

The Insolvency Act 1986

Administrator's progress report - 2.24B

Name of Company Optimal Communications Holdings Limited	Company number 03775172
In the High Court of Justice, Chancery Division [full name of court]	Court case number 5226 of 2008

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

We:

Robert Derek Smailes
Shipleys LLP
10 Orange Street
London
WC2H 7DQ

Conrad Alan Beighton
Shipleys LLP
10 Orange Street
London
WC2H 7DQ

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

(b) Insert dates

from

(b) 11 January 2009

to

(b) 10 July 2009

Signed

Joint / Administrator(s)

Dated

14/07/09

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

Contact Name: Natalie Rose	
Shipleys LLP, 10 Orange Street, London, WC2H 7DQ	
	Tel 020 7766 8560
DX Number 40001	DX Exchange Covent Garden

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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COMPANIES HOUSE

THURSDAY

14 July 2009

TO ALL KNOWN CREDITORS AND MEMBERS


Dear Sirs

Optimal Communication Holdings Limited (In Administration)

I refer to the appointment of R D Smailes and I as Joint Administrators of the Company on 11 July 2008.

Please find enclosed my progress report on the above administration in accordance with Rule 2.47 of the Insolvency (Amendment) Rules 2003 for the six month period ended 10 July 2009.

Yours sincerely
For and on behalf of
Optimal Communications Holdings Limited



Conrad Beighton
Joint Administrator

In accordance with Paragraph 45 of Schedule B1 of the Insolvency Act 1986 ("the Act"), I give notice that the affairs, business and property of the Company are being managed by the Joint Administrators. Pursuant to Paragraph 69 of Schedule B1 of the Insolvency Act 1986, the Joint Administrators act as agents of the Company and without personal liability.

Robert Smailes and Conrad Beighton are licensed by the Insolvency Practitioners Association and Stephen Ryman is licensed to act as an insolvency practitioner by the Association of Chartered Certified Accountants.

Offices:
London
Godalming
Saffron Walden
Birmingham

Principals - Chartered Accountants: Guy Fisher (Managing), Jane Henman, Steven Jeffcott, Stewart Jell, Steve Joberns, Joe Kinton, Alastair Mein, Shane Moloney, Ken Roberts, Simon Robinson, Steve Ryman, James Vassiliou.
Others: Conrad Beighton, Ben Bidnell, Nancy Cruickshanks, Steve Foster, Gary Haselton, Mike Lockett, Robert Smailes.
A member of AGN International Limited. An association of separate and independent accounting and consulting firms.
Regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities.
Shipleys LLP is a limited liability partnership, registered number OC317129 in England & Wales, registered office 10 Orange Street, Haymarket, London WC2H 7DQ

Optimal Communications Holdings Limited

Registered No. 03775172

Registered office situated at C/O Shipleys LLP, PO Box 60317, 10 Orange Street, London WC2H 7WR

In the High Court of Justice

Case number 5226 of 2008

1. Introduction

- 1.1 I refer to the appointment of C A Beighton and I as Joint Administrators of the above named Company on 11 July 2008. For the purposes of Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, both C A Beighton and myself act jointly and concurrently in respect of all actions taken.
- 1.2 This is a progress report to the creditors of Optimal Communications Holdings Limited pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003 for the six month period ended 10 July 2009.
- 1.3 Creditors will recall that the Joint Administrators proposals were accepted without modification.
- 1.4 Creditors will recall that the period of Administration was to last for 12 months ending on 10 July 2009. However pursuant to Rule 2.112(2) an application for an extension to the Administration was made and subsequently received. As a result the Administration has been extended for a period of six months ending on 10 January 2010.

2. Asset realisations

- 2.1 Please find enclosed a Receipts and Payments Abstract summary for the period 11 January 2009 to 10 July 2009, which outlines all asset realisations. I advise that the assets of the Company were made up of a sale for the company shares and an assignment of inter company debt.

