

The Insolvency Act 1986

**Notice of move from administration
to creditors' voluntary liquidation****2.34B**

Name of Company ID Telecommunications Limited	Company number: 03990177
In the: High Court of Justice, Chancery Division, Manchester District Registry (full name of Court)	Court case number: 1118 of 2006

- (a) Insert name and Address of administrator I (a) Gary Bell of Cowgill Holloway Business Recovery LLP, Regency House, 45-51 Chorley New Road, Bolton, BL1 4QR
- (b) Insert name and address of Registered office of company Having been appointed administrator(s) of (b) ID Telecommunications Limited c/o Cowgill Holloway Business Recovery LLP, Regency House, 45-51 Chorley New Road, Bolton BL1 4QR.
- (c) Insert date of appointment On 1 February 2006 by (d) the Company
- (d) Insert name of applicant/ appointer hereby give notice that:
The provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply,
- (e) Insert name and Address of liquidator And it is proposed (e) Gary Bell of Cowgill Holloway Business Recovery LLP, Regency House, 45-51 Chorley New Road, Bolton BL1 4QR.
- will be the liquidator of the Company (IP Number 1029) 8710-3
- I attach a copy of the final progress report.

Signed

Gary Bell Administrator

Dated

17-01-07

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.

Gary Bell	
Cowgill Holloway Business Recovery LLP, Regency House, 45-51 Chorley New Road, Bolton, BL1 4QR	
	Telephone No: 01204 414271
Fax No: 01204 414250	Dx No: -

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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19/01/2007

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COMPANIES HOUSE

FRIDAY

ID TELECOMMUNICATIONS LIMITED – IN ADMINISTRATION
FINAL REPORT OF THE ADMINISTRATOR PURSUANT TO RULE 2.47 AND 2.110
OF THE INSOLVENCY ACT 1986

Gary Bell was appointed Administrator on 1 February 2006.

The affairs, business and property of the Company are being managed by the Administrator.

The Administrator acts as the Company's agent and without personal liability.

1. COMPANY / ADMINISTRATION DETAILS

COURT:	High Court of Justice, Manchester District Registry
COURT REFERENCE:	1118 of 2006
COMPANY REGISTERED NUMBER:	03990177
NAME OF ADMINISTRATOR:	Gary Bell
PERSON MAKING THE APPOINTMENT:	the Company
DATE OF ADMINISTRATORS APPOINTMENT:	1 February 2006

2. ADMINISTRATION PERIOD

1) Sale of Assets

The Administrator was appointed on 1 February 2006. On appointment, Messrs Robson Kay & Co Ltd, Chartered Surveyors and Property Consultants ("the Agents") were instructed to assist in dealing with the Company's assets.

A full valuation of assets comprising furniture and computer equipment was obtained.

The Company provided a voice over internet protocol ("VOIP") service, a method of making telephone calls via the internet.

Due to the nature of the business, the Agents advised that under a forced sale scenario the chattel assets had only a modest resale value. Furthermore, in an insolvency situation the various creditors who were hosting the equipment and assisting in the provision of services would almost certainly take steps to prevent the Company from offering an ongoing service. As a result the only way a potential realisation could be achieved for goodwill would be through a "seamless transition" in order to provide continuity of service. The Agents recommended that the assets be sold as part of a package complete with goodwill.

Immediately following the appointment of the Administration an offer of £20,000 was received from the Company's sole shareholder, a company named Telecomplete Limited.

In accordance with Statement of Insolvency Practice 13, issued by the Association of Business Recovery Professionals, I can provide the following information:-

The date of the transaction was 1 February 2006, a summary of the consideration for the transaction is set out below:-

	£
Chattel Assets, Intellectual Property,	
Goodwill, Name and Customer Base	<u>20,000</u>

The purchaser paid £20,000 on 1 February 2006. The Agents recommended acceptance of this offer on the basis of:-

- i) the limited realisable value of the chattel assets and
- ii) the fact that unless an offer was accepted immediately, then the Company's service would have been discontinued, resulting in little or no realisation.

Attached at Appendix I is a summary of the Administrators Receipts and Payments account as at 8 January 2007.

II) Cash at Bank

The directors original statement of affairs incorporated a cash at bank figure with an estimated to realise value of £30,488. The receipts and payments account attached shows a cash at bank figure of £23,566. The difference relates to a bank error dating back to August 2005 when funds were credited to the Company's account in error. The bank realised the mistake in June 2006 resulting in the reduced realisation.

