

The Insolvency Act 1986

Administrator's progress report

Name of Company
Aquaclear Leisure Limited

Company number
04156376

In the
HM High Court of Justice, Newcastle upon Tyne District Registry
[full name of court]

Court case number
4480 of 2009

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

**I/ We (a) Ian William Kings and Steven Philip Ross of RSM Tenon Recovery,
Tenon House, Ferryboat Lane, Sunderland, Tyne and Wear, SR5 3JN**

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

(b) Insert dates

from

to

(b) 1 September 2009

(b) 28 February 2010

Signed

Joint Administrator(s)

Dated **17 March 2010**

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

**RSM Tenon Recovery, Tenon House, Ferryboat Lane, Sunderland, Tyne
and Wear, SR5 3JN**

Tel +44 (0)191 511 5000

DX Number Sunderland 7

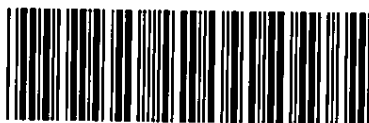
DX Exchange 711918

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

Private and Confidential

To all known creditors and members of
Aquaclear Leisure Limited

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Tyne and Wear SR5 3JN
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Our ref SPR/SJB/5503046
Your ref
17 March 2010

When telephoning or e-mailing please contact Steven Brown on +44 (0)191 511 5000 or steven.brown@rsmtenon.com

Dear Sirs

Aquaclear Leisure Limited ("the Company") – In Administration

In accordance with Rule 2.47 of the Insolvency Rules 1986, I would like to provide creditors with a first update following my appointment as Joint Administrator on 1 September 2009

1. Statutory Information

Statutory information relating the Company and the appointment is attached to this report, as **Appendix I**

2. Joint Administrators' Accounts

Attached, as **Appendix II**, are the Joint Administrators' Trading Account and Abstract of Receipts and Payments for the period from 1 September 2009 to 28 February 2010. I would comment specifically as follows

2.1. Trading Surplus

The Joint Administrators traded Social Bar & Café in Carlisle ("Social") for a short period while the sale of that business as a going concern was pursued. A sale as a going concern would have ensured that the value of the assets, including any goodwill, was maximised.

Unfortunately, it was not possible to secure such a sale, although a surplus of £1,623.92 was generated during the trading period.

Once it became clear that a sale of the Social business as a going concern was unlikely a wind down strategy was implemented and agents were instructed to dispose of the Company's assets.

2.2. Fixtures, Fittings and Equipment

The Company's tangible fixed assets were sold for total consideration of £4,350.00.

The assets had been valued by James Sutherland (Auctioneers) Limited and the consideration received was in-line with this valuation.



2.3. Stocks

The Company's remaining stocks were sold for total consideration of £2,500 00

The stocks had been valued by James Sutherland (Auctioneers) Limited and the consideration received was in-line with this valuation

2.4. Cash with Solicitors

On 3 August 2009, certain of the Company's assets were sold to various connected companies for total consideration of £3,476,246 69. The proceeds were used to partially repay secured debts owed to Abbey National plc ("Abbey") and Scottish & Newcastle UK Limited ("S&N"), although £25,000 00 of the proceeds remained on deposit with the Company's solicitors.

The debts to Abbey and S&N were secured by various debentures dated 2 April 2004 and after.

2.5. Other

If the sale detailed above had been made during the Administration process, the Joint Administrators would have been required to set aside a "Prescribed Part" fund specifically for the benefit of unsecured creditors as the various debentures to Abbey and S&N postdate the commencement of the provisions of Section 176A of the Insolvency Act 1986 ("the Act"). The prescribed part would have been calculated at 50% up to £10,000 00 and 20% of the property that exceeds this amount.

James Sutherland (Auctioneers) Limited have valued the assets sold on 3 August 2009 at £3,642,941 08 which, after repayment of debts secured by way of fixed charges, would have resulted in net property of £141,190 00 and prescribed part fund of £31,238 00.

I have, therefore, made formal demand for the payment of £31,238 00 from the directors of the Company on the grounds that this amount, which would have been set aside specifically for the benefit of unsecured creditors following a sale of assets during the Administration process, was paid to secured lenders, discharging debts which had been personally guaranteed by the same.

3. Joint Administrators' Proposals

I can confirm that at the initial meeting of creditors, held pursuant to Paragraph 49 of Schedule B1 of the Act, the Joint Administrators' proposals for achieving the purpose of the Administration were approved by creditors.

4. Dividend Prospects

4.1 Fixed Charge Creditors

There are no fixed charge creditors.

