

Administrator's progress report**2.24B**

Name of Company

The Debt Advisor Group plc

Company Number

04728183

In the

High Court of Justice, Chancery Division
Manchester District Registry

(full name of court)

Court case number

2764 of 2007

(a) Insert full name(s) and
address(es) of
administrator(s)We (a) Russell Stewart Cash and Michael Horrocks of
PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

(b) Insert dates

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

from

(b) 29 December 2007

to

(b) 28 June 2008

Signed


Joint Administrator

Dated 29 July 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 record.

Leanne Stelring

PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP

Tel 0113 289 4136

DX Number

DX Exchange

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

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FRIDAY

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When telephoning please ask for
Leanne Sterling

To all known creditors of the Company

31 July 2008

Our ref LMS/JEL/0708/TDAG/P2

Dear Sirs

COMPANIES HOUSE

The Debt Advisor Group plc (formerly Compass Finance Group plc) – in Administration
("the Company")

In accordance with Rule 2.47 of the Insolvency Rules 1986 ("IR86"), the Joint Administrators ("the Administrators") write to creditors to provide details of the progress of the Administration of the Company in the six months since the Administrators' last report to the period 28 December 2007

A brief history of the Company and background to the Administration was included in the Administrators' statement of proposals dated 21 August 2007 and is not repeated here for the purposes of this report

1 Statutory and financial information

We enclose the following for your information

- Appendix A Statutory information,
- Appendix B Administrators' receipts and payments accounts to 28 July 2008,
- Appendix C Extract from the Administrators' proposals dated 21 August 2007, and
- Form 2.24B Administrators' progress report

2 Overview of the Administration

The Administrators of the Company were appointed on 29 June 2007. The consumer loans business of the Company was traded from the date of my appointment until 26 July 2007. The sale of the Company's database and server completed on 27 July 2007.

Book debts and prepayment refunds were collected by my staff and the remaining assets of the Company were sold on a piece meal basis to third parties by my agents

At the time of my previous report dated 24 January 2008, the following matters remained outstanding

- Possible requirement for an extension to the Administration of the Company,
- Distribution to the secured charge holder, Bank of Scotland,
- Distribution to the preferential creditors,
- Distribution to the unsecured creditors by virtue of the Prescribed Part,
- Completion of the Company's tax affairs
- The fulfilment of our ongoing and statutory duties as Joint Administrators

These matters are dealt with in more detail below

Extension to the Administration

We considered it necessary that the Administration was extended to allow the outstanding matters in the Administration to be completed, namely the distribution of funds to the Company's creditors

We wrote to all secured and preferential creditors to seek consent for an extension of the Administration for a maximum period of six months. The secured creditor and preferential creditors granted the Administrators request and consequently the Administration has now been extended until 28 December 2008. Notice of this extension has been filed with the Registrar

We do not envisage a further extension being necessary

Distributions to Bank of Scotland

Bank of Scotland ("BoS") hold a fixed and floating charge over the Company's assets which was created on 8 March 2004. Subsequent to the last report two distributions have been made to BoS totalling £140,000. These distributions were made in January and June. The total amount of funds distributed to BoS is therefore £140,000.

Distribution to preferential creditors

Since the last report we have distributed a dividend to all admitted preferential creditors of the Company. The total amount of funds distributed was £58,488. This amounted to a 100 p in the £ distribution.

Distribution to the unsecured creditors

We are in the process of reviewing the claims of the unsecured creditors. If you have not yet submitted a claim and wish to do so, please complete a statement of claim form and return it to the above office marked for the attention of Leanne Sterling.

Finalising tax liabilities

We continue to comply with statutory requirements and can confirm that a nil tax return was submitted for the period from appointment to cessation of trade, 26 July 2007. We are currently finalising the Company's second tax return for the period 27 July 2007 to 28 July 2008.

The amount of tax due for this period is unclear although we anticipate there will be no liability. This is dependent on the capital gains tax treatment for the sale of the database.

3 Steps taken by the Administrators

Since the last report we have realised an additional £2,116 which is made up from refunds and bills receivable. Interest of £3,222 has also been received.

Further payments have also been made since the last report and these include London Stock Exchange listing fees of £600 and storage of £3,065. As mentioned above, distributions to the secured charge holder and the preferential creditors have also been made.

The above amounts are reflected on the Administrators' receipts and payments account.

4 Receipts & payments account

Attached at Appendix B is an abstract of the receipts and payments of the Company from the date of appointment to 28 June 2008.

5 Administrators' remuneration

Our remuneration is approved by the secured creditor of the Company. To date we have drawn remuneration of £111,739. We have not drawn any further fees since the date of our last report.

