

The Insolvency Act 1986

Notice of result of meeting of creditors

2.23B

Name of Company Aircom Distribution Limited	Company number 03386007
In the High Court of Justice [full name of court]	Court case number 3019 of 2005

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

We (a) Malcolm Peter Fillmore and Ms Ranjit Bajon, Atherton Bailey, 3-4 The Courtyard,
East Park, Crawley, West Sussex RH10 6AG

* Delete as
applicable

hereby report that *a meeting / ~~an adjourned meeting~~ of the creditors of the above
company was held at

(b) Insert place of
meeting

(b) The Guild of Air Pilots & Navigators, Cobham House, 9 Warwick Court, Gray's Inn,
London WC1R 5DJ

(c) Insert date of meeting

on (c) 22 July 2005 at which

*1. ~~Proposals / revised proposals were approved.~~

* Delete as
applicable

*2. Proposals / ~~revised~~ proposals were modified and approved.

The modifications made to the proposals are as follows:-

(d) Give details of the
modifications (if any)

(d) That a time cap of 31 October 2005 be placed on the production of the Company
Voluntary Arrangement proposals to creditors or the decision by the Administrators' that a
Company Voluntary Arrangement is neither viable or achievable.

*3. ~~The proposals were rejected.~~

(e) Insert time and date of
adjourned meeting

*4. ~~The meeting was adjourned to (e)~~ _____

(f) Details of other
resolutions passed

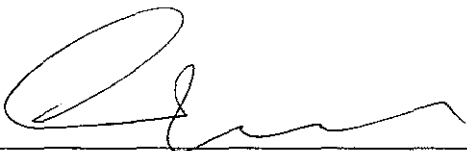
*5. ~~Other resolutions:-~~ (f) _____



The revised date for automatic end to administration is _____

* Delete as applicable

A creditors' committee ~~*was~~/ was not formed.

Signed 
Joint Administrator – Malcolm Peter Fillmore

Dated 22 July 2005

* Delete as applicable

A copy of the ~~*original proposals / modified proposals / revised proposals~~ is attached for those who did not receive such documents prior to the meeting.

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 searches of the public record

Atherton Bailey LLP	
3-4 The Courtyard, East Park	
Crawley, West Sussex	Tel 01293 410333
DX Number	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
Cardiff

DX 33050

COMPANIES HOUSE

28/07/05

AIRCOM DISTRIBUTION LIMITED
(In Administration) ("The Company")

STATEMENT OF THE ADMINISTRATORS' PROPOSALS

Pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986; and
Rule 2.33 of The Insolvency (Amendment) Rules 2003

Please note that these Proposals are of a statutory nature and give enabling powers to the Administrators in order for them to continue to pursue the purposes of the Administration Order.

Creditors should also note, for the avoidance of doubt, that these are NOT Voluntary Arrangement proposals.

1. Introduction

- 1.1 On 17 May 2005, pursuant to an application made by the director, an Administration Order was made in the High Court of Justice in respect of the Company and we were appointed Joint Administrators. The Administrators are to act jointly and severally. The Company operated as a wholesale distributor of soft drinks and foodstuffs from leasehold premises in Bognor Regis.
- 1.2 An Administration Order has the effect of freezing amounts owing to all creditors and, except with the leave of the Court or the consent of the Administrators, Administration stops legal proceedings against the Company. The intention of the legislation is to give the Company protection against claims, or attempts to wind the Company up, the enforcing of security, or the repossession of assets while efforts are made to achieve the purpose for which the Administration order was made.
- 1.3 The appointment of Administrators was supported by Allied Irish Bank, which holds fixed and floating charge security over the Company's assets.
- 1.4 The Administrators of a company must perform their functions with the objective of (in order of priority):
 - 1.4.1 rescuing the company as a going concern, or
 - 1.4.2 achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
 - 1.4.3 realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.5 The purpose of the Creditors' Meeting is to review the conduct of the Administration to date and to give appropriate powers and authority to the Administrators to achieve the purposes of the Administration. These specific proposals do not exclude the exercise by the Administrators of their powers and duties under the Insolvency Act 1986 and the Insolvency Rules 1986 [as amended].

