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**Associated Technologies
Limited
(in Liquidation)**

Joint Liquidators' annual report to
creditors

Pursuant to Rule 4.49(b) of the
Insolvency Rules 1986 (as amended)

KPMG LLP
25 May 2016

DS/AJ/LB

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About this report

This report has been prepared by David Standish and John Milsom, the Joint Liquidators of Associated Technologies Limited, solely to comply with their statutory duty to report to members and creditors under Rule 4 49(b) of the Insolvency Rules 1986, and to provide an account of their acts and dealings and of the conduct of the liquidation, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interests in Associated Technologies Limited. Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors. Any person that chooses to rely on this report for any purpose or in any context other than under Section 104A of the Insolvency Act 1986 does so at its own risk.

To the fullest extent permitted by law, the Joint Liquidators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

David John Standish is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

John Milsom is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales.

We are bound by the Insolvency Code of Ethics.

The appointments of the Joint Liquidators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the liquidation.

Glossary

Act	The Insolvency Act 1986 (as amended)
CEM	Christopher Edward Moore (in bankruptcy)
Company	Associated Technologies Limited
Group of Companies	AT Air Limited (in liquidation), Heskgold Limited (in liquidation) and Associated Technologies Limited (in liquidation)
HMRC	HM Revenue and Customs
Joint Liquidators/ We/Us/Our	David Standish and John Milsom
Olswang	Olswang LLP
SJM	Sarah Jane Moore

The references in this report to Sections or Rules are to the Insolvency Act 1986 and the Insolvency Rules 1986 (as amended)

1 Introduction

We, David Standish and John Milsom, were appointed Joint Liquidators of the Company on 27 March 2015 pursuant to an order of the High Court of Justice on the petition of The Commissioners for Her Majesty's Revenue and Customs

This report has been prepared in accordance with Rule 4 49(b) to provide creditors with an update on the progress of the liquidation. It covers the first year of the liquidation, being the period from 27 March 2015 to 26 March 2016

The Liquidators' receipts and payments account for the period is attached at Appendix 2 with a schedule of expenses, showing paid and accrued liabilities for the period, attached as Appendix 4. All figures are shown net of VAT

2 Asset realisations

2.1 Land Mortgage repayment

The Company's latest filed accounts for the period to 30 June 2014 showed an amount owing from the director, SJM, to the Company of £1.17m. This amount related to a loan made by the Company in respect to the sale of four plots of land to SJM on 31 January 2013. Interest accrued on the loan at a rate of 2.5% per annum. As a result of our review of the Company's books and records, we identified that the principal loan amount of £1.17m remained outstanding (but not necessarily due) together with an amount of interest, discussed below

On 3 August 2016 and following the onward sale of one of the four plots of land by SJM to a third party, we received the sum of £1.22m from SJM in settlement of the outstanding principal sum of £1.17m plus outstanding interest of £17.7k

3 Investigations

3.1 Plant and Machinery

The Company operated a relatively small amount of Plant and Machinery with a book value of £29.5k as at 30 June 2014. We are in the process of procuring a sale of the Plant and Machinery and will report again in due course

3.2 Investment in Subsidiaries

The Company had made investments in subsidiary undertakings which carried a net book value of £5 (five pounds) as at 30 June 2014

These investments were made at an historic cost of £12.5m. Of this amount, £12.5m related to an historic investment made in a subsidiary, AT Air Ltd (now in liquidation), which had subsequently been provided for in full. Both subsidiaries are now in liquidation and accordingly it is not envisaged that these investments bear any realisable value, although our enquiries continue. We have been appointed Joint Liquidators in both matters, pursuant to orders of the High Court of Justice and on petitions of The Commissioner for Her Majesty's Revenue & Customs.

3.3 Land and Property Assets

The Company previously owned various land and property, including but not limited to a number of plots surrounding Fanthill Farm in Hook Norton, Banbury. Since 2002, but predominantly between 2011 and 2013, all the land and property was transferred to one or more of CEM, SJM or third parties.

