

## The Insolvency Act 1986

**2.24B****Administrator's progress report**

Name of Company Probotec Limited	Company number 04337866
In the High Court of Justice Chancery Division Birmingham District Registry [full name of court]	Court case number 2329 of 2005

We  
Jonathan Scott Pope  
KPMG LLP  
Marlborough House  
Fitzalan Court  
Fitzalan Road  
Cardiff CF24 0TE  
United Kingdom

Myles Antony Halley  
KPMG LLP  
Marlborough House  
Fitzalan Court  
Fitzalan Road  
Cardiff CF24 0TE  
United Kingdom

Administrators of the above company attach a progress report for the period

from	to
6 October 2005	10 March 2006

Signed

Joint Administrator

Dated

20 March 2006

**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

Huw Powell KPMG LLP Marlborough House Fitzalan Court Fitzalan Road Cardiff CF24 0TE DX Number DX 33079	Tel 029 2046 8038 DX Exchange Cardiff 1
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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





**Probotec Limited**  
**(in administration)**

Report to Creditors pursuant  
to Rule 2.112 of the  
Insolvency Rules 1986

KPMG LLP

20 March 2006

*This report contains 6 Pages*

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*Probotec Limited*  
*(in administration)*  
*Report to Creditors pursuant to Rule 2.112 of the Insolvency Rules 1986*  
*KPMG LLP*  
*20 March 2006*

## **Contents**

<b>1</b>	<b>Glossary</b>	<b>1</b>
<b>2</b>	<b>Other information required by Rule 2.47 of the Insolvency Rules 1986</b>	<b>1</b>
<b>3</b>	<b>Introduction</b>	<b>2</b>
<b>4</b>	<b>Progress of the administration to 10 March 2006</b>	<b>2</b>
<b>5</b>	<b>Future Reporting</b>	<b>4</b>

## **1 Glossary**

Administrators	Jonathan Scott Pope and Myles Antony Halley of KPMG LLP, Marlborough House, Fitzalan Court, Cardiff CF24 0TE.
Administration	<p>The Administration Order granted by the High Court of Justice, Chancery Division, Birmingham District Registry in respect of Probotec Limited dated 6 April 2005.</p> <p>Court administration order number 2329 of 2005.</p>
Company	Probotec Limited (company registered number 043378866)
Barclays	Barclays Bank plc
The Directors	Peter Gissel Hans Gloeckl Nicholas Hughes Michael John Nicholas Manning David Mitchell Simon Nicholas Oakland Ian Price Irmhild Saabel
EWS	EWS Rail Components Limited

## **2 Other information required by Rule 2.47 of the Insolvency Rules 1986**

Date of appointment	6 April 2005
Company registered office	KPMG LLP, Marlborough House, Fitzalan Court, Cardiff, CF24 0TE
Appointor	The Directors

In accordance with Paragraph 100(2) of schedule B1 Insolvency Act 1986 the functions of the Administrators are being exercised by either or both of the Administrators.



### **3 Introduction**

Jonathan Scott Pope and Myles Antony Halley were appointed joint administrators of the Company on 6 April 2005.

Further to my last progress report of 26 October 2005, I write to provide an update on the progress of the Administration in accordance with Rule 2.112 of the Insolvency Rules 1986. This report has been prepared to support an application to Court for a six month extension to the administration.

A summary receipts and payments account for the period 6 October 2005 to 10 March 2006 is attached at Appendix 1.

### **4 Progress of the administration to 10 March 2006**

#### **4.1 Sale of the business**

As advised in my previous report, the business and certain assets of the Company were sold on 28 April 2005 to EWS. The consideration received was as follows:

- £75,000 for the fixtures and fittings, plant and machinery, tooling, motor vehicles;
- £325,000 for the stock and work in progress;
- £2,300,000 for the goodwill and Intellectual property; and
- £1,300,000 for the trade book debts, excluding two debts amounting to £1,800,000.

#### **4.2 Debtor collections**

EWS continue to assist the administrators in pursuing the two remaining debtors.

#### **4.3 Other assets**

An amount of £268,000 was realised in the period to 5 October 2005 in respect of an amount owed by an associated Group company, Powell Duffryn Investments Limited.

