuneration


- 3.33. In accordance with Statement of Insolvency Practice (SIP 9), I attach as Appendix C a summary of my time costs to 28 January 2009, by grade of staff and type of work. This shows total time costs of £312,141, representing 1,465.58 hours at an average of £212.98 per hour, against which I have drawn fees of £225,000 on account.
- 3.34. Details of any matters which have had a significant impact on the time costs are included in the appendix D, together with details of any disbursements charged during the period under review.
- 3.35. I have obtained approval for my remuneration from secured and preferential creditors, having previously made a statement under paragraph 52 of the Insolvency Act 1986 that I do not expect to be able to make a distribution to unsecured creditors.

Should you have any queries please do not hesitate to contact my colleague Usman Nazir on the details below.

Yours faithfully

for and on behalf of Hythe Realisations Limited



 D R Thurgood
Joint Administrator

The affairs, business and property of Hythe Realisations Limited are being managed by Martin G Ellis and David R Thurgood, appointed Joint Administrators on 16 January 2008.

Direct T: 0117 305 7813
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Appendix A

Hythe Realisations Limited formerly Elec-Track Installations (In Administration)

Joint Administrators' Abstract Of Receipts And Payments To 09 February 2009

	From 16 Jan 08 to 15 Jul 08	From 16 Jul 08 to 15 Jan 09	Total
	£	£	£
RECEIPTS			
Book Debts	663,544.70	553,564.94	1,217,109.64
Insurance Refund	776.19	1,699.81	2,476.00
Misc Float Receipts	5,175.01	-	5,175.01
Bank/ISA InterestGross	5,013.35	4,306.34	9,319.69
Misc Refunds	30,917.34	-	30,917.34
Vat Payable	61,169.35	(14,480.96)	46,688.39
PAYE & NI	-	18.38	18.38
	766,595.94	545,108.51	1,311,704.45
PAYMENTS			
Heat & Light	739.07	-	739.07
Travel	215.20	-	215.20
Professional Fees	240.00	115.00	355.00
Property Expenses	5,857.00	3,234.00	9,091.00
Vehicle Running Costs	49.37	-	49.37
PAYE/NI	9,992.64	82.90	10,075.54
Net Wages	21,627.65	-	21,627.65
Other Payroll Deductions	589.13	-	589.13
Employee Expenses/Redundancy	368.75	-	368.75
Rent	6,012.60	-	6,012.60
Specific Bond	1,440.00	-	1,440.00
Administrators Fees	134,113.00	90,887.00	225,000.00
Administrators Expenses	2,910.71	342.38	3,253.09
Agents/Valuers Fees (1)	21,005.00	-	21,005.00
Legal Fees (1)	67,937.24	14,331.89	82,269.13
Professional Fees	14,152.34	9,279.01	23,431.35
Book Debt Collection Charges	89,932.55	27,622.00	117,554.55
Telephone Telex & Fax	338.41	577.48	915.89
Stationery & Postage	668.91	-	668.91
Statutory Advertising	478.92	-	478.92
Insurance of Assets	210.00	210.00	420.00
Bank Charges	845.56	3,691.34	4,536.90
Floating Charge Creditor	49,412.50	587.50	50,000.00
Vat Receivable	58,877.23	(28,461.78)	30,415.45
Trade Creditors	-	12,567.05	12,567.05
Vat Control Account	-	11,697.32	11,697.32
Misc payments	-	375.00	375.00
	488,013.78	147,138.09	635,151.87
Balances in Hand	278,582.16	397,970.42	676,552.58

Hythe Realisations Limited - In Administration

Former Trading Address

3 Venty Court
Pochin Way
Middlewich
Cheshire
CW10 0GW

Unit 6-7
Home Farm Industrial Estate
Hunsdon Road
Stanstead Abbots
Ware
Herts
SG12 8LA

Unit 3
Balloch Mill Business Park
Rutherglen
Glasgow
Scotland G73 1PT

Unit 5-6
Railway Terrace
Rugby
Warwickshire
CV21 3HS

Cottage Leap
Rugby
Warwickshire
CV21 3XP

APPENDIX C

INTRODUCTION

The following information is provided in connection with the administrators' remuneration and disbursements in accordance with SIP 9.

AN OVERVIEW OF THE CASE

Further details on matters undertaken are specified in the attached report.

These have primarily involved dealing with the realisation of assets, complying with statutory reporting requirements, and dealing with creditors queries.

EXPLANATION OF GRANT THORNTON CHARGING AND DISBURSEMENT RECOVERY POLICIES

Time costs

All partners and staff are charged out at hourly rates appropriate to their grade, as shown in the schedule below.