2. Statutory Information

- 2.1 Annexed to these Proposals are the following details:
 - 2.1.1 An account of the circumstances giving rise to the application for administration (Appendix 1)
 - 2.1.2 A summary of the company's statutory details at the date of administration (Appendix 2)
 - 2.1.3 A summary of the estimated Statement of Affairs as at 17 May 2005 prepared from draft management accounts (Appendix 3). A Statement of Affairs as at the date of the Administration is in the process of being prepared. Completion of the statement of affairs has been delayed as the company's records were detained by the landlords (see comments attached).
 - 2.1.3 Rule 2.38 of The Insolvency (Amendment) Rules 2003, Entitlement to vote (Appendix 4)
- 2.2 This Administration is considered to be main proceedings as defined in the EC Regulation No. 1346/2000.

3. Post-Administration Management

- 3.1 Following our appointment, we have assisted in the setting up of a wholly-owned subsidiary, FMCG Trading Limited, in order to facilitate ongoing trading without any "stigma" of Administration. The shares are held by us and the management report to us and are subject to our authority and the title to the assets transferred are retained by us. However, the day to day business of the Company is being conducted by the management, subject to agreed protocols.
- 3.2 We have also assisted the directors of FMCG Trading Limited in arranging new banking facilities to enable trading to continue.

- 3.3 Much time was also taken up by negotiations with the landlords of the premises and their agents in seeking to obtain access and recover the Company's property and books and records.
- 3.4 It is intended that, as soon as practical, the terms of the agreement negotiated will be embodied in a formal Company Voluntary Arrangement.
- 3.5 The assets of the company are in the process of being valued by professional agents, it is hoped that their report will be available at the time of the creditors' meeting. Other than indicated in paragraph 3.1, since our appointment as Administrators no assets have been sold other than in the normal course of business.

4. The CVA Proposal

- 4.1 It was agreed at the commencement of our appointment that the directors would wish to exit from Administration via a CVA. This will enable the Company and its business to survive and thus be in accordance with the primary purpose of the Administration Order. We are, at present, still assembling information and evaluating the Company's Business Plan being prepared by the directors in order to give shape to the CVA Proposal.
- 4.2 Any CVA Proposal will be sent to creditors in due course, once it has been agreed with the directors and appears viable.

5. Other Matters

- 5.1 The formulation and approval of the CVA is only part of the necessary process of the Administration. The Administrators also have certain statutory responsibilities, including a review of the matters leading up to the financial problems and the directors' conduct. There will also need to be the resolution of any matters which may not be included within the CVA.

6. Forecast Outcomes

- 6.1 This will depend upon the approval of the CVA and its precise terms. However, it is the directors' wish that there be a return to creditors. In the event of the CVA not being approved, it is considered likely that, on a liquidation, there would be no funds for unsecured creditors, not least because of the priority interest of Allied Irish Bank.

7. Administrators' Proposals

- 7.1 The following are our Statement of Proposals for achieving the purposes of the Administration Order made in respect of the Company and which we make to the creditors for their consideration and, if thought fit, approval at the Meeting of Creditors to be held on 22 July 2005.
- 7.2 That we be given authority to continue to manage the business and affairs of the Company under the day to day control of existing management and in accordance with our professional judgement, taking independent or informed advice where we consider that to be appropriate and that we take such decisions on the future management of the Company as we consider appropriate.
- 7.3 That, in conjunction with the Company's management, we formulate proposals for a Company Voluntary Arrangement with the Company's creditors and members.
- 7.4 That we be empowered to review all existing contractual commitments and obligations of the Company and, where necessary, cause the Company to determine (if not already terminated) any such contractual commitments which, in our view, are not beneficial to the future of the business.
- 7.5 That we be empowered to enter into and conclude negotiations with creditors and/or others as we consider may assist in the continuation of the Company's business, its financing or in promoting a CVA.
- 7.6 That should the creditors so wish, a Committee of Creditors be elected in order to exercise the functions conferred on it by the Insolvency Act 1986.
- 7.7 That our remuneration for acting as Administrators be fixed by reference to the time properly given by us and our staff in attending to matters arising in the Administration including any costs incurred prior to administration in connection with advice and assistance given in placing the company into administration. Further that the Administrators be at liberty to draw fees up to actual time costs incurred from time to time from funds held by us. The hourly charge out rates for principals and staff likely to be involved in this case are set out as follows together with details and charges for indirect disbursements:

7.7.1 Partners £225, Senior Professional Staff £100-£175 and administrative and support staff £50-£100.

7.7.2 Indirect disbursements to be charged at the rate of 20 pence per letter, 10 pence per photocopy and 40 pence per mile plus 5 pence for additional persons travelling in the same car.

- 7.8 That we convene further meetings of the creditors and members at such time as we may propose in order to put to them proposals for a CVA or to seek their approval to any other proposals.
- 7.9 That in the exercise of our powers and in doing anything where we believe it is appropriate or necessary to seek the consent or approval of creditors and, where the law so allows, any Committee of Creditors elected will have the authority to act on behalf of all creditors.
- 7.10 That we may do all such other things as we, in our discretion, consider will preserve protect or enhance the business and/or assets of the Company and/or are incidental to these proposals and their implementation.
- 7.11 That we take and implement such other consequential decisions as, in our judgement, will benefit the creditors of the Company.
- 7.12 That as soon as we deem it appropriate, we seek a discharge of the Administration Order and our release as Administrators. The Joint Administrators contract as agents of the company without personal liability.
- 7.13 That if we determine that a CVA is not beneficial to the creditors, we be authorised to realise the Company's assets on the best basis reasonably attainable and, if appropriate, take steps to place the Company into Creditors' Voluntary Liquidation. In this event it is proposed that the liquidators be the current Administrators. In accordance with Paragraph 83(7) and Rule 2.117(3), creditors may in this event nominate a different person as the proposed liquidator, provided that the nomination is made after receipt of the Administrators' Proposals and before those Proposals are approved.

Malcolm P Fillmore & Ms Ranjit Bajon
Joint Administrators
7 July 2005

AIRCOM DISTRIBUTION LIMITED (In Administration) ("The Company")