2.2 Sale of Shares

- 2.2.1 Creditors will recall that in order to preserve the business and continue trading, I sought to execute an Agreement for the sale and purchase of the shares of Optimal Communications Limited and Optimal Communications Services Limited immediately upon my appointment.
- 2.2.2 Creditors will further recall that the sale was completed on 15 July 2008. The shares of the Company were sold for a consideration of £28,188 in addition to a deferred consideration component over 12 months in respect to a pre determined level of turnover. I am continuing to liaise with the purchaser to receive information concerning the sales achieved to date and ultimately sums payable by the purchaser. However based on present information it is unlikely that any further funds will be forthcoming as the expected turnover has not been achieved.
- 2.2.3 The value of the shares of the subsidiary companies was determined by the only reasonable offer received in respect to the share sale, having regard to the financial performance and position of the Optimal Communications business.

- 2.2.4 You will note from the attached receipts and payments account that I have received the amount of £28,188 in full and the funds have been deposited into the administration bank account.

2.3 Assignment of Debt

- 2.3.1 Pursuant to the Agreement, the Company transferred the inter company debts to the purchaser in accordance with an Assignment of Debt dated 15 July 2008.
- 2.3.2 The Assignment provides for Optimal Communications Limited to offset the amount of £1,815,897 due to the Company against the debt due to Optimal Communications Limited by the Company of £5,853,655. The offset arrangement extinguishes Optimal Communications Limited's liability to the Company of all but £42,000, which was the amount of the consideration received by the Administrators in respect of the inter company debt.
- 2.3.3 It should be noted that Optimal Communications Limited had full entitlement to offset its amount due to the Company against the amount receivable by the Optimal Communications Limited however, its important to note that the Assignment provides for funds available that the Company would not ordinarily receive in the absence of the Assignment.

3. Creditors' claims

3.1 Amounts available to creditors in respect of the prescribed part

- 3.1.1 Under the provisions of Section 176A of the Insolvency Act 1986 I must state the amount of funds available to unsecured creditors in respect of the Prescribed Part. This provision only applies where the Company has granted a floating charge after 15 September 2003.
- 3.1.2 The Company granted a debenture to Coastal States Corporation on 23 December 2005, which was duly registered on 11 January 2006. This debenture includes a charge over the fixed and floating assets of the Company.
- 3.1.3 Pursuant to Section 176A (3), the Prescribed Part shall not apply if the Company's net property, being the property subject to the floating charge, is less than £10,000 and the Administrators believe that the cost of making a distribution to unsecured creditors would be disproportionate to the benefits. At this stage of the Administration, I estimate that after allowing for costs, the value of the Company's net property subject to the floating charge is less than £10,000. Consequently there will be no Prescribed Part in this Administration.

3.2 Creditor Claims

- 3.2.1 To date I have received only one claim from a trade and expense creditor in the sum of £1,772.55. H M Revenue and Customs are yet to submit a claim in respect of any amounts owed. Creditors will recall however that Graham Bell is owed approximately £67,463 in respect of outstanding employment entitlements in his role as managing director since June 1999.
- 3.2.2 Based on funds available to date I anticipate that there will be no distribution to the Company's preferential or unsecured creditors.

4. Administrators Remuneration

- 4.1 I advise that in accordance with the Statement of Insolvency Practice 9, issued by the Association of Business Professionals and adopted by my professional body,

my time costs incurred to 30 June 2009 amount to £31,636.04. This represents 135 hours and 15 minutes work at an average chargeable rate of £234.08. A breakdown of my time costs is attached for your information.

- 4.2 In addition to the above, I confirm that the following disbursements have been incurred:

Statutory Advertising	£484.17
Insurance	£198.00
Company Searches	£21.00
Photocopying	£309.00
Postage & Couriers	£41.58
Telephone & Fax	£3.50
Total	£1,057.25

- 4.3 I can confirm that I have received approval of my remuneration from the secured creditor, Coastal States Corporation. However it should be noted that despite my time costs to 30 June 2009 totalling £31,636.04, I have agreed to limit the level of fees drawn to £20,000 plus VAT plus disbursements. You will note from the attached receipts and payments account that to date I have drawn remuneration totalling £17,000 (net) and disbursements of £705.17.