6 Estimated outcome for creditors

BoS held a cross guarantee which obliged the Company to guarantee the liabilities of the subsidiary company, D A Realisations Limited (formerly The Debt Advisor Limited), to BoS and vice versa. It is presently anticipated that BoS will suffer a shortfall under its security.

As stated above, the preferential creditors have received a distribution of 100p in the £. The secured chargeholder has also received distributions to the sum of £140,000.

There will not be a dividend to non-preferential unsecured creditors of the Company other than by virtue of the Prescribed Part as provided for by Section 176A Insolvency Act 1986 ("IA86") The Prescribed Part is currently estimated to be a maximum of £33,600 before costs Unsecured creditors, as estimated in the directors statement of affairs, are £1,926,804 However, it is anticipated that the final level of unsecured claims will be in excess of £2,000,000 Therefore, the estimated level of dividend which may be available by virtue of the Prescribed Part will be less than 2p in the £ This is subject to any tax liability that may arise in the Administration

As you may recall, there was some uncertainty regarding whether a floating charge holder can participate in the distribution of the Prescribed Part to the extent of its shortfall This matter caused the distribution of the Prescribed Part to unsecured creditors to be delayed until this issue had been resolved Following the outcome of cases recently brought before the courts I can confirm that floating charge holders can not participate in any distribution of the Prescribed Part

The claims of the unsecured creditors are in the process of being agreed If you have not yet submitted a claim and wish to do so, please complete a statement of claim form and return it to this office marked for the attention of Leanne Sterling

As stated above, the estimated dividend which will be available by virtue of the Prescribed Part will be less than 2p in the £

7 Ending the administration

The current view of the Administrators is that there will be insufficient funds available for a distribution to the unsecured creditors other than by virtue of the Prescribed Part as provided for by Section 176A IA86

An application to court for permission for the Administrators to distribute the Prescribed Part funds to the unsecured creditors was granted on 26 October 2007

Once the objective of the Administration has been achieved and following the distribution to unsecured creditors, the Administrators will file notice under Paragraph 84(1) Sch B1 IA86 with the Registrar of Companies to end the Administration Following this registration, the Company will be dissolved three months later

The Administrators consider it possible that the Administration will be concluded by 28 December 2008

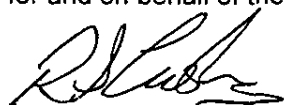
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29 July 2008
Our ref LMS/JEL/0708/TDAG/P2

8 Future reporting

Pursuant to Rule 2.47 of the Rules, a further report will be sent in six months time, or at the end of the Administration, whichever is sooner

Should you have any further questions, please do not hesitate to contact my colleague Leanne Sterling on 0113 289 4136

Yours faithfully
for and on behalf of the Company



Russell S Cash
Joint Administrator

Enclosures Appendix A – Statutory information
 Appendix B – Joint administrators' abstract of receipts and payments
 Appendix C – Extract from joint administrators proposals
 Form 2.24B – Administrators progress report

R S Cash and M Horrocks were appointed Joint Administrators of The Debt Advisor Group plc on 29 June 2007 to manage its affairs, business and property as its agents and without personal liability. Both are licensed to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales

Court details for the Administration	High Court of Justice, Chancery Division, Manchester District Registry 2764 of 2007
Full name	The Debt Advisor Group plc
Trading name	Compass Finance
Registered number	04728183
Registered address.	PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP (formerly 2 nd Floor, Warwick House, Hollins Brook Way, Pilsworth, Bury, BL9 8RR)
Company directors	Richard Hughes, Grenville Folwell, Michael Fort, Mike Sutcliffe, Simon Cotterill
Company secretary	Simon Cotterill
Shareholdings held by the directors and secretary.	Richard Hughes – Ordinary 0 5p – 6,011,010 Grenville Folwell – Ordinary 0 5p – 441,667 Michael Fort – Ordinary 0 5p – 3,025,019 Mike Sutcliffe – Ordinary 0 5p – 25,000 Simon Cotterill – No shares held
Date of the Administration appointment	29 June 2007
Administrators' names and addresses	Russell S Cash and Michael Horrocks PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street, Manchester, M2 3PW
Appointor's / applicant's name and address	Directors appointment
Objective being pursued by the Administrators	Objective (b) - Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration)
Division of the Administrators' responsibilities.	In relation to paragraph 100(2) Sch B1 IA86, during the period for which the Administration is in force, any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or alone
Proposed end of the Administration:	The administrators intend to make a distribution by virtue of the Prescribed Part to the unsecured creditors in the Administration following which the Administrators will file notice under Paragraph 84(1) Sch B1 IA86 with the Registrar of Companies to end the Administration. Following this registration, the Company will be dissolved three months later
Estimated dividend for unsecured creditors	Less than 2p in the £, only by virtue of the Prescribed Part as provided for by Section 176A IA86
Estimated values of the Prescribed Part and the Company's net property	Based on current information, the Administrators believe that the estimated value of the Company's net property is up to £115,000 and that there may be a Prescribed Part of a maximum of £33,600 before costs