An Account of the Circumstances giving rise to the Administration

- 1.1 The present company was formed in 1997 as a successor to an earlier business conducted by Mr Ken Higson and primarily undertakes the import of branded drinks and foodstuffs from EU and other countries, taking advantage of price differentials in local markets. This "parallel" importation business is *commercially legal, since the goods are legitimate [ie not counterfeit] but, on occasion, there is a risk that the UK owner of the trade mark may take action via injunction or otherwise and seek damages for breach of trade mark.*
- 1.2 Mr Higson has had many years experience in this market and has been financially successful for most of his business career. This business was formed, in part, to permit management by his son, Peter Higson under his father's guidance. However, a combination of a number of problems over the recent past has resulted in substantial losses being incurred, such that the working capital of the business has been reduced to below the level needed to sustain trading.
- 1.3 These problems have included a major dispute in relation to a joint venture in South Africa, where it was established that duplicated or false invoices were being presented. A claim of the order of £250,000 is being pursued. Further losses have been incurred as a consequence of litigation against the Company by Cadbury Schweppes and, in addition, accounting errors gave rise to unexpected additional claims by the Inland Revenue.
- 1.4 The profitability of the business depends entirely on the amount of funds available for buying for re-sale and is therefore capital intensive. Mr Higson is skilled at finding deals but the limitations on working capital in the recent past has restricted the number of deals that could be financed and this has led directly to a reduction in turnover and the non-recovery of fixed costs, resulting in material losses being incurred.
- 1.5 Atherton Bailey (then trading as Benedict Mackenzie) was first introduced to the Company in late January 2005. The trigger for this was the serious liquidity position, combined with the issue of a winding-up petition by a transportation company. Agreement was reached with the petitioning creditor to adjourn the petition pending an application for Administration.
- 1.6 Allied Irish Bank, the Company's bankers, hold a fixed and floating charge on the Company's assets and were also providing the working capital of the Company. They are also secured by personal guarantees, combined with charges on the matrimonial homes of Mr Ken Higson and Mr Peter Higson. Going forward, the business needed additional funding, which could only come from additional borrowings secured on these homes. These various arrangements were negotiated successfully with Allied Irish Bank but took some time to implement. In the interim period, only limited trading could be undertaken based on available stocks in the Company's warehouse. Accordingly, during this period, *all the staff were laid off and new business put on hold.*
- 1.7 During this "standstill" period, the landlords of the Company's warehouse and offices at Bognor Regis, entered into possession of the premises without notice and with the rent being only some four weeks overdue. They declared the lease terminated and changed the locks. They also seized the keys of the Company's vehicles and refused to permit the officers of the Company access to the premises. It was not until some two weeks later that the landlord entered into discussions regarding the removal of the trading stocks and assets and access to the Company's books and records. And, even then, the terms offered for such access were so onerous that they were not commercially viable or achievable.
- 1.8 Protracted negotiations continued for some time but it was only after the Administration Order was obtained that it was possible to take formal steps to obtain access and, even then, such negotiations were protracted and initially subject to unreasonable terms. In the period under which the premises were under the control of the landlord's agents, various items went missing (due it is understood to the agents permitting access to potential new tenants). Furthermore, the inability to gain access resulted in certain short-dated stocks awaiting delivery having to be destroyed. *Consideration is being given to legal claims against the landlords and their agents.*
- 1.9 Given the circumstances of the landlord's distraint, alternative premises have been located and plans advanced for the business to be moved closer to its main customer base in Northern England. Negotiations are in hand to source new supplies from Continental Europe and elsewhere, including arrangements where the goods are purchased direct by end-user customers with the Company earning a sales commission.

AIRCOM DISTRIBUTION LIMITED (IN ADMINISTRATION)

STATUTORY INFORMATION

Company Registration Number:	03386007
Date of Incorporation:	12 June 1997
Share Capital:	10,000 Ordinary £1 shares [Authorised] 10,000 Ordinary £1 Shares [Issued]
Current Directors:	Kenneth Higson
Company Secretary:	Peter Lynton Higson
Shareholders:	Peter Lynton Higson 10,000 Ordinary Shares
Registered Office:	Unit 9 Evans Place, Durban Road, South Bersted Industrial Estate, Bognor Regis PO22 9RH [now moved to C/O Atherton Bailey, 3-4 The Courtyard, East Park, Crawley, West Sussex RH10 6AG]

Estimated Statement of Affairs
17 May 2005

At Estimated to Realise/Rank Figures

Assets Subject to Fixed/Floating Charge

Freehold Property – Portsmouth	130,000	
Trading Stocks	25,000	
Fixed Assets	5,000	
Trade Debtors	5,000	

		165,000

Less: Due to Allied Irish Bank		130,000

Assets available for Unsecured creditors		35,000
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Unsecured Creditors

Trade Creditors	299,000	
HM Customs & Excise	183,700	
Inland Revenue	79,000	
Cadburys Claim	40,000	
Re Metcash – Costs Award	6,400	
Kenneth Higson	44,100	
Peter Higson	82,000	
Provisions and Accruals	25,000	

		759,200

Estimated Aggregate Deficit		£724,200
		=====

Note: This Statement is based on the draft management accounts at 30 March 2005. Attached are details of known creditors claims, some of which are disputed in whole or part.