#### **4.4 Administrators' remuneration**

The Administrators' time costs amount to £40,071.50 for the period 6 October 2005 to 10 March 2006 and £434,238.50 in total (as set out in Appendix 2). The administrators have drawn an amount of £400,000 against these time costs plus disbursements of £3,822.

#### **4.5 Secured creditors**

Barclay's total indebtedness of £3,296,403 has now been settled of which £696,403 was paid in the in the period to 10 March 2006.

#### **4.6 Preferential creditors**

Preferential creditors are currently estimated at £36,633, of which £18,745 has been paid in this period. A claim for the remaining amount has not yet been received.

#### **4.7 Unsecured creditors**

It is currently estimated that there will be a distribution to the unsecured creditors under the prescribed part. The amount of the prescribed part is currently estimated as £320,000, before the costs associated with its distribution. This is likely to lead to a distribution of a few pence in the pound.

#### **4.8 Outstanding matters**

The following matters are currently outstanding:

- payment of the outstanding preferential creditors;
- the collection of the reaming book debts, which will be pursued by the liquidator when one is appointed; and
- receipt of £81,658 outstanding VAT reclaim from HM Revenue & Customs ("HMRC"). Whilst this claim has been submitted HMRC have indicated that it will take between six and eight weeks to process.

On the basis of the above, the VAT refund will not be received before the anniversary of the administrators' appointment when the administration will cease. HMRC's stated policy is that any VAT refunds arising during an administration and which have not been received prior to the commencement of a liquidation will be offset against any pre-appointment VAT liability. Whilst we believe there are robust technical arguments against HMRC's current stance, this matter has not yet been tested and in order to fully protect creditors' position, the administrators are requesting an extension to the administration rather than placing the Company into liquidation now.

#### **4.9 Liquidation**

It is my intention to place the company into liquidation on receipt of the VAT reclaim noted above.



*Probotec Limited  
(in administration)*

*Report to Creditors pursuant to Rule 2.112 of the Insolvency Rules 1986*

*KPMG LLP*

*20 March 2006*

## **5 Future Reporting**

In accordance with Rule 2.47 of the Insolvency (Amendment) Rules 2003, I will provide creditors with my next update report for the period 6 October 2005 to 5 April 2006 by 5 May 2006.

JS Pope  
*Joint Administrator*



## Appendix 1

### Probotec Limited in administration Joint Administrators' Abstract of Receipts and Payments 6 October 2005 to 10 March 2006

Statement of affairs		6 October 2005 to 10 March 2006	6 April 2005 to 5 October 2005	Cumulative to 10 March 2006
£		£	£	
	<b><u>FIXED CHARGE ASSETS</u></b>			
1,128,153.00	Book debts	0.00	1,352,368.20	1,352,368.20
1,700,000.00	Amount due from Group Companies	0.00	268,549.43	268,549.43
0.00	Property rights/Patents/Goodwill	0.00	2,300,003.00	2,300,003.00
		0.00	3,920,920.63	3,920,920.63
(3,675,233.00)	<b><u>FIXED CHARGE CREDITORS</u></b>	(696,403.27)	(2,600,000.00)	(3,296,403.27)
	<b><u>ASSET REALISATIONS</u></b>			
70,556.00	Plant, chattels, vehicles and pooling	0.00	74,997.00	74,997.00
50,000.00	Stock	0.00	325,000.00	325,000.00
		0.00	399,997.00	399,997.00
	<b><u>OTHER REALISATIONS</u></b>			
	Bank interest, gross	6,563.51	25,039.16	31,602.67
	Rent	0.00	3,155.47	3,155.47
0.00	Sundry refunds	1,964.14	39.00	2,003.14
		8,527.65	28,233.63	36,761.28
	<b><u>COSTS OF REALISATIONS</u></b>			
	Legal fees	(652.00)	(51,453.65)	(52,105.65)
	Agents' fees	0.00	(2,187.51)	(2,187.51)
	Statutory advertising	0.00	(278.55)	(278.55)
	Wages & salaries	0.00	(58,392.50)	(58,392.50)
	PAYE & NIC	0.00	(21,457.02)	(21,457.02)
	Insurance	0.00	(21,943.04)	(21,943.04)
	Sub contractors	0.00	(59,753.99)	(59,753.99)
	Professional fees	0.00	(2,831.35)	(2,831.35)
	Direct expenses	0.00	(22,682.40)	(22,682.40)
	Bank charges	(64.46)	(589.64)	(654.10)
	Telephone	(4,121.45)	0.00	(4,121.45)
	Repairs and maintenance	(2,082.26)	0.00	(2,082.26)
	Other costs	(2,979.69)	(6,550.78)	(9,530.47)
	Room hire re Para 51 meeting	0.00	(212.77)	(212.77)
	Administrators' fees	(116,495.00)	(283,505.00)	(400,000.00)
	Administrators' disbursements	(3,822.02)	0.00	(3,822.02)
	VAT receivable	(21,193.73)	(60,465.68)	(81,659.41)
0.00		(151,410.61)	(595,303.88)	(746,714.49)
	<b><u>PREFERENTIAL CREDITORS</u></b>			
	Employees	(8,614.70)	0.00	(8,614.70)
	Subrogated EPA claim	(4,822.24)	0.00	(4,822.24)
	Pension funds	(5,307.72)	0.00	(5,307.72)
0.00		(18,744.66)	0.00	(18,744.66)
(726,524.00)	<b>Movement / Balance held</b>	<b>(858,030.89)</b>	<b>1,153,847.38</b>	<b>295,816.49</b>

