

The Insolvency Act 1986

**Administrator's progress report**

Name of Company Astraeus Limited	Company number 04380108
In the High Court of Justice, Birmingham District Registry	Court case number 8577 of 2011

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

We (a)

A O'Keefe  
Zolfo Cooper  
The Zenith Building  
26 Spring Gardens  
Manchester  
M2 1AB

M N Cropper  
Zolfo Cooper  
10 Fleet Place  
London  
EC4M 7RB

A P Beveridge  
Zolfo Cooper  
10 Fleet Place  
London  
EC4M 7RB

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

(b) Insert date

From

(b) 22 November 2011

To

(b) 21 May 2012

Signed

  
Joint Administrator

Dated

14.6.12

**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

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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

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COMPANIES HOUSE

# Joint Administrators' Progress Report for the period 22 November 2011 to 21 May 2012

Astraeus Limited  
In Administration

14 June 2012

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## **1 Statutory information**

- 1.1 Anne O'Keefe was appointed Joint Administrator of Astraeus Limited (the Company) together with Alastair Beveridge and Nick Cropper on 22 November 2011 by the High Court of Justice, Birmingham District Registry (the Court). The application for the appointment of Joint Administrators was made by the Company.
- 1.2 The Administration is being handled by Zolfo Cooper's Manchester office, situated at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.
- 1.3 The Administration is registered in the Court under reference number 8577 of 2011.
- 1.4 The trading address of the Company was Astraeus House, Faraday Court, Crawley, West Sussex, RH10 9PU.
- 1.5 The registered office of the Company has been changed to c/o Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB and its registered number is 04380108.
- 1.6 In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Joint Administrators are to be exercised by any or all of the Joint Administrators.

## **2 Progress of the Administration**

- 2.1 This report should be read in conjunction with the Joint Administrators' Report and Statement of Proposals dated 13 January 2012 (the Proposals).
- 2.2 Attached at Appendix A is the Joint Administrators' Receipts and Payments Account for the period 22 November 2011 to 21 May 2012
- 2.3 Please be advised there are currently outstanding costs of £24 plus VAT due to Payco ERA Limited for assisting with general employee related queries.
- 2.4 As detailed in the Proposals the Joint Administrators were investigating the prospect of achieving the first objective being a rescue of the Company by entering into a Company Voluntary Arrangement (CVA), with a view to completing a sale of the shares, the Aircraft Operators Certificate and other licences (the Licences) owned by the Company.
- 2.5 This option was not successful as the potential bidders for the Licences withdrew their offers. The Joint Administrators also had doubts as to the bidders' ability to conclude a transaction in the required timescales and at a level which would have returned anything meaningful to the creditors.
- 2.6 In view of the above, and the fact the realisations cannot be determined to be in excess of what may have been achieved in a Liquidation scenario, the Joint Administrators pursued the third objective being to realise property in order to make a distribution to one or more secured or preferential creditors. Based on realisations and anticipated costs to date a preferential dividend will be payable and therefore the objective will be achieved once the preferential distribution has been completed.
- 2.7 The retained employees assisted the Joint Administrators to provide access to the Company's internal systems and progress asset realisations. In addition, the retained employees assisted with general wind down matters, including the gathering of Company records for statutory purposes as well as collating information to enable assets to be realised.

### **Stock, equipment and motor vehicles**

- 2.8 Following appointment, the Joint Administrators instructed agents Edward Symmons (the Agents) to complete initial asset valuations and contact interested parties in order to progress a sale of the stock and remaining assets.
- 2.9 The Agents circulated information to 33,000 contacts listed on their database system and placed adverts in the Auction News and Flight International in order to generate interest.
- 2.10 It has now been confirmed that the Agents have concluded a sale of the Company's stock with funds being received in the sum of £400,368. These monies are in relation to stock and equipment located in Iceland, Crawley and Brize Norton as well as a sale of the Company's motor vehicles.
- 2.11 Office furniture and IT equipment that remained at the head office has been sold for £700. The Agents have advised that these funds will be transferred into the Administration account shortly.
- 2.12 There will be no further realisations in this matter as all assets and equipment have been sold.