List of Creditors

Name	Address	Amount	Security/ Comments
Adam Adams Limited	Unit 1 Chapel Road, Fishersgate, West Sussex BN41 1PF	367.04	Disputed
Allied Irish Bank	20/22 Marlborough Place, Brighton BN1 1UB	17,821.84 125,081.75	Mortgage Debenture and legal charge over Freehold 29 Charlotte Street, Portsmouth valued at £130,000
Allied Irish Bank - Visa Business Card	PO Box 333, Belfast BT1 3FT	?	
ARC Group	10A Saudi Company Building, Nozna St Heliopolis, Cairo, Egypt	Nil	
Arun District Council	Civic Centre, Maltrovers Road, Littlehampton, West Sussex	10,134.95	
BT Global Services	PP D2-09, Hercules Way, Leavesden, Watford, Herts. WD25 7GR	148.09	
British Telecom	BT UK Business Accounts, Providence Row, Durham DH98 1BT	159.67	
Brighton & Hove City Council	P O Box 6, Brighton BN1 4 BQ	95.00	Disputed
Cadbury Ireland Limited	C/o Bristows, 3 Lincolns Inn Fields, London WC2A 3AA	40,000.00	Estimated claim
Chubb Electronic Security Limited	PO Box 12065, Marathon House, Aberdeen AB15 6WW	688.41	
Companies House	Late Filing Penalties, PO Box 710, Crown Way, Cardiff CF4 3TG	1312.00	Disputed
CSH Transport & Forwarding Ltd	Cunliffe Road, Whitebirk Industrial Estate, Blackburn, Lancashire BB1 5UA	6,688.90	
Daimler-Chrysler Services UK Limited	Buryslead Court, Caldecotte Lake Drive, Caldecotte, Milton Keynes MK7 8ND	1,867.42	Disputed
Eddie Stobart Limited	Hawleys Lane, Dallam, Warrington WA2 8JP	39,069.58	Disputed in part
Kenneth Higson	1 East Drive, Ham Manor, Angmering, West Sussex BN16 4JH	44,124.61	
Peter Higson	118 King Edward Avenue, Worthing, West Sussex BN14 8DN	81,927.07	
HM Revenue & Customs	Debt Management & Banking, Enforcement & Insolvency, Durrington Bridge House, Barrington Road, Worthing, West Sussex BN12 4SE	104,973.82 194,325.75	Estimated

Isimplexity Ltd	110 Barrick Lane, Aldwick, West Sussex PO21 4DZ	58.75	
J C Sudders Limited	P O Box 2297, Romford, Essex RM14 1AW	19,666.28	
LINK SP z o o	17 Nadreczna Str, 05-462 Wiazowna, Poland	7,350.00	
Marriott Hotels & Resorts	Edinburgh Marriott, 111 Glasgow Road, Edinburgh EH12 8NF	189.00	Disputed
Metro Cash & Carry		56,455.24	Disputed
Olof-Mega Travel Trailers B V	C/o Fasttrack, Russell House, Oxford Road, Bournemouth BH8 8EX	1,123.78	Disputed
Pikington United Kingdom Ltd	26 Bermondsey Trading Estate, Rotherhithe New Road, London SE16 3LE	114.25	
P.P.H.U. Miss Pol	03-801 Warszawa, UL Zamyskiego2, Poland	Nil	
Portsmouth City Council	Revenue & Benefits Service, Civic Offices, Guildhall Square, Portsmouth, Hants PO1 2BE	2,771.58	Disputed
Portsmouth Water Ltd	PO Box 99, West Street, Havant, Hants. PO9 1XX	75.30	Disputed
Rentokil Initial UK Limited	Credit Management, PO Box 7, East Grinstead, West Sussex RH19 1YN	157.20	
Ruane Executive Pension Fund (Landlord)	C/o Humberts, 5 Fitzhardinge Street, London W1H 6ED	N/K	
S B Transport Limited	Springfield Depositories, Ham Road, Worthing, West Sussex BN11 2QJ	1,991.63	
Schallenberg International Ltd	Units 2&4, Darrell Road, Felixstowe, Suffolk IP11 8UU	175.41	
Scottish & Southern Energy plc	PO Box 514, Basingstoke, Hampshire RG21 8WS	1,963.90	Disputed
Selgros Warszawa	UL Przylesie 3, 03-153 Warszawa, Poland	103.13	
Sharp Freight International Ltd	242, Harbour Lane, Milnrow, Rochdale OL16 4EL	31,800.69	Disputed
SITA UK Ltd	301-303 Parkway, Worle, Weston-super-mare BS22 6WA	613.92	
Southern Water	PO Box 41, Worthing, West Sussex BN13 3NZ	125.80	Disputed
The Taylor Cocks Partnership Limited	3 Acorn Business Centre, Northbarbour Road, Cosham, Hants. PO6 3TH	183.30	
The Trading Company	Vierberg 4-09, 3755 Bs Eennes, The Netherlands	371,980.09 (£=€1,455)	Disputed
Estimated Total		£1,165,685.10	