<p>Whether and why the Administrators intend to apply to court under Section 176A(5) IA86</p>	<p>The Administrators think that the cost of making a distribution to unsecured creditors would not be disproportionate to the benefits, therefore, they have not applied to the court for consent that the Prescribed Part shall not apply. Instead, an order was granted on 26 October 2007 permitting the Joint Administrators to make a payment by way of distribution to creditors who are neither secured nor preferential pursuant to paragraph 65(3) of Schedule B1 to the Insolvency Act 1986</p>
<p>The European Regulation on Insolvency Proceedings (Council Regulation(EC) No 1346/2000 of 29 May 2000)</p>	<p>The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings</p>

APPENDIX B

**The Debt Advisor Group Plc
(in Administration)
Administrator's abstract of receipts and payments**

Directors' Statement of Affairs	From 29 June 2007 To 28 December 2007	29 December 2007 To 28 June 2008	Total
£	£	£	£
FIXED CHARGE REALISATIONS			
Goodwill			-
Bank of Scotland fixed charge			-
	-	-	-
FLOATING CHARGE REALISATIONS			
Administrators' Trading account (attached)	84,530 16	(7,143 85)	77,386 31
Balance at Bank	16,598 27		16,598 27
Cash in hand	216 46	-	216 46
Sale of office equipment	33,968 27	-	33,968 27
Sale of database	150,000 00	-	150,000 00
Interest received	4,498 62	3,221 69	7,720 31
Refunds	81,312 21	602 33	81,914 54
81,000 00 Franking machine	-	-	-
41,000 00 Book debts	40,711 53	-	40,711 53
VAT Payable			-
	<u>411,835 52</u>	<u>(3,319 83)</u>	<u>408,515 69</u>
<u>122,000 00</u> TOTAL REALISATIONS	<u>411,835 52</u>	<u>(3,319 83)</u>	<u>408,515 69</u>
COST OF REALISATION / PAYMENTS			
VAT payments			-
Landlord distraint	11,612 00	-	11,612 00
Agents' fees and expenses	21,359 32	-	21,359 32
Bank charges	210 00	-	210 00
Payment Protection Plan insurance	19,299 73	-	19,299 73
Statutory advertising	113 58	-	113 58
Legal fees & expenses *	47,621 05	(29,522 49)	18,098 56
Storage	1,015 20	3,064 86	4,080 06
Office holder's expenses	1,861 00	-	1,861 00
Office holder's fees	111,739 06	-	111,739 06
London Stock Exchange fees	-	600 00	600 00
Irrecoverable VAT (not VAT registered)	32,142 12	(4,523 92)	27,618 20
<u>122,000 00</u>	<u>246,973 06</u>	<u>(30,381 55)</u>	<u>216,591 51</u>
SECURED CREDITORS			
(1,699,000) Bank of Scotland		140,000	140,000
PREFERENTIAL CREDITORS			
(40,000) Employee wages & holiday pay	-	34,378 99	34,378 99
	-	174,379	174,379
UNSECURED CREDITORS			
(1,927,000) Trade creditors	-	-	-
<u>(3,544,000 00)</u> BALANCE	<u>164,862 46</u>	<u>(147,317 27)</u>	<u>17,545 19</u>
Represented by:			
High interest current account	17,545 19		
	<u>17,545 19</u>		

* Legal costs of DA Realisations Limited - In Administration were included in this amount. Accordingly, the amount of £29,522 49 plus VAT of £4,639 68 was reimbursed to the Company.