5. Outstanding Matters

- 5.1 As stated above there remains a deferred consideration component to the sale of the company's shares. I advise that this period is due to expire on 15 July 2009, being 12 months from the effective date. The deferred consideration was subject to the purchasing company achieving sales, income or turnover net of valid credit notes or refunds, between an amount of £1,500,000 and £2,000,000 for the period. Should this be achieved the purchaser was to make payment equal to five per cent of the sales amount to the Joint Administrators. I advise that to date sales have not reached this figure therefore no further consideration in respect of the sale is expected.
- 5.2 There also remains the matter of the company's leasehold premises whereby we have been unable to conclude on a surrender of the lease. There is currently a subtenant in the property whom took occupation prior to the Administrators appointment and despite attempts to effect a surrender of the property, the landlord is unwilling to proceed without vacant possession. In view of this an application to extend the Administration was sought and granted. I am now liaising with my solicitors to discuss the options available to resolve this matter with the interest of creditors as a whole in mind. Once resolved the Administration will be concluded accordingly.

Should you have any queries in relation to this matter, please contact Natalie Rose of this office.

Dated: 14 July 2009


C A Beighton - Joint Administrator

Optimal Communications Holdings Ltd
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 11/01/2009 To 10/07/2009	From 11/07/2008 To 10/07/2009
COSTS OF REALISATION		
Joint Adminsitrators' Remuneration	NIL	17,000.00
Joint Adminsitrators' Disbursements	NIL	705.17
Agents/Valuers Fees	NIL	5,387.00
Bank Fees	NIL	50.00
	NIL	(23,142.17)
SECURED CREDITORS		
Secured Creditor- Costal States Corpo	NIL	25,000.00
	NIL	(25,000.00)
ASSET REALISATIONS		
120,004.00 Optimal Group Trustees	NIL	NIL
1,815,897.00 Inter Company Debt	NIL	NIL
Sale of Shares	NIL	28,188.00
Cash at Bank	NIL	4,812.81
Bank Interest Net of Tax	0.27	165.86
Assignment of Inter- Company Debt	NIL	42,000.00
Rental Payment	NIL	11,275.00
	0.27	86,441.67
COST OF REALISATIONS		
Legal Fees	NIL	16,963.62
Legal Disbursements	NIL	10.00
Rents Payable	NIL	11,275.00
Bank Charges	NIL	24.00
	NIL	(28,272.62)
PREFERENTIAL CREDITORS		
(67,463.00) Employee Arrears/Hol Pay	NIL	NIL
	NIL	NIL
UNSECURED CREDITORS		
(5,938,512.00) Trade & Expense Creditors	NIL	NIL
	NIL	NIL
(4,070,074.00)	0.27	10,026.88
REPRESENTED BY		
Bank 1 Current		3,031.64
Vat Control Account		6,995.24
		10,026.88

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C A Beighton
Joint Administrator

OPTIMAL COMMUNICATIONS HOLDINGS LIMITED - IN ADMINISTRATION

TIME COST SUMMARY FOR THE PERIOD 11 JULY 2008 TO 30 JUNE 2009

	Director		Assistant Manager		Senior Administrator		Administrator		Assistant		Total	
	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost
Administration and Planning Case Planning Case Set Up Appointment Notification Maintenance of Records Statutory Reporting	14.30	£4,964.00	11.45	£2,638.50	10.15	£1,960.00					36.30	£9,562.50
					0.50	£120.00					0.50	£120.00
	4.15	£1,443.00	6.30	£1,479.00	0.45	£180.00			12.45	£1,136.54	13.30	£1,316.54
					25.30	£5,100.00			1.45	£135.00	38.00	£8,157.00
Realisation of Assets Identifying, Securing, Insuring Assets Sales Property, Business & Assets Retention of Title Debt Collection Sales Case Planning	11.00	£3,774.00	1.00	£228.00	5.30	£1,080.00					6.30	£1,308.00
					7.30	£1,520.00					18.30	£5,294.00
Investigations CDDA Report Antecedent Transactions			2.00	£456.00	0.30	£100.00					2.00	£456.00
											0.30	£100.00
Creditors Creditors – Communication Creditors Claims Case Planning Statutory Reporting	10.25	£3,459.50	2.75	£627.00	3.15	£660.00			0.30	£20.50	16.15	£4,746.50
			2.30	£555.00							3.00	£575.50
Total	40.00	13,640.50	26.30	5,983.50	53.45	10,720.00	0.00	0.00	15.00	1,292.04	135.15	31,636.04
Average Hourly charge out rate	£341.01		£227.51		£200.56				£86.14		£234.08	