### **Deposits and prepayments**

- 2.13 It was reported in the Proposals that the Company had uncollected deposits and prepayments. The Company's financial statements indicated a potential £160,000 could be collected, however due to information regarding the existence of a number of potential counter claims and contractual disputes, a value of £50,000 was estimated to be realised.
- 2.14 Following the appointment, the Joint Administrators took steps to make contact with all of the suppliers detailed in the Company's information systems in an attempt to recover the monies.
- 2.15 To date, £98,335 has been collected and based on current information it is unlikely any further realisations will be received.

### **Cash at bank**

- 2.16 The Joint Administrators arranged for the pre-appointment bank accounts to be closed and instructed the balance to be remitted into the Administration account. Funds totalling £402,340 have been received.

### **Escrow funds**

- 2.17 As detailed in the Proposals, it was suggested that some of the monies received from the pre-appointment account were due to certain customers. As such, £182,801 has been placed into a separate account until this matter is resolved.
- 2.18 The Joint Administrators contended that funds were an asset of the Company; however this has been contested by the customers, following which counter arguments were provided by the Joint Administrators. A deadline has now been set for final evidence to be provided and the Joint Administrators await their legal advisors' recommendation on the matter. An update will be provided in the next report.

## EU Emissions Trading Scheme (EU ETS)

- 2.19 At the date of the appointment the Company held an allowance for a number of licences in respect of the EU ETS for 2012. The Joint Administrators have instructed a consultant to assist in this matter and investigate whether the application for the licences can be finalised in order that the licences can be obtained and realised.
- 2.20 Currently, the Joint Administrators await advice from the consultant engaged to understand the likelihood and level of potential realisations.

## Other matters

- 2.21 Following appointment it was identified that the Company owned season tickets at Chelsea Football Club. A sale and subsequent transfer of the tickets was completed for £2,000.
- 2.22 Bank interest totalling £120 has been received into the Administration account since the date of appointment.
- 2.23 Sundry refunds of £753 have been received in relation to deposits paid at the Company's trading address prior to appointment
- 2.24 In addition, £923 was paid by a third party as a contribution to wages.

## 3 Assets still to be realised

- 3.1 At present the Joint Administrators are finalising the application for the licences held with the EU ETS and clarifying the level of funds that are available for the Company currently held in escrow.

## 4 Pre-administration costs

- 4.1 Details of the pre-administration costs were reported in the Proposals. Fee approval in relation to the pre-administration costs was received by virtue of convening and holding a creditors' meeting by correspondence.
- 4.2 Below are the pre-appointment fees charged and expenses incurred by the Zolfo Cooper, these can be seen in the Receipts and Payments Account at Appendix A:

Name of recipient	Brief description of services provided	Total amount approved £
Zolfo Cooper	Meeting with Company representatives and preparatory steps for the appointment of Joint Administrators	10,340

## 5 Joint Administrators' remuneration

- 5.1 The relevant creditors approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by the Joint Administrators and their staff on matters arising in the Administration

