

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company
Globalink Telecommunications International Limited

Company number
04538588

In the High Court Chancery Division (full name of court)
--

Court case number 8810 of 2007

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

I/We (a)
P R Boyle
Harrisons
4 St Giles Court
Southampton Street
Reading
RG1 2QL

J C Sallabank
Harrisons
4 St Giles Court
Southampton Street
Reading
RG1 2QL

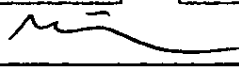
administrator(s) of the above company attach a progress report for the period

(b) Insert date

From
(b) 22 November 2007

To
(b) 22 May 2008

Signed


Joint / Administrator(s)

Dated

19 June 2008

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

P R Boyle
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4 St Giles Court
Southampton Street
Reading
RG1 2QL

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0118 951 0798
DX Exchange



A44

AOHEB0QU

20/06/2008

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COMPANIES HOUSE

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

**Globalink Telecommunications
International Limited
In Administration**

**Progress Report to Creditors Pursuant to
Rule 2.47 of the Insolvency Rules 1986**

Globalink Telecommunications International Limited – In Administration
Progress Report

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Globalink Telecommunications International Limited – In Administration

Progress Report

1. GLOSSARY

Administrators	P R Boyle and J C Sallabank of Harrisons, 4 St Giles Court, Southampton Street, Reading, RG1 2QL
Appointor	SME Invoice Finance Limited, Chertsey House, 56-58 Chertsey Street, Guildford, Surrey, GU1 4HL

The Appointor is the holder of a fixed and floating charge, ('the Debenture'), created on 20 April 2004 and registered on 22 April 2004 between Globalink Telecommunications International Limited, ('the Company') and Potential Finance Limited, ('Potential'), of Potential House, 149-157 Kings Road, Brentwood, Essex securing without financial limit the payment of all monies due to Potential from the Company including inter alia, monies due under a factoring agreement ('the Agreement') dated 20 April 2004 by way of fixed and floating charges over the assets and undertaking of the Company. By deed of assignment made on 29 July 2005 between Potential and the Appointor, the benefit (subject to the burden) of the Debenture and the Agreement was assigned from Potential to the Appointor

Administration Application	The administration documentation was filed at the High Court Chancery Division on 22 November 2007 and allocated Court Number 8810 of 2007
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Company	Globalink Telecommunications International Limited (Company Registered Number 04538588) whose registered office is at 4 St Giles Court, Southampton Street, Reading, Berkshire, RG1 2QL ('the Company')
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The references in this report to sections, paragraphs or rules are to the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency (Amendment) Rules 2003

2. INTRODUCTION

P R Boyle and J C Sallabank of Harrisons were appointed as Joint Administrators of Globalink Telecommunications International Limited on 22 November 2007 upon SME Invoice Finance Limited ('SME') filing a notice of appointment of an administrator at the High Court Chancery Division in accordance with Paragraph 14 of Schedule B1 of the Insolvency Act 1986

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

In accordance with Rule 2.47 of the Insolvency Rules 1986 the Joint Administrators now report to creditors on the progress of the administration

Globalink Telecommunications International Limited – In Administration

Progress Report

3. PURPOSE AND PROGRESS OF THE ADMINISTRATION

3.1 Purpose of the administration

The purpose of the administration, in accordance with Paragraph 3(1)(c), to realise property in order to make a distribution to one or more secured or preferential creditor

3.2 Progress of the administration

3.2.1 Receipts and Payments Account

Attached at Appendix I for your referral is a summary of the Joint Administrators' receipts and payments since the commencement of the proceedings on 22 November 2007 to 21 May 2008

3.2.2 Sale of Business

As previously reported on 27 November 2007 the business and assets of the Company were sold to Globalink Telecommunications PLC ('PLC') for the total sum of £335,258. The assets of the Company included in the sale are the following -

Goodwill, Name, Intellectual Property and Contracts

Work in Progress

The stock, office furniture, motor vehicles, plant machinery and equipment, fixtures and fittings

Computer hardware and software

The books and records

The sale agreement provided for payment of the entire consideration to be deferred until 14 December 2007 to enable PLC sufficient time to make arrangements for the transfer of funds from one of its investors