3. ADMINISTRATORS REMUNERATION

The Administrators remuneration is based on hourly costs at scale rates calculated on the time properly spent in the course of the Administration. Such basis was approved by a postal resolution of creditors.

Total time spent on this assignment to date amounts to 155.50 hours at an average composite rate of £181.86 per hour resulting in total time costs to date of £28,277.50. The Administrator has drawn remuneration of £24,750. The balance of the Administration time costs will be written off.

Set out below is an analysis of time spent in administering this matter to date in accordance with Statement of Insolvency Practice 9. In addition the Administrator will be reimbursed for his incidental expenditures.

ID Telecommunications Limited – In Administration

Task	Hours				Total Hours	Total Cost £	Average Cost £
	Partner	Manager	Junior Administrator	Cashier			
Steps on Appointment	3.00	4.00	-	-	7.00	1,315.00	187.85
Planning & Strategy	21.65	2.00	-	-	23.65	5,191.25	160.87
General Administration	22.15	24.40	14.60	1.30	62.45	9,987.75	159.93
Asset / Realisation Management	11.45	2.10	-	-	13.55	2,912.25	214.93
Trading Related Matters	-	-	-	-	-	-	-
Investigations	6.65	2.00	-	-	8.65	1,816.25	209.97
Employee Matters	2.00	-	-	-	2.00	450.00	225.00
Creditor Claims	3.80	3.00	2.30	-	9.10	1,496.00	164.39
Reporting & Returns	7.00	14.10	-	-	21.10	3,831.00	181.56
Distribution / Closure	-	5.00	-	-	5.00	800.00	160.00
Other issues	-	3.00	-	-	3.00	480.00	160.00
TOTALS	77.70	59.60	16.90	1.30	155.50	28,279.50	181.86

Note: the above summary includes time posted until 2 January 2007.

A summary of charge out rates applicable in this case is set out below:-

Charge Out Rates	£/per hour
Partner	225
Manager	160
Junior Administrator	70
Cashier / Secretarial	60

An explanatory note entitled "A Creditors Guide to the Administrators Fees" is attached. In accordance with Statement of Insolvency Practice 9. Set out below is a summary of the manner in which disbursements relating to the administration that arise from the recharge of internal costs are to be treated.

Mileage	40p per mile
Room hire	£100 per meeting

Unless the cost is specifically attributable to a case, the following items of expenditure will normally be treated as a general overhead and will not be subject to recharge.

Telephone Facsimile
Printing / Photocopying
Stationery

With exception to the items referred to above, all other expense items are recharged to the case as they are incurred.

4. ADMINISTRATORS PROPOSALS

The initial Report and proposals were issued to creditors on 23 March 2006. At this time I was of the opinion that the Company had insufficient property to enable a distribution to be made to unsecured creditors, hence pursuant to Paragraph 52(1)b of the Insolvency Act 1986 (as amended), in such circumstances, the Administrator was not required to hold a meeting of creditors and the Administrators proposals were approved by a postal resolution of creditors. A summary of these Proposals is set out below :

- i) The Administrator to realise the Company's assets for the best achievable price available.
- ii) In the event of a distribution being available for unsecured creditors, the Company shall be placed into Creditors Voluntary Liquidation. Gary Bell of Cowgill Holloway Business Recovery LLP proposes to act as Liquidator, however creditors are reminded that in accordance with paragraph 83(7) of Schedule B to the Insolvency Act 1986 (as amended) and Rule 2.117(3) of the Insolvency Rules 1986 (as amended), creditors may nominate a different person to act as Liquidator provided that the nominations are made after receipt of the proposals and before the proposals are accepted.
- iii) In the event that there are insufficient funds to enable a distribution to be made to unsecured creditors, then the Administrator shall without further recourse to creditors, propose to move the Company from Administration to dissolution pursuant to Paragraph 84 of Schedule B1 to the Insolvency Act 1986 (as amended).