Note : the above figures are stated net of VAT  
the VAT receivable figure represents VAT paid on invoices and is due from HM Revenue & Customs



# Probotec Limited in administration

Analysis of Joint Administrators' time costs 6 October 2005 to 10 March 2006

	Hours							Total cost £	Average hrly rate £
	Partner	Director	Senior Manager	Manager	Assistant Manager	Admin	Support		
Hourly charge-out rate £	540	475	390	310	220	170	100		
Strategy documents	12.0	1.0	3.0		3.2			8,829.00	459.84
Closure & related formalities					0.2			44.60	220.00
Reports to debenture holders			0.8					312.00	390.00
Checklists & 6 Monthly review				3.0	5.0			2,030.00	253.75
Leasehold property					0.3			66.00	220.00
Debtors					1.7			374.00	220.00
Cash & investments					0.6			132.00	220.00
Sale of business			1.2		1.9			886.00	285.81
Purchases & trading costs			5.4		15.7			5,797.50	268.40
Correspondence with employees		0.5			1.2	2.0		1,554.00	298.85
Agreeing employees claims		2.0						1,482.00	390.00
Pension funds			3.8		0.4			478.00	341.43
General correspondence with creditors			1.0		3.9			3,044.50	349.94
Statutory reports to creditors		3.7	1.1		7.0		4.4	2,682.00	203.18
Payment of dividends			1.8		1.6			1,093.00	312.29
Pre appointment VAT/PAYE/CT			1.9		0.1			22.00	220.00
Agreement of preferential claims		1.5	1.0		11.0			3,522.50	260.93
Secured creditors		0.3			0.7			296.50	296.50
Legal claims					0.3			66.00	220.00
General cashiering					0.3		23.3	2,396.00	101.53
Fund management					0.1			22.00	220.00
Initial CT & VAT reviews				1.1	0.4			480.00	266.67
Post appointment VAT				2.3	4.1	0.3		2,278.00	281.23
Post appointment Corporation Tax		0.3	1.7		1.3			428.50	267.81
Pre appointment Tax & VAT refunds					0.1			22.00	220.00
Statutory reports to s/holders		1.4			2.1			665.00	475.00
Fees & WJP			0.3		0.4		0.5	579.00	241.25
Books and Records					1.6			138.00	153.33
Filing								352.00	220.00
Total hours / time costs 6 October 2005 to 10 March 2006	12.0	10.7	23.0	6.4	65.2	2.3	28.2	40,071.50	271.12
Hours / time costs brought forward from last report	43.0	252.8	248.0	179.3	388.1	17.6	101.9	394,167.00	320.28
Total hours / time costs to 10 March 2006	55.0	263.5	271.0	185.7	453.3	19.9	130.1	434,238.50	315.01

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the above analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.