Since we had agreed to accept a deferred payment for the business and assets, we required additional security for the transaction, Mr & Mrs Fenwick agreed to be guarantors to the sale agreement and have provided a legal mortgage over their property at Bucknells Farm, Honeybridge Lane, Dial Post, West Sussex, RH13 8NX. I can confirm that this charge has been registered at the Land Registry

PLC was unable to raise the funding required to pay the sums due in respect of the sale agreement since its intended financier did not deliver on numerous promises to provide finance in the time required. We continued to press Mr Fenwick for payment of the sums due from PLC, however in early January 2008 he suffered some health complications and we agreed to hold the matter in abeyance for a period. However when he returned to health we continued to pursue the matter. Despite being advised of a number of possible sources of finance for PLC, no payment was forthcoming and consequently on 18 January 2008 we issued a letter of demand to PLC to set out our requirements and possible further actions. Following the letter of demand we have required that the guarantors Mr & Mrs Fenwick put Bucknells Farm on the market, since PLC had failed to pay the amount due within the period specified.

Moreover we considered and sought advice from our solicitors regarding the enforcement options. We were advised that we could sue PLC for the sums due, or assert the rights to the business and assets sold since under the terms of the Sale Agreement title only passes on payment of the £335,258. The other alternatives were to sue the Guarantors and on obtaining judgement seek to realise the charge on the Bucknells Farm. Finally to make a creditors application to place PLC into Administration by way of a creditors petition and gain control of the business.

Globalink Telecommunications International Limited – In Administration

Progress Report

3 2 2 *Sale of Business continued*

In light of the above we considered that the Sale Agreement was adequately secured by the guarantors property and we could allow an element of leniency in enforcing the timescale for payment, whilst there was still a possibility of payment coming in the normal manner of business from PLC

As indicated above since January 2008 we have continued to correspond and work with Mr Fenwick to obtain payment from PLC. We decided not to commence enforcement action since Mr Fenwick had provided some evidence of refinancing and funds from investors in PLC. However despite allowing numerous further extensions to the payment deadline and having a number of meetings with Mr Fenwick to establish his progress with raising the required finance PLC is yet to raise sufficient finance to settle the sum due.

With pressure building to make a recovery from the secured creditors of the Company we have now been left with no alternative than to commence enforcement action. Our solicitors have drafted a creditors petition to place PLC into Administration, which will be lodged at Court on Thursday 19 June 2008.

3 2 3 *Book Debts*

At the date of appointment book debts outstanding totalled £175,541. We can confirm that the collection process of these is ongoing by the Appointor in accordance with its security. Although due to the complications outlined in our previous report, SME has only been able to achieve realisations totaling £36,900 and in addition to date we have received £2,368.

Furthermore we have been working with the accounts department at PLC to calculate what sums have been received by it that are due to the Company. Although this reconciliation is ongoing the most recent calculation has indicated that the sum of £22,114 has been collected by PLC and not paid over. This sum does include the balance of monies due to the Company from dealer and franchisee customers and discounts the sums due to PLC in respect of the system rental invoices. However, the reconciliation is not complete since we need to check if any of the discounts applied for system rental invoices are legitimate since if these invoices have been factored then the payments made are due to the Company.

The collection process is ongoing, currently by SME although a large proportion of the ledger seems to be disputed and these disputes will need to be resolved in due course.

3 2 4 *Transfer of Assets to International*

Our investigation into the transfer of certain assets to PLC in September 2006 is ongoing. Mr Fenwick has advised that no formal sale agreement exists transferring the rental agreements, although he has provided a general meeting minute noting his decision to make this transfer on 11 September 2006. He has further advised that this element of the business was transferred to PLC to obtain funding from a possible financier.

Mr Fenwick admits that no consideration was paid at the time of the transfer, however he has provided some evidence that the share sales in PLC generated income that was paid into the Company's bank account. Mr Fenwick has identified these share sale payments and provided a schedule evidencing a total consideration paid of £356,351. However, we have already identified that the share sales he has advised do not correspond to the public records held in respect of PLC and to date we have only been able to identify receipts totalling £107,934. We will need to further investigate the information that he has provided in this regard to verify his payment schedule. Thereafter we will make enquiries to ascertain a value for the business and assets transferred to PLC in September 2006 to see if this constitutes a transaction at an undervalue pursuant to Section 238 of the Insolvency Act 1986.