We have sought an independent third party valuation and have inspected the books and records of the Company and its advisors in order to satisfy themselves that the Company was properly compensated for the various disposals. This work is substantively complete and save for a small number of outstanding queries we are currently satisfied that due consideration was received.

3.4 Employee Benefit Trust

The Company operated Employee Benefit Trust, pursuant to which £10m was loaned to CEM (who was a director at the time) in three tranches during 2006 and 2007. As at 30 June 2014, the Company was due £12.8m including outstanding principal plus interest, albeit this amount had been provided for in full in the Company's accounts.

The Liquidators have sought expert legal advice (including Counsel) as to whether any amounts may be recoverable for the benefit of the estate. The bankruptcy of CEM (see below) now coupled with the passage of time make recovery challenging. For completeness, we have sought copies of all relevant books and records in relation to the Company's participation in this and other tax schemes, including from the schemes' promoters. Our work in this respect is ongoing.

It is noted that a bankruptcy order was made against CEM on 6 May 2015 and David Standish and John Milsom were appointed Joint Trustees in his bankruptcy on 12 May 2015.

3.5 Director's Loan Account

The accounts to 30 June 2014 refer to an amount of £352k which had been due from CEM in respect to an overdrawn director's loan account but which had subsequently been written off as being irrecoverable. We have sought further information in respect to this matter and will report again in due course.

3.6 Review of books and records

We have conducted a detailed review of the Company's books and records and have queried a number of transactions, specifically in respect to payments made to associated companies and associated persons in the total amount of £146k, and in respect to payment of personal and related expenditure in the total amount of £108k.

We are concerned to establish the rationale for the payments and specifically whether, in view of the subsequent winding up order, any contributions are capable of being sought for the benefit of the estate. Our work in this respect is ongoing.

3.7 Motor Vehicles

The Company's books and records referred to motor fleet insurance for fourteen vehicles. Enquiries have been made of the director and of the DVLA as to whether any of these vehicles constitute assets of the Company. With the exception of a review of payments made by the Company in respect to car finance agreements, our investigations in this respect are substantively complete and it is not considered that the vehicles constituted assets of the Company or that any benefit can be derived for the estate.

3.8 Power Boat

The Company's books and records refer to the purchase of a boat for £94,500 in 2011. We have been advised that the boat is not an asset of the Company. We are taking steps to verify this information with the director and third parties.

4 Costs of realisations

Payments made in this period are set out in the attached receipts and payments account (see Appendix 2).

The schedule of expenses attached as Appendix 4 details the costs incurred, paid or unpaid, specifically relating to this period. The figures in both statements are shown net of VAT.

Please note that under Rule 4 49(E), creditors are advised, that within 21 days of receipt of this report a creditor may request additional information about the Liquidators' remuneration and expenses as set out in this report. A request must be in writing, and may be made either, by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

In addition, under Rule 4 131, any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of creditors, or with the permission of the court may apply to the court, to challenge the remuneration charged, the basis of remuneration of the expenses incurred by the Liquidators. Any such application must be made no later than eight weeks after receipt of the first report which reports the charging of the remuneration or the incurring of expense in question.

The full text of Rules 4 49(E) and 4 131 can be provided on request by writing to Lyndsay Burch at KPMG LLP, 15 Canada Square, London E14 5GL.

4.1 Joint Liquidators' remuneration

The statutory provisions relating to the Joint Liquidators' remuneration are set out in Rule 4 127.

Further information is given in the Association of Business Recovery Professionals' publication *A Creditors' Guide to Liquidators' Fees*, a copy of which can be obtained at <https://www.r3.org.uk/what-we-do/publications/professional/fees>. However, if you are unable to access this guide and would like a copy, please contact Lyndsay Burch on 0118 964 2268.