- iv) That the Administrator's time spent prior to his appointment in dealing with the affairs of the Company and amounting to £1830 plus VAT be paid as an expense of the Administration.
- v) These proposals shall be subject to such modifications or conditions as the Court may approve or impose.
- vi) The proposals are conditional upon the passing of the resolutions as set out in the correspondence between the creditors and the Administrator and are subject to such modifications as the Administrators may approve.
- vii) That the Administrator will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 (as amended) in respect of any act/action as Administrator. The discharge from liability will take effect immediately upon his appointment as Administrator ceasing to have effect.
- viii) The Administrator is to be remunerated on the basis of hourly costs, charged at the applicable charge out as shown below, calculated on the basis of time properly spent in the course of the Administration, pursuant to Rule 2.106 (2)(b) of the Insolvency Act 1986 (as amended), and that he may draw his remuneration on account as and when funds permit. The remuneration period will cover the pre-appointment period when initial advice was provided to the Company.

Remuneration drawn will be notified to any creditors committee appointed under Paragraph 57 of Schedule B1 to the Insolvency Act 1986 (as amended). In addition, the Administrator will be reimbursed for any incidental expenses.

In respect of Proposal (iv) above, I can confirm that the Administration has not and will not draw any remuneration in respect of pre-appointment time or as an expense of the Administration.

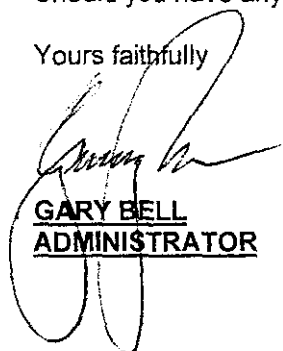
5. CONCLUSION

The Company will shortly be placed into Creditors Voluntary Liquidation with Gary Bell of Cowgill Holloway Business Recovery LLP, Regency House, 45-51 Chorley New Road, Bolton, BL1 4QR, being appointed Liquidator in line with terms of the original proposals approved by creditors, once form 2.34B is registered by the Registrar of Companies. There is no requirement for a further meeting of creditors to be held.

As there are no secured or preferential creditors in this case the balance of funds held will be passed to the liquidator following which a small distribution will be made to creditors.

Should you have any queries regarding this matter then please do not hesitate to contact me.

Yours faithfully



GARY BELL
ADMINISTRATOR

ID TELECOMMUNICATIONS LTD – IN ADMINISTRATION

FINAL RECEIPTS & PAYMENTS ACCOUNT

to 11 January 2007

RECEIPTS	£	£
Furniture & Equipment		20,000.00
Rates Refund		131.23
Cash at Bank		23,567.06
Bank Interest Gross		383.51
		<u>44,081.80</u>
 PAYMENTS		
Administrators Fees		24,750.00
Specific Bond		150.00
Agents/Valuers Fees (1)		3,000.00
Statutory Advertising		106.65
Corporation Tax		52.82
Bank Charges		49.90
		<u>28,109.37</u>
 Balance in Hand		<u>15,972.43</u>

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

Where Petition Presented or Appointment Made On or After 15 September 2003

ENGLAND AND WALES

1 Introduction

- 1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

2 The nature of administration

- 2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors.

3 The creditors' committee

- 3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's fees

- 4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed either:

- as a percentage of the value of the property which the administrator has to deal with, or
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration.

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage fix the percentage to be applied. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case;
- any responsibility of an exceptional kind or degree which falls on the administrator;

- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator.

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets.

In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of –

- each secured creditor of the company; or
- if the administrator has made or intends to make a distribution to preferential creditors –
 - each secured creditor of the company; and
 - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would.

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence.

5 What information should be provided by the administrator?

5.1 When seeking fee approval

5.1.1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on:

- the nature of the approval being sought;
- the stage during the administration of the case at which it is being sought; and
- the size and complexity of the case.

5.1.2 Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.

5.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the

case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff:

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

- Any significant aspects of the case, particularly those that affect the amount of time spent.
- The reasons for subsequent changes in strategy.
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement.
- Any existing agreement about fees.
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases.

- 5.1.4 Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff.

5.2 After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

5.3 Expenses and disbursements

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, professional guidance issued to insolvency practitioners requires that, where the administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

6 What if a creditor is dissatisfied?

- 6.1 If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

7 What if the administrator is dissatisfied?

- 7.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

8 Other matters relating to fees

- 8.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 8.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

9. Provision of information – additional requirements

In any case where the administrator is appointed on or after 1 April 2005 he must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company.

The information which must be provided is –

- the total number of hours spent on the case by the administrator or staff assigned to the case;
- for each grade of staff, the average hourly rate at which they are charged out;
- the number of hours spent by each grade of staff in the relevant period.

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office.

The information must be provided within 28 days of receipt of the request by the administrator, and requests must be made within two years from vacation of office.