Grade	16 Jan 08 to 30 June 08 £	1 July 2008 to date
Partner	460.00	480.00
Director	380.00	400.00
Manager	300.00 to 350.00	315.00 to 365.00
Senior Professionals	205.00 to 250.00	215.00 to 260.00
Other Junior Professionals	135.00 to 170.00	120.00 to 180.00

Details of the hourly charge-out rates are made available to creditors or committees at the time of fixing the basis of our fees. Support staff (ie secretaries, cashiers and filing clerks) are charged to the case for the time they work on it.

Category 1 Disbursements

Out of pocket expenses are charged at cost. Mileage is charged at standard rates which comply with Inland Revenue limits or AA recommended rates.

The Category 1 disbursements drawn to date totals £3,253.09, which consist of parking, travelling, subsistence and bonding costs etc.

NARRATIVE DESCRIPTION OF WORK CARRIED OUT

Full details of the work carried out in the period since I was appointed are set out in the attached report.

The grades of staff used have been appropriate to the task carried out; for example dealing with creditors queries and statutory reporting has been done by an administrator, complex asset realisations has involved more senior staff, including the partners as required.

TIME AND CHARGE-OUT SUMMARIES

A table of time spent and charge-out rates used to date is shown above.

CATEGORY 2 DISBURSEMENTS

Disbursements which are not amenable to precise attribution to individual cases, namely land line telephone and fax calls; postage, stationery and photocopying are charged to creditors at £5.58 per creditor, £3.10 per shareholder and £2.79 per debtor. Where a room is booked at a Grant Thornton office for a meeting of creditors or of a creditors' committee, a charge of £65 is made. VAT is added to disbursement charges as necessary.

No Category 2 disbursements have been paid during the period covered by this report.

SUPPORTING DOCUMENTATION

The following documentation is attached as required by SIP 9:

- a receipts and payments account for the period from date of appointment to date, which is at Appendix I;
- a schedule of charge-out rates which have applied during the reporting period (included above).

Hythe Realisations Limited - In Administration

Sip 9 analysis for the period from 16 Jan 08 to 28 Jan 09

	Partner Hrs	£	Manager Hrs	£	Senior Hrs	£	Admin/Support Hrs	£	Total Hrs	Total £	Average hourly rate £
Administration and Planning (incl statutory reporting)	59.00	24710.00	164.30	56819.00	227.50	41812.00	195.58	29260.00	646.38	152601.00	236.09
Investigations and reports on directors	0.00	0.00	4.30	980.00	2.75	517.00	7.50	2175.00	14.55	3672.00	252.37
Realisation of Assets: Debtors	0.00	0.00	5.00	1750.00	37.75	8014.00	57.99	9511.00	100.74	19275.00	191.33
Realisation of Assets: Property plant vehicles etc (incl HP leasing and third)	3.00	1140.00	0.30	110.00	80.45	15336.00	59.81	9498.00	143.56	26084.00	181.69
Realisation of Assets: Stock and WIP (incl ROT)	0.00	0.00	0.00	0.00	9.50	1701.00	0.25	43.00	9.75	1744.00	178.87
Realisation of Assets: Other assets	8.00	3040.00	0.20	63.00	18.00	3317.00	2.00	364.00	28.20	6784.00	240.57
Sale of business	5.50	1985.00	0.00	0.00	0.00	0.00	0.50	85.00	6.00	2070.00	345.00
Trading	0.00	0.00	0.00	0.00	11.25	2071.00	37.35	4504.00	48.60	6575.00	135.29
Chargeholders (incl bank reporting)	5.50	2580.00	15.10	5285.00	38.25	9014.00	1.70	280.00	60.55	17159.00	283.39
Preferential creditors	1.50	600.00	25.70	8480.00	79.70	14997.00	147.15	22008.00	254.05	46085.00	181.40
Unsecured creditors	0.00	0.00	1.60	546.00	51.75	9049.00	52.80	6774.00	106.15	16369.00	154.21
Legal	0.00	0.00	24.60	8761.00	19.35	4540.00	3.10	422.00	47.05	13723.00	291.67
Grand Total	82.50	34055.00	241.10	82794.00	576.25	110368.00	565.73	84924.00	1465.58	312141.00	212.98

Narrative of tasks undertaken

Administration and Planning

Includes: general administration and planning, reporting, statutory returns, court filings, physical filing, internal compliance reviews, case planning, statutory obligations (eg. statutory returns) maintenance of cash and estate records and general correspondence

Investigations

Includes: initial consideration of approach to investigation into Company and

Realisation of assets

Includes: collection of pre-appointment bank balances, monitoring of book debt

Creditors

Includes: correspondence with preferential and unsecured creditors, dealing with creditor correspondence, preparing reports and circulars to creditors, liaising with secured creditor, assistance to DTI in relation to their preferential claim, dealing with inquiries as to

Trading

Includes: site closures including physical exits; liaison with retained staff, site landlords and utilities providers