A summary of time costs incurred in the reporting period is attached as Appendix 3, amounting to £126,122 representing 424 hours at an approximate average hourly rate of £298. The basis of our remuneration was fixed on a time cost basis by the unsecured creditors at a meeting of creditors held on 8 August 2015.

No fees have been drawn during the period.

4.2 Legal fees

We have instructed Olswang to provide assistance in this matter. During the period, Olswang have received £46,188 in respect to assistance provided to the Joint Liquidators.

3.3 Other costs of realisations

Details of other costs paid are set out in the receipts and payments account, attached as Appendix 2.

5 Liabilities and dividend prospects

5.1 Secured creditors

There are no secured creditors in this matter.

5.2 Preferential creditors

There are no preferential creditors in this matter.

5.3 Unsecured creditors and prescribed part

We have received unsecured claims in the amount of £8.15m. These claims have not yet been agreed.

It is anticipated that there will be sufficient funds to enable a distribution to unsecured creditors in this case. The timing and quantum is currently unknown, however, we anticipate being able to provide more information in our next progress report.

6 Future strategy

The remaining outstanding matters in the liquidation include

- Realisation of outstanding assets, described above,
- Adjudication of creditor claims and payment of interim and/or final distribution(s) to the unsecured creditors (to the extent funds allow), and
- Finalising the tax affairs of the Company

Once these matters have been dealt with to a satisfactory level, the Joint Liquidators will seek to draw the liquidation to a close

7 Future reporting

We will report again on the progress of the liquidation by 27 May 2017



David Standish
Joint Liquidator

Appendix 1

Statutory information

Company name & Trading style	Associated Technologies Limited
Date of appointment	27 March 2015
Joint Liquidators	David John Standish is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association John David Thomas Milsom is authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales
Joint Liquidators' address	KPMG LLP, 15 Canada Square, London E14 5GL
Application of EC regulations	EC regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC regulations
Court details of the winding-up order	High Court of Justice, Chancery Division, Companies Court, Court number 802 of 2015

Company Information

Company registration number	02815753
Previous registered office	Unit 3, Coventry Innovation Village, Coventry, CV1 2TL
Present registered office	c/o KPMG LLP, 15 Canada Square, London E14 5GL

Appendix 2

Joint Liquidators' receipts and payments account

Associated Technologies Ltd in liquidation		
Abstract of receipts & payments		
Statement of affairs (£)	From 27/03/2015 To 26/03/2016 (£)	From 27/03/2015 To 26/03/2016 (£)
ASSET REALISATIONS		
Land and mortgage repayment	1,173,480 00	1,173,480 00
Interest due on loan	17,734 50	17,734 50
Cash at bank	55 22	55 22
	1,191,269 72	1,191,269 72
COST OF REALISATIONS		
OR disbursements	(1,172 00)	(1,172 00)
Secretary of State fee	(68,542 52)	(68,542 52)
Legal fees	(46,188 37)	(46,188 37)
Bank charges	(66 00)	(66 00)
	(115,968 89)	(115,968 89)
UNSECURED CREDITORS		
(23,077,758 00) Trade & expense	NIL	NIL
	NIL	NIL
(23,077,758 00)	1,075,300 83	1,075,300 83
REPRESENTED BY		
ISA		963,671 03
Olswang LLP		111,629 80
		1,075,300 83