4.2 Preferential Creditors

There are no preferential creditors.

4.3 Floating Charge Creditors

I do not anticipate a distribution to floating charge creditors as any recoveries will be specifically for the benefit of unsecured creditors

4.4 Unsecured Creditors and the Prescribed Part

No distribution has been made to unsecured creditors during the Administration process as the Joint Administrators consider it more appropriate to deal with this through a liquidation process

It is estimated that, following the recovery of the prescribed part fund detailed above, there will be a distribution to unsecured creditors of less than 1p in £1, subject to final claims received

5. End of Administration

As outlined in the initial report to creditors, it is the Joint Administrators intention to exit the Administration into Creditors' Voluntary Liquidation. As no extension to the prescribed time limit has been sought, we will be commencing this action shortly. A final progress report in relation to the Administration will be sent to creditors following the discharge.

It was resolved at the initial meeting of creditors that upon the Company either proceeding into Creditors Voluntary Liquidation or dissolution, the Joint Administrators discharge from liability, pursuant to Paragraph 98 of Schedule B1 of the Act, shall take effect 14 days following either the Company entering into liquidation.

6. Remuneration

At the initial meeting of creditors, it was resolved that the Joint Administrators proposals relating to their remuneration be approved. This provided for the Joint Administrators to be remunerated with reference to time properly spent in dealing with this matter.

The Joint Administrators' time costs to date amount to £21,623.00 plus disbursements of £479.60. In accordance with Statement of Insolvency Practice 9 I have attached, at **Appendix III**, a breakdown of these time costs. Of these costs, remuneration of £20,000.00 and disbursements of £479.60 have been drawn to date.

A Creditors' Guide to Administrators' Fees is available, free of charge, at www.rsmtenon.com/creditorguides

7. Further Information

Should you have any queries, please do not hesitate to contact Steven Brown of this office.

Yours faithfully
For and on behalf of
AquaClear Leisure Limited

Steven P Ross

Joint Administrator

Licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales

Company Information

Company Name	Aquaclear Leisure Limited
Company Number	04156376
Registered Office	Tenon House Ferryboat Lane Sunderland Tyne and Wear SR5 3JN
Trading Address	Various

Appointment Details

Joint Administrators	Ian William Kings and Steven Philip Ross
Joint Administrators' Address	RSM Tenon Recovery Tenon House Ferryboat Lane Sunderland Tyne and Wear SR5 3JN
Date of Appointment	1 September 2009
Court	HM High Court of Justice, Newcastle upon Tyne District Registry
Court Reference	4480 of 2009
Appointed by	Directors
Functions	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Joint Administrators acting jointly or alone
EC Regulations	The Company's Registered Office is from where the Company carries on its business. Therefore in the absence of proof to the contrary, the Company's centre of main interests is in the United Kingdom and as such these proceedings will be the main proceedings as defined in article 3 of the EC regulation as
Extensions	The Joint Administrators have not sought an extension to the period defined by Paragraph 76(1) of Schedule B1 of the Act that provides for the automatic end of the Administration after 12 months from the date of appointment

Appendix II

Joint Administrators' Abstract of Receipts and Payments

Aquaclear Leisure Limited
(In Administration)
Joint Administrators' Trading Account
To 28/02/2010

S of A £	£	£
POST APPOINTMENT SALES		
Sales	4,494 01	4,494 01
PURCHASES		
Purchases	280 36	(280 36)
OTHER DIRECT COSTS		
Direct labour	1,551 75	
Direct expenses	573 85	(2,125 60)
TRADING EXPENDITURE		
Rates	253 13	
Professional fees	211 00	(464 13)
TRADING SURPLUS/(DEFICIT)		1,623 92

Aquaclear Leisure Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments
To 28/02/2010

S of A £	£	£
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(3,370,161 00)

1,623 92

REPRESENTED BY

Fixtures, fittings and equipment	(4,350 00)
Stocks	(2,500 00)
Bank interest receivable	(3 93)
Cash with Solicitors	(25,000 00)
Specific Penalty Bond	98 00
Office Holders fees	20,000 00
Oath fee	5 00
Agents/Valuers fees	675 00
Legal advice and costs	90 00
Statutory advertising	151 20
VAT receivable	4,042 95
Cash at bank	10,438 30
VAT payable	(2,022 60)
	1,623 92

Appendix III

Information Relating to Joint Administrators' Remuneration

Office Holder Remuneration

Case Name	Aquaclear Leisure Limited	
Court	HM High Court of Justice, Newcastle upon Tyne District Registry	
Court Reference	4480 of 2009	
Office Holders	Ian William Kings Steven Philip Ross	IP Number 7232 IP Number 9503
Firm	RSM Tenon Recovery	
Address	Tenon House Ferryboat Lane Sunderland Tyne and Wear SR5 3JN	
Type of Appointment	Administration	
Date of Appointment	1 September 2009	