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3.2.5 Secured Creditor

Our last report detailed fixed and floating charges, subject to confirmation of validity that had been granted to SME, HSBC and Gamma in that order of priority. We understand that SME are owed £204,514, HSBC were owed £71,515 and Gamma have claimed £395,924.

When we are in receipt of funds to distribute to this class of creditor we will verify the validity of security as required to establish the priority of payments to be made.

3.3 Other Matters

3.3.1 Joint Administrators' Remuneration

In accordance with Rule 2.106(5A) the Joint Administrators' remuneration shall be agreed with the fixed and floating chargeholders.

Attached at Appendix II for your information is a schedule of the Joint Administrators' time costs to date, in accordance with SIP 9.

3.3.2 Dividend Prospects

It is apparent from the information available to date that there is no possibility of there being sufficient funds available to enable a distribution to the unsecured creditors.

4. JOINT ADMINISTRATORS' PROPOSALS

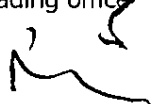
The following proposals were approved -

1. Since there are insufficient assets available to enable a distribution to the unsecured creditors the Joint Administrators shall conclude the administration pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986, moving from administration to dissolution. This will be carried out once all matters have been finalised.
2. If the realisation of the Company's assets has not been completed before the end of the first anniversary the Joint Administrators are authorised to extend the term of office for a further 6 months from the automatic end date of 21 November 2008, in accordance with Paragraph 78(2)(a) of Schedule B1 of the Insolvency Act 1986.

5. CONCLUSION OF ADMINISTRATION

The Joint Administrators will continue to realise the remaining assets as detailed by this report and shall contact creditors further once matters have either been concluded or the administration is one year old.

If you have any questions in relation to this report please do not hesitate to contact the Joint Administrators' Reading office.



P R Boyle & J C Sallabank
Joint Administrators

19 June 2008

Globalink Telecommunications International Limited
(In Administration)

Income and Expenditure Account
To 18 June 2008

INCOME	Total (£)
Book Debts	2,368 51
Bank Interest Gross	4 50
	<u>2,373 01</u>
 EXPENDITURE	
Bordereaux	180 00
Search costs	4 00
Agents/Valuers Fees (1)	2,746 25
Stationery & Postage	409 74
Travel Expenses	564 24
Statutory Advertising	118 66
Other Property Expenses	518 70
Bank Charges	20 00
	<u>4,561 59</u>
Balance	<u>(2,188 58)</u>
 MADE UP AS FOLLOWS	
VAT Receivable	191 91
Bank 2 - Current	846 35
Trade Creditors	(3,226 84)
	<u>(2,188 58)</u>

SIP 9 - Time & Cost Summary

Period 22/11/07 18/06/08

Time Summary

Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	6 90	0 00	23 00	10 00	39 90	6,960 00	174 44
Investigations	0 00	0 00	0 00	3 00	3 00	345 00	115 00
Realisations of assets	46 00	0 00	30 80	0 00	76 80	18 728 00	243 85
Trading	0 00	0 00	32 00	8 50	40 50	6,097 50	150 56
Creditors	0 00	0 00	26 10	4 50	30 60	4,708 50	153 87
Case specific matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Brought forward time	0 00	0 00	0 00	0 00	0 00	0 00	0 00
In House Legal	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	52 90	0 00	111 90	26 00	190 80	36,839 00	193 08
Total Fees Claimed						0 00	

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

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 a 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, to 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 creditor's 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 creditor's meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10% 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 and our hourly rates are as detailed

• Partners	£275 - £300 per hour
• Managers	£175 - £275 per hour
• Other senior professionals	£100 - £160 per hour
• Assistants and support staff	£40 - £125 per hour

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 or 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 disbursement

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.

Details of the disbursements arising from the recharge of internal costs for items defined as category 2 disbursements are detailed as follows –

• Photocopying	10p a sheet
• Letterhead	12p a sheet
• Fax	25p a sheet
• Room hire	£50
• Mileage rate	50p per mile
• Document Storage	Storage charge of £10 per box per annum

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 creditor's 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.