Appendix 3

Analysis of Joint Liquidators' time costs and charge out rates

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Bankrupt/Director/Member							
General correspondence		11 40	14 80		26 20	£7,651 00	£292 02
Notification of appointment			9 70		9 70	£2,656 00	£273 81
Cashiering							
General (Cashiering)		3 00	1 10		4 10	£1,455 50	£355 00
Reconciliations (& IPS accounting reviews)			0 30		0 30	£61 50	£205 00
General							
Books and records		4 20	31 10		35 30	£8,076 50	£228 80
Fees and WIP		0 70			0 70	£283 50	£405 00
Other office holders		2 30			2 30	£931 50	£405 00
Statutory and compliance							
Appointment and related formalities		5 10	13 90		19 00	£5,780 00	£304 21
Bonding and bordereau			0 40	0 30	0 70	£149 50	£213 57
Checklist & reviews		6 90	30 20	16 00	53 10	£11,780 50	£221 85
Pre-appointment checks			4 60		4 60	£1,063 00	£231 09
Statutory advertising			1 00		1 00	£280 00	£280 00
Statutory receipts and payments accounts			9 90		9 90	£2,772 00	£280 00
Strategy documents	2 20	2 40	15 60		20 20	£5,846 50	£289 43
Tax							
Initial reviews - CT and VAT			0 50		0 50	£140 00	£280 00
Post appointment corporation tax	4 00	2 60	2 20		8 80	£3,756 50	£426 88
Post appointment VAT		0 70	16 55	0 50	17 75	£4,077 25	£229 70
Creditors							
Creditors and claims							
General correspondence		12 70	2 50		15 20	£5,708 50	£375 56
Legal claims	3 90	13 20			17 10	£7,666 50	£448 33
Notification of appointment			1 70		1 70	£438 50	£257 94
Payment of dividends	0 10				0 10	£59 50	£595 00
Pre-appointment VAT / PAYE / CT			2 10		2 10	£580 50	£276 43
Statutory reports		0 90	3 10		4 00	£1,037 50	£259 38
Investigation							
Investigations							
Correspondence re investigations		53 00	0 80		53 80	£21,629 00	£402 03
Review of pre-appt transactions		32 60	52 30		84 90	£23,924 50	£281 80
Realisation of assets							
Asset Realisation							
Cash and investments		0 20	11 60		11 80	£2,459 00	£208 39
Debtors		0 80			0 80	£324 00	£405 00
Freehold property		5 20	4 20		9 40	£2,989 50	£318 03
Leasehold property		1 40			1 40	£567 00	£405 00
Open cover insurance		0 60	1 20		1 80	£529 00	£293 89
Other assets		1 20			1 20	£486 00	£405 00
Vehicles		0 30	4 10		4 40	£962 00	£218 64
Total in period					423 85	£126,121 75	£297 56

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 3 (continued)

Charge out rates

Grade	From 1 Oct 2014 £/hr	From 1 Oct 2015 £/hr
Partner	595	595
Director	535	535
Senior Manager	485	485
Manager	405	405
Senior Administrator	280	280
Administrator	205	205
Support	125	125

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows

Category 1 disbursements These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows

Mileage claims fall into three categories.

- Use of privately-owned vehicle or car cash alternative – 45p per mile
- Use of company car – 60p per mile
- Use of partner's car – 60p per mile

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

Appendix 4

Schedule of expenses

Schedule of expenses 27 March 2015 to 26 March 2016

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Cost of realisations			
Liquidators' time costs	-	126,121 75	126,121 75
Legal Fees	46,188 37	-	46,188 37
Agents' Fees	-	6,120 00	6,120 00
OR disbursements	1,172 00	-	1,172 00
Secretary of State fee	100 32	-	100 32
Storage costs	505 74	-	505 74
Statutory Advertising	-	203 04	203 04
Bank charges	66 00	-	66 00
TOTAL	48,032 43	132,444 79	180,477 22

Notes

The figures included in the "paid" column above relate to costs incurred and paid in the period

Creditors' request for further information

Any additional information required regarding office-holders' remuneration and/or other expenses charged in the period is available from the office-holder upon request by any Secured Creditor or any unsecured creditors(s) with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question) This request must be made within 21 days of this report

In addition creditors are reminded that the quantum of remuneration can be challenged by a Secured Creditor or any unsecured creditor(s) with at least 10% in value (including that creditor's claim) of the unsecured debt by making an application to Court within 8 weeks of receipt of this report

The full text of these rules can be provided on request