- 5.2 The Joint Administrators' time costs for the period 22 November 2011 to 21 May 2012 are £262,733. This represents 789 hours at an average rate of £333 per hour. Attached at Appendix B is a Time Analysis for the period which provides details of the activity costs incurred by staff grade. Approval of the Joint Administrators' remuneration has been sought in accordance with rule 2.106 of the Insolvency Rules 1986 as amended.
- 5.3 Principal areas of activity during the period are discussed in further detail below
- Administration and planning - time has been incurred implementing case strategy, complying with statutory duties and performing general administrative work. Case related treasury and support time is also recorded here.
  - Realisation of assets - fixed charge - time recorded within this category includes dealing with the funds held in the escrow account.
  - Realisation of assets - floating charge - time recorded within this category includes liaising with the Agents in respect of the stock, equipment and motor vehicles at the different sites, establishing the most appropriate realisation strategy and managing the sale process.
  - Realisation of assets - debtors - time has been incurred reviewing the Company's financial statements and making contact with suppliers in relation to unreturned deposits. Time has been charged to communicating and negotiating with each supplier regarding outstanding deposits and prepayments due to the Company.
  - Trading - time recorded within this category includes liaising with suppliers and customers, managing employee issues and overseeing the wind down of the business.
  - Creditors - time has been incurred notifying all creditors of the appointment, preparing statutory reports and holding a meeting of creditors by correspondence. Time has also been spent dealing with employee related correspondence.
- 5.4 To date, £225,000 plus category 1 disbursements of £13,002 have been drawn on account.
- 5.5 The Joint Administrators confirm that category 2 disbursements of £92 have also been drawn in relation to the below.
- Photocopying - charged at the rate of ten pence per sheet for notifications and reports to creditors and other copying.
  - Printing - charged at the rate of ten pence per sheet for black and white printing and 15 pence per sheet for colour.
- 5.6 Appendix C contains additional information in relation to the Joint Administrators' policy on staffing, the use of sub-contractors, disbursements and details of their current charge-out rates by staff grade.

## **6 Estimated outcome for creditors**

### **Secured creditor**

- 6.1 On 15 February 2012, the Joint Administrators received written confirmation that the charge in favour of TES Parts listed at Companies House had been satisfied. As such, there is no secured creditor.

### **Preferential creditors**

- 6.2 The Estimated Financial Position provided with the Proposals estimated preferential creditors to be approximately £279,000.
- 6.3 The Joint Administrators are in the process of obtaining details of the preferential claims, however are yet to receive a breakdown from the Redundancy Payments Service, despite numerous requests. Based on current information, there will be a dividend paid to this class of creditor and if the level is in line with that estimated at the outset of the case, a dividend of 100 pence in the pound will be paid.

### **Unsecured creditors**

- 6.4 Pursuant to section 176A of the Insolvency Act 1986, where there is a floating charge which post-dates 15 September 2003, the Joint Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (Unsecured Creditors' Fund).
- 6.5 As confirmation has been received that there are no unsatisfied floating charges at the date of the Joint Administrators' appointment there will be no requirement to create the Unsecured Creditors' Fund.
- 6.6 At this stage the level of a dividend to unsecured creditors remains uncertain and will be dependent on the value of future realisations and quantum of preferential creditor claims.

## **7 Ending the Administration**

### **Creditors Voluntary Liquidation (CVL)**

- 7.1 Based on present information, the Joint Administrators can advise that a dividend may be paid to the unsecured creditors by virtue of the surplus that is available after payment of the Administration costs and preferential creditors. In this situation, the Joint Administrators will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into CVL

### **Dissolution of the Company**

- 7.2 If the Joint Administrators think that the Company has no property which might permit a distribution to its unsecured creditors they will file a notice, together with their final progress report at court and with the Registrar of Companies for the dissolution of the Company. The Joint Administrators shall send copies of these documents to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.
- 7.3 The Joint Administrators will be discharged from liability under paragraph 98 of schedule B1 of the Insolvency Act 1986 directly after their appointment as Joint Administrators ceases to have effect.



## **8 Creditors' rights**

- 8.1 Within 21 days of the receipt of the report, a secured creditor, or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 8.2 Any secured creditor, or an unsecured creditor (with the agreement of at least 10% of the value of unsecured creditors) may, within eight weeks of receipt of this progress report, make an application to court on the grounds that the basis fixed for the Joint Administrators' remuneration, the remuneration or the expenses incurred by the Joint Administrators as set out in this progress report are excessive.