AIRCOM DISTRIBUTION LIMITED (IN ADMINISTRATION)

**Notes regarding Entitlement to Vote at the initial Creditors' Meeting
under paragraph 51 of Schedule B1 to the Insolvency Act 1986****Rule 2.38 of The Insolvency (Amendment) Rules 2003 - Entitlement to Vote**

2.38 (1) - Subject as follows, at a meeting of creditors in administration proceedings a person is entitled to vote only if:-

- (a) he has given to the administrator, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of the debt which
 - (i) he claims to be due to him from the company; or
 - (ii) in relation to a member State liquidator, is claimed to be due to creditors in proceedings in relation to which he holds office;
- (b) the claim has been duly admitted under the following provisions of this Rule; and
- (c) there has been lodged with the administrator any proxy which he intends to be used on his behalf,

and details of the debt must include any calculation for the purposes of Rules 2.40 to 2.42.

2.38 (2) - The chairman of the meeting may allow a creditor to vote, notwithstanding that he has failed to comply with paragraph (1)(a) if satisfied that the failure was due to circumstances beyond the creditor's control.

2.38 (3) - The chairman of the meeting may call for any document or other evidence to be produced to him, where he thinks it necessary for the purpose of substantiating the whole or any part of the claim.

2.38 (4) - Votes are calculated according to the amount of a creditor's claim as at the date on which the company entered administration, less any payments that have been made to him after that date in respect of his claim and any adjustment by way of set-off in accordance with Rule 2.85 as if that Rule were applied on the date that the votes are counted.

2.38 (5) - A creditor shall not vote in respect of a debt for an unliquidated amount, or any debt whose value is not ascertained, except where the chairman agrees to put upon the debt an estimated minimum value for the purpose of entitlement to vote and admits the claim for that purpose.

2.38 (6) - No vote shall be cast by virtue of a claim more than once on any resolution put to the meeting.

2.38 (7) Where

- (a) a creditor is entitled to vote under this Rule;
- (b) has lodged his claim in one or more sets of other proceedings; and
- (c) votes (either in person or by proxy) on a resolution put to the meeting; and
- (d) the member State liquidator casts a vote in respect of the same claim,

only the creditor's vote shall be counted.

2.38 (8) - Where

- (a) a creditor has lodged his claim in more than one set of other proceedings; and
- (b) more than one member State liquidator seeks to vote by virtue of that claim,

the entitlement to vote by virtue of that claim is exercisable by the member State liquidator in main proceedings, whether or not the creditor has lodged his claim in the main proceedings.

2.38 (9) - For the purposes of paragraph (6), the claim of a creditor and of any member State liquidator in relation to the same debt are a single claim.

2.38 (10) - For the purposes of paragraphs (7) and (8), "other proceedings" means main proceedings, secondary proceedings or territorial proceedings in another member State.