

**The Administrative Receiver's
Report**

S.48(1)

Pursuant to Section 48(1) of the Insolvency
Act 1986 and Rule 3.8(3) of the Insolvency
Rules 1986

To the Registrar of Companies

For official use

Company Number

03123285

Name of Company

Insert full name of
company

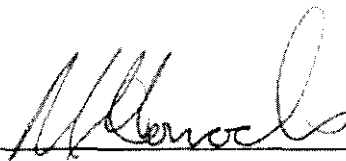
Quantum Microponents Limited

We Michael Horrocks and Ian David Green

of PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street,
Manchester, M2 3PW and Benson House, 33 Wellington Street, Leeds, LS1 4JP

administrative receivers of the company attach a copy of our report to creditors
and a copy of the statement of affairs of the company

Signed



Dated

20/2/07

Presenter's name
address and reference
(if any)

Stephanie Tang
PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds
LS1 4JP

For Official use

Receivers Section Post Room

WEDNESDAY



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21/02/2007

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COMPANIES HOUSE

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**When telephoning please ask for
Stephanie Tang on 0113 289 4446**

To all known creditors

14 February 2007

Our ref: ST/Quantum/300107/R420B

Dear Sirs

**Quantum Microponents Limited - in administrative receivership ("the Company" or
"Quantum")**

I was appointed joint administrative receiver of the Company on 14 December 2006, together with my colleague Ian D Green. This is the report which I am obliged to prepare for creditors under the provisions of Section 48 of the Insolvency Act 1986.

Statutory information

The statutory information, as shown at the Registrar of Companies, in relation to Quantum, is given at Appendix A to this report.

Background

The Company traded in the supply and assembly of computer peripherals and components and also the repair and installation of personal computers. Quantum operated from freehold premises in Skelmersdale and a leasehold property in Cannock, employing 101 staff and had an annual turnover of approximately £34million.

Events leading up to our appointment

The Company suffered a downturn in trade sales in late 2005 and started to incur losses. It also faced substantial cash flow problems when its major customer, Homebuy Group plc, became insolvent in September 2006.

The management of the Company attempted to complete a solvent reorganisation, however, this was unsuccessful. The Directors had no other option than to request the Bank to appoint administrative receivers.

Events since the appointment

In the period leading up to the administrative receivership, we reviewed the Company's business and concluded it was not viable to trade the business whilst in receivership due to there being no funding available.

An offer was received from management prior to our appointment which included a sale of the Property for £2,700,000 and an offer to purchase the business and assets at the Skelmersdale site for £200,000. As part of their offer, management agreed to assist the administrative receivers in collecting the book debts and to honour all warranty claims whether arising pre or post appointment.

The offer from the management was higher than would have been achieved through a closure and sale on a break up basis. We sought advice from a property agent, Knight Frank, and chattel agent, Wignall Brownlow, who recommended that we accept the offer.

Immediately following our appointment a sale of the business and assets at Skelmersdale was completed for £200,000 to Quantum Micro Limited ("QML"), saving 71 jobs. QML was set up by the Company's management. A sale of the freehold property was also completed for £2,700,000 to Moorgarth Investments Limited.

The following table summarises the proceeds of sale from the business and assets:

Assets	QML £
Stock	125,000
Plant	74,994
Business name and rights	2
Transferred records	1
Customer contracts	1
Goodwill	1
Intellectual property	1
	<u>200,000</u>
Number of employees transferred	71

In accordance with Statement of Insolvency Practice 13: *Acquisition of Insolvent Companies by Directors*, further details of these transactions are set out in Appendix B.

No funding was available to continue trading at Cannock and it was therefore closed on 14 December 2006 resulting in 30 redundancies. A sale of the assets at Cannock is being conducted on a break-up basis by our agents.

Future realisations

Upon appointment, the Company's debtor ledger totalled £2,503,904 and is factored by HSBC Invoice Finance UK Limited ("HSBCIF").

We are actively pursuing the book debts and expect to realise, after provisions are applied in respect of credit notes and bad debts, approximately £1,547,000. HSBCIF are owed approximately £945,000. To date, total book debt collections of £622,203 have been paid to HSBCIF.

Amounts owing to the debenture holder

At the date of my appointment the Company owed HSBC Bank plc ("the Bank") approximately £2,119,000. This sum was secured by a debenture granted by the Company on 25 September 2001.

The Bank's total indebtedness will be paid in full.

Preferential creditors

The claims of preferential creditors are approximately £79,000. These relate to unpaid pre-appointment wages and holiday pay in respect of the redundant employees at the Cannock site.

The Preferential claims have now been paid in full.