APPENDIX B

The Debt Advisor Group Plc
(in Administration)
Administrator's abstract of receipts and payments

	From 29 June 2007 To 28 December 2007	29 December 2007 To 6 June 2008	Total
	£	£	£
ADMINISTRATORS TRADING ACCOUNT			
INCOME			
Post appointment trading sales	123,959 39	-	123,959 39
Other trading income	9,644 18	-	9,644 18
Contribution to costs for utilities	740 00	756 98	1,496 98
Employee services and expense costs recovered	94 50	-	94 50
Postage costs recovered	182 72	-	182 72
Sale of work in progress	28,850 07	-	28,850 07
Rent	3,038 10	-	3,038 10
	<u>166,508 96</u>	<u>756 98</u>	<u>167,265 94</u>
EXPENDITURE			
Cleaning and site clearance costs	3,692 00	-	3,692 00
Employee Expenses	175 00	-	175 00
Employee-related Costs	190 00	12 73	202 73
IT costs	175 00	-	175 00
Motor & travel expenses	12 00	-	12 00
Office Costs and petty cash	8 55	-	8 55
PAYE & NIC	10,467 17	-	10,467 17
Pensions and life policies deductions	55 61	-	55 61
Rates	-	7,888 10	7,888 10
Rent and service charges	28,746 61	-	28,746 61
Duress payments	3,000 00	-	3,000 00
Security	1,080 00	-	1,080 00
Insurance	2,229 74	-	2,229 74
Telephone & fax	2,980 94	-	2,980 94
Utilities	3,250 95	-	3,250 95
Net wages	19,213 24	-	19,213 24
Irrecoverable VAT (not VAT registered)	6,701 99	-	6,701 99
	<u>81,978 80</u>	<u>7,900 83</u>	<u>89,879 63</u>
NET TRADING POSITION	<u>84,530 16</u>	<u>(7,143 85)</u>	<u>77,386 31</u>

NOTE This trading account is prepared on a cash basis and therefore debts collected and liabilities not settled have not been included. The final trading outcome can not be confirmed until these outstanding items are collected or settled. Please note that some of the expenditure shown above represents costs that would have been paid irrespective of whether the Administrators continued the Company's trading or not.

b Proposals for achieving the purpose of the Administration

The Administrators make the following proposals for achieving the purpose of administration

- i) The Administrators will continue to manage the Company's affairs and property in such manner as they consider expedient with a view to achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up, without first being in Administration
- ii) The Administrators may investigate and, if appropriate, pursue any claims that the Company may have under the Companies Act 1985 or IA86 or otherwise. In addition, the Administrators shall do all such other things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals
- iii) If the Administrators think that funds will become available for unsecured creditors, the Administrators may at their discretion establish in principle the claims of unsecured creditors for adjudication by the Administrators or a subsequent liquidator and the costs of so doing can be met as a cost of the Administration out of the Prescribed Part as costs associated with the Prescribed Part
- iv) If the Administrators think that funds will become available for unsecured creditors, the Administrators may at their discretion make an application to court for permission to make distributions to unsecured creditors under Paragraph 65(3) Sch B1 IA86
- v) As the Administrators currently hold the view that there will be insufficient funds to enable a distribution to be made to unsecured creditors other than potentially by virtue of the Prescribed Part as provided for by Section 176A IA86, they are not seeking to form a creditors' committee
- vi) Should the Administrators conclude that the cost of making a distribution to unsecured creditors by virtue of the Prescribed Part would be disproportionate to the benefits then the Administrators will make an application to the court under Section 176A(5) IA86 for an order not to distribute the Prescribed Part to unsecured creditors
- vii) Should it become apparent that an extension is required to the Administrators' term of office the Administrators shall either apply to the court or seek consent from the appropriate classes of creditors as defined in (ix) below
- viii) The Administrators may use any or a combination of "exit route" strategies in order to bring the Administration to an end, but in this particular instance the Administrators are likely to wish to pursue one of the following options as being the most cost effective and practical in the present circumstances -
 - (a) Once asset disposals are complete, the Administrators will apply to the Court to allow the Administrators to distribute surplus funds, if any, to unsecured non-preferential creditors. If such permission is given, the Administration will be brought to an end by notice to the Registrar of Companies under Paragraph 84 Sch B1 IA86, following registration of which the Company will be dissolved three months later. If permission is not granted the Administrators will place the Company into creditors' voluntary liquidation or otherwise act in accordance with any order of the court
 - (b) Alternatively, once asset disposals are complete, the Administrators may place the Company into creditors' voluntary liquidation. In these circumstances, it is proposed that Russell S Cash and Michael Horrocks be appointed as Joint Liquidators and any act required or authorised to be done by the Joint Liquidators may be done by either or both of them. In accordance with Paragraph 83(7) Sch B1 IA86 and Rule 2.117(3) IR86, creditors may nominate alternative liquidators, provided that the nomination is made after the receipt of these proposals and before they are approved
 - (c) If there are insufficient funds with which to make a distribution to unsecured non-preferential creditors, once all of the assets have been realised and the Administrators have concluded all work within the Administration, the Administrators will file a notice under