## **9 Next report**

- 9.1 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration, or earlier if the Administration has been finalised

For and on behalf of  
Astraeus Limited



Anne O'Keefe  
Joint Administrator

Encs

**Receipts and Payments Account for the period  
22 November 2011 to 21 May 2012**
**Appendix A**

22/11/2011  
- 21/05/2012  
£

**Funds held on trust****Receipts**

Escrow account	182,801
Bank interest	9
	182,810

**Receipts**

Gallery equipment - Iceland	1,250
Aircraft spares - Iceland	96,000
Furniture and IT - Crawley	600
Aircraft spares - Crawley	237,000
Stock - Brize Norton	40,768
Motor vehicles	24,750
Deposits and prepayments	98,335
Cash at bank	402,340
Contribution to wages	923
Bank interest	111
Property deposit refund	753
Sale of season tickets	2,000
	904,830

**Payments**

Zolfo Cooper pre-appointment fees	10,340
Joint Administrators' fees	225,000
Media consultants' fees	1,259
Agent's fees - EU ETS	9,035
Utilities	4,631
Ransom payment	47,337

Statement of Insolvency Practice 7 states the headings used in the receipts and payments account should follow those used in any prior statement of affairs (SOA) or estimated outcome statement

The SOA was not provided by the Company's directors and cannot be included for comparison purposes

**Receipts and Payments Account for the period  
22 November 2011 to 21 May 2012 (cont'd)**
**Appendix A**

	22/11/2011 - 21/05/2012 £
<b>Payments (cont'd)</b>	
Agent's fees and disbursements	46,300
Legal fees and disbursements	57,916
Pension contributions	16,553
Agent's fees - employee related	2,093
Agent's fees - payroll	8,890
Agent's fees - pension	149
Category 1 disbursements:	
Company search	331
Telephone and fax	1,761
Travel and subsistence	1,228
Specific penalty bond	420
Stationery and postage	5,724
Storage costs	3,434
Re-direction of mail	27
Statutory advertising	77
Category 2 disbursements:	
Printing	89
Photocopying	3
Rents payable	35,028
Insurance of assets	2,875
Wages and salaries	67,042
PAYE/NI	49,269
Bank charges	590
Environmental costs	3,320
Insurance claim matters	3,000
	<u>(603,721)</u>
<b>Balance</b>	<u><b>483,919</b></u>
<b>Represented by:</b>	
Escrow account	182,810
Interest bearing account	288,274
VAT receivable	12,835
	<u><b>483,919</b></u>

Statement of Insolvency Practice 7 states the headings used in the receipts and payments account should follow those used in any prior statement of affairs (SOA) or estimated outcome statement.

The SOA was not provided by the Company's directors and cannot be included for comparison purposes.

# Time analysis for the period 22 November 2011 to 21 May 2012

## Appendix B

	Employee grade (hours)				Total hours	Total cost £	Average rate per hour £
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support			
<b>Administration and planning</b>							
Planning	34.5	4.5	2.8	-	41.8	18,224.00	436
Strategy and control	60.0	14.4	12.5	0.3	87.2	38,933.50	446
Statutory duties	-	1.8	1.2	2.1	5.1	1,410.00	276
Case administration	0.9	0.9	10.4	4.5	16.7	4,460.00	267
Accounting and treasury	3.9	3.3	1.7	39.5	48.4	8,210.50	170
Internal documentation	-	2.5	23.7	8.6	34.8	8,916.00	256
<b>Investigations</b>							
Director conduct reports	0.5	0.8	11.2	-	12.5	3,789.50	303
Other investigations	-	-	-	1.3	1.3	195.00	150
Internal documentation	-	-	1.5	-	1.5	420.00	280
<b>Realisation of assets - fixed charge</b>							
Asset realisation strategy	11.0	-	-	-	11.0	4,950.00	450
Asset identification and valuation	-	-	-	0.4	0.4	60.00	150
Sale of assets	2.0	-	-	-	2.0	1,040.00	520
Asset accounting and administration	-	-	0.3	1.1	1.4	249.00	178
<b>Realisation of assets - debtors</b>							
Debt collection	-	3.9	8.6	1.4	13.9	4,198.50	302
Internal and external documentation	-	-	3.4	-	3.4	952.00	280
<b>Realisation of assets - floating charge</b>							
Asset realisation strategy	-	4.1	1.0	-	5.1	1,870.00	367
Asset identification and valuation	-	1.7	27.9	-	29.6	9,002.00	304
Sale of assets	0.4	57.9	4.1	0.9	63.3	25,235.00	399
Recovery of assets	-	47.8	0.4	1.1	49.3	19,753.00	401
Dealing with third party assets	-	26.9	9.0	-	35.9	13,489.00	376
Asset accounting and administration	-	3.1	1.6	8.0	12.7	2,805.00	221
<b>Trading</b>							
Trading activities	-	1.6	19.4	-	21.0	6,306.50	300
Accounting and administration	0.4	0.4	1.8	1.8	4.4	1,182.00	269
<b>Creditors</b>							
Creditor claims	-	0.9	-	1.1	2.0	534.00	267
Debtor litigation	-	-	-	0.1	0.1	15.00	150
Internal documentation	-	-	1.6	-	1.6	448.00	280
Creditor strategy	-	2.9	-	-	2.9	1,189.00	410
Reporting to creditors	0.5	9.7	13.6	14.6	38.4	10,327.00	269
Creditor meetings	-	0.8	0.3	3.5	4.6	905.00	197
Unsecured creditors	-	84.4	61.0	13.6	159.0	51,863.00	326
Employees	-	17.0	46.5	14.4	77.9	21,801.00	280
<b>Totals</b>	<b>114.1</b>	<b>291.3</b>	<b>265.5</b>	<b>118.3</b>	<b>789.2</b>	<b>262,732.50</b>	<b>333</b>