1. Overview of Case

1 1 Appointment

We were appointed Joint Administrators on 1 September 2009 following an application by the Directors

1 2 Strategy

See main report

1 3 Outcome to creditors

See main report

2. Explanation of Office Holders Charging and Disbursement Recovery Policies

2 1 Time recording

Time properly incurred on cases is charged to the assignment at the hourly rate prevailing at the time. The current hourly charge-out rates are outlined below

	£
Director and licensed Insolvency Practitioners	225-280
Manager	160-215
Other senior professional	110-205
Assistant and support staff	50-140

2.2 Disbursement recovery

Certain costs may be incurred in relation to a case and in the first instance, paid by RSM Tenon Recovery, and then recharged to the case. The amount recharged is the exact amount incurred. Examples are statutory bond, statutory advertising, land registry searches, insurance, travel and subsistence, archiving and storage costs.

Other costs which may be charged to the case are room hire for meetings held at the offices of RSM Tenon Recovery and the cost of sending out reports to creditors, if material. The costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally.

3. Description of work carried out

Section 4 of this appendix outlines the time costs to date in relation to activities undertaken during this matter. These matters can be summarised as follows:

3.1 Administration and planning

The following activities have been undertaken:

- > Statutory duties associated with the appointment including the filing of relevant notices,
- > Notification of the appointment to creditors, members, employees and other interested parties,
- > Setting up case files,
- > Reviewing available information to determine appropriate strategy,
- > Setting up and maintaining bank accounts, and
- > 6 monthly progress review of the case.

Staff of different levels were involved in the above activities depending upon the experience required.

3.2 Investigations

The time spent comprises:

- > Corresponding with the former directors and management,
- > Review of questionnaires and comments provided by interested parties,
- > Review of company documentation,
- > Liaising with the creditors' committee on such matters, and
- > Completion of statutory returns to the Department of Trade and Industry.

Due to the complex nature and importance of the investigations, the staff utilised to conduct such work involved experienced members of staff

3.3 Realisation of assets

See main body of report for a summary of assets realised

Staff of different levels were involved in the above activities depending upon the experience required

3.4 Trading

The business continued to trade for a short period of time as a sale as a going concern was pursued

- > Trading activities included,
- > Planning appropriate trading strategy,
- > Liaison with employees,
- > Dealing with suppliers,
- > Contact and negotiation with customers,
- > Authorisation of commitments,
- > Review of trading position, and
- > Paying suppliers

Staff were chosen depending upon the appropriate level of experience required for the activity they were required to undertake

3.5 Creditors

The time spent includes the following matters

- > Recording and maintaining the list of creditors,
- > Dealing with employee related matters,
- > Dealing with reservation of title claims,
- > Recording creditor claims
- > Reporting to creditors,
- > Meetings of creditors,
- > Dealing with creditor queries, and
- > Reviewing and evaluating creditor claims

Staff of different levels were involved in the above activities depending upon the experience required

4. Time and charge-out summary

To date a total of 265.90 hours have been spent at an average charge out rate of £200.44 bringing the total cost to date to £53,296.00. No remuneration has been drawn to date

A summary table is shown below

Classification of work function	Director / Insolvency Practitioner	Manager	Other senior professional	Hours Assistant and support staff	Total	Time cost £	Average hourly rate £
Administration and planning	8 00	23 10	3 90	23 20	58 20	7,448 00	127 97
Investigations	0 00	16 00	0 00	0 00	16 00	2,560 00	160 00
Realisation of assets	25 00	7 50	0 00	0 00	32 50	8,200 00	252 31
Trading	0 00	8 40	0 00	0 00	8 40	1,344 00	160 00
Creditors	0 00	10 60	2 90	0 60	14 10	2,071 00	146 88
Total	33 00	65 60	6 80	23 80	129 20	21,623 00	167 36

The above costs exclude VAT

5. Disbursements

5.1 Category 1 disbursements

Category 1 disbursements incurred are outlined below

	Incurred £	Paid £
Professional fees	211 00	211 00
Specific Penalty Bond	98 00	98 00
Oath fee	5 00	5 00
Legal advice and costs	90 00	90 00
Statutory advertising	75 60	75 60
Total	479 60	479 60

The above costs exclude VAT

5.2 Category 2 disbursements

No Category 2 disbursements have been charged to this matter