Unsecured creditors

Based on current information, I anticipate that there will be a distribution to unsecured creditors, however, the level will depend on the realisations from book debts.

We envisage that all the assets will be realised by 30 June 2007.

A liquidator will be appointed in due course to deal with the claims of unsecured creditors.

The Prescribed Part under section 176A of the Insolvency Act 1986 will not apply as the bank's floating charge was created prior to 15 September 2003.

Statement of affairs

The directors have submitted a statement of affairs in respect of the Company. A summary of the statement is attached at Appendix C, together with a receipts and payments account for the period 14 December 2007 to 16 February 2007 at Appendix D.

The statement of affairs does not include any provision for the costs of realisation, or for liens and reservation of title claims exercised by creditors during the receivership.

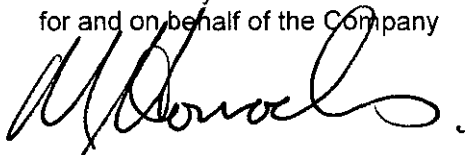
Distribution of this report

This report is to be presented to the meeting of the Company's creditors to be held at 10.30am on Monday 5 March 2007 at Premier Travel Inn, 7-11 Lower Moseley Street, Manchester, M2 3DW

In accordance with Section 48 of the Insolvency Act 1986, a copy of this report has been sent to the Registrar of Companies.

If you have any queries regarding this report, please contact Stephanie Tang on 0113 289 4446.

Yours faithfully
for and on behalf of the Company



M Horrocks
Joint administrative receiver

Enclosures:

Appendix A - Statutory Information

Appendix B - Details of acquisitions of assets by directors

Appendix C - Summary statement of affairs

Appendix D - Receipts and payments account from 14 December 2007 to 16 February 2007

Michael Horrocks and Ian D Green have been appointed joint administrative receivers of Quantum Microponents Limited to manage their affairs, business and property as agents without personal liability. Both are licensed to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

Quantum Microponents Limited – in administrative receivership

Statutory Information

Company Registration Number:	03123285													
Current Registered Office:	PricewaterhouseCoopers LLP Benson House 33 Wellington Street Leeds LS1 4JP													
Previous Registered Office:	J4 Technology Park M58 Corridor Skelmersdale Lancashire WN8 9TQ													
Trading address:	as above and Quantum Microponents Limited Unit 12 Ridings Park Eastern Way Cannock Staffordshire													
Date of Incorporation:	7 November 1995													
Directors during the last 3 years:	<table> <tr> <td>Patrcia Consett</td> <td>(appointed 8/11/95)</td> </tr> <tr> <td>Gerald John Consett</td> <td>(appointed 19/1/96)</td> </tr> <tr> <td>Christopher Grierson</td> <td>(appointed 8/11/95)</td> </tr> <tr> <td>Andrea Consett</td> <td>(appointed 1/4/83)</td> </tr> <tr> <td>Richard Maher</td> <td>(appointed 1/4/03)</td> </tr> <tr> <td>Peter Leslie Moss</td> <td>(resigned 1/9/06)</td> </tr> </table>		Patrcia Consett	(appointed 8/11/95)	Gerald John Consett	(appointed 19/1/96)	Christopher Grierson	(appointed 8/11/95)	Andrea Consett	(appointed 1/4/83)	Richard Maher	(appointed 1/4/03)	Peter Leslie Moss	(resigned 1/9/06)
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Andrea Consett	(appointed 1/4/83)													
Richard Maher	(appointed 1/4/03)													
Peter Leslie Moss	(resigned 1/9/06)													
Company Secretary:	Patricia Consett (appointed 8/11/95)													
Issue Share Capital:	1,200,000 Ordinary £1 shares													

Quantum Microponents Limited in administrative receivership
Details of acquisitions of assets by directors

Date of the transaction	<ul style="list-style-type: none"> 14 December 2006.
Assets acquired	<ul style="list-style-type: none"> The business and assets at the Company's Skelmersdale site: <ul style="list-style-type: none"> Stock. Plant. Intellectual property. Goodwill. Customer contracts. Transferred records. Business name and right.
Consideration	<ul style="list-style-type: none"> £200,000. £55,000 was payable and received immediately on completion. The balance of £145,000 was deferred. £100,000 of the deferred consideration has been received. The remaining £45,000 should be received before 28 February 2007.
Counterparty	<ul style="list-style-type: none"> A newly formed company, Quantum Micro Limited. Registered office: 5-7 Grosvenor Court, Foregate Street, Chester, Cheshire, CH1 1HG.
Counterparty's relationship with the vendor	<ul style="list-style-type: none"> Quantum Micro Limited is a new company formed and financed for this acquisition by a management buy-out team headed up by the former 'Managing Director' of the Company, Chris Grierson.
Advice received	<ul style="list-style-type: none"> The purchaser received legal advice from a firm of independent professional solicitors.

Quantum Microponents Limited in administrative receivership**Summary of statement of affairs**

	Estimated to realise £
Assets	
Freehold property	2,700,000
Book debts – factored	1,643,902
Fixtures and fittings	9,525
Stock	125,000
Commercial vehicles	51,150
Plant and machinery	80,994
Goodwill, Intangible assets, Intellectual property	6
Cash in hand	155
	<hr/> 4,610,732
Secured creditors	
HSBC Bank plc	(2,119,196)
HSBC Invoice Financing	(944,771)
ING Lease	(28,495)
	<hr/> 1,518,270
Preferential creditors	
Employees	79,000
	<hr/> 1,439,270
Unsecured creditors	
H M Revenue and Customs	(252,328)
Trade creditors	(3,008,801)
Directors' loan account	(70,000)
Employees	(62,183)
Estimated deficiency as regards creditors	<hr/> (1,954,042) <hr/>

Quantum Microponents Ltd - in administrative receivership
Receipts and Payments Account from 14/12/06 to 16/02/07

Receipts	£
Freehold property	2,700,000.00
Book Debts - factored	622,203.12
Plant & machinery	74,994.00
Fixtures & fittings	6,500.00
Stock	80,000.00
Goodwill	1.00
Intangible assets	4.00
Intellectual property rights	1.00
Refunds	9,385.88
Tax refunds	104.30
Bank interest	4,474.74
VAT payable	473,637.50
	<hr/>
	3,971,305.54

Payments	£
Gross wages	78,537.33
Legal fees	30,000.00
Legal disbursements	282.83
Debt collection fees	25,001.47
Petitioning costs	1,347.00
Statutory advertising	239.00
Bank charges	10.55
VAT receivable	5,522.23
HSBC Bank plc	2,116,000.00
HSBC Invoice Financing	622,203.12
ING Leasing	28,494.85
	<hr/>
	2,907,638.38

Balance	<hr/> <hr/>
	1,063,667.16

Represented by:

Balance held on high interest current accounts	68,667.16
Investment	995,000.00
	<hr/>
	1,063,667.16

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Notice to creditors

When telephoning please ask for
Stephanie Tang on 0113 289 4446

16 February 2007

Quantum Microponents Limited- in administrative receivership ('the Company')

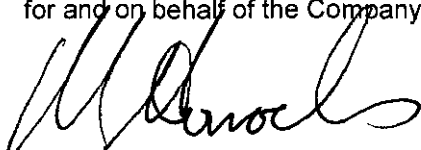
A meeting of the creditors of the Company is to be held on Monday 5 March 2007 at 10.30am at:

Premier Travel Inn
7-11 Lower Mosley Street
Manchester
M2 3DW

under the provisions of Section 48 of the Insolvency Act 1986. The purpose of this meeting is to receive the report of the Joint Administrative Receivers and if the creditors wish to do so, to appoint a creditors' committee.

Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting.

Yours faithfully
for and on behalf of the Company



Michael Horrocks
Joint Administrative Receiver

Michael Horrocks and Ian D Green have been appointed joint administrative receivers of Quantum Microponents Limited to manage their affairs, business and property as agents without personal liability. All are licensed to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

Quantum Microponents Limited – in administrative receivership**Notes to help completion of
the form**

Please give full name and
address for communication

Name of Creditor _____

Address _____

Please insert name of
person (who must be 18 or
over) or the "chairman of
the meeting". If you wish
to provide for alternative
proxy-holders in the
circumstances that your
first choice is unable to
attend please state the
name(s) of the alternatives
as well.

Name of proxy-holder _____

Please delete words in
brackets if the proxy-
holder is only to vote as
directed, ie he has no
discretion

I appoint the above person to be my/the creditor's proxy-holder at the meeting of
creditors to be held on Monday 5 March 2007 at 10.30am at Premier Travel Inn, 7-11
Lower Mosley Street, Manchester, M2 3DW or at any adjournment of that meeting. The
proxy-holder is to propose or vote as instructed below [and in respect of any resolution
for which no specific instruction is given, may vote or abstain at his/her discretion].

Voting instructions for resolutions

for the appointment of _____

of _____

representing _____

as a member of the creditors' committee

This form must be signed

Signature _____

Date _____

Name in CAPITAL LETTERS _____

Only to be completed if
the creditor has not signed
in person

Position with creditor or relationship to creditor or other authority for signature