## Additional information in relation to the Joint Administrators' remuneration pursuant to Statement of Insolvency Practice 9

## Appendix C

### 1 Policy

Detailed below is Zolfo Cooper's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

#### 1.1 Staff allocation and the use of sub-contractors

The Joint Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The case team will usually consist of a partner, a senior associate, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Joint Administrators' charge-out rate schedule below provides details of all grades of staff and their experience level

With regard to support staff, time spent by treasury in relation to specific tasks on an assignment is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The Joint Administrators have not utilised the services of any sub-contractors in this case

#### 1.2 Professional advisors

On this assignment the Joint Administrators have used the professional advisors listed below. The Joint Administrators have also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Gateleys LLP (legal advice)	Hourly rate and disbursements
Willis Limited (Insurance)	Risk based premium
Edward Symmons (valuation and disposal advice)	Percentage of realisations
Payco ERA (employee related matters)	Hourly rate and disbursements
Addleshaw Goddard (legal advice re trust monies)	Hourly rate and disbursements
Moorepay Limited (payroll)	Hourly rate and disbursements
Hill and Knowlton (public relation matters)	Hourly rate and disbursements

The Joint Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them.

### 1.3 Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Joint Administrators and their staff will also be chargeable.

Category 2 disbursements do require prior approval by creditors before they are paid. If they are incurred, they will be drawn in accordance with the resolution approved by creditors. Category 2 disbursements that may be incurred are as follows:

- Photocopying - charged at the rate of ten pence per sheet for notifications and reports to creditors and other copying.
- Printing - charged at the rate of ten pence per sheet for black and white printing and 15 pence per sheet for colour.
- Business mileage for staff travel - charged at the rate of 45 pence per mile.

## 2 Charge-out rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 January 2011 is detailed below.

Description	£
<b>Partner/director</b>	
Partner 1*	575
Partner 2*	520
Director	450
<b>Senior associate</b>	
Senior associate 1*	410
Senior associate 2*	370
<b>Associate/analyst</b>	
Associate	305
Analyst*	280
<b>Junior analyst and support staff</b>	
Junior analyst*	150
Senior treasury associate	220
Treasury associate	150
Treasury analyst	95
Support	80

**\*Key**

*Partner 1 - partners with three or more years' experience at partner level*

*Partner 2 - partners with less than three years' experience at partner level*

*Senior associate 1 - staff with two or more years' experience at senior associate level*

*Senior associate 2 - staff with less than two years' experience at senior associate level*

*Analyst - staff with one or more years' experience at analyst level*

*Junior analyst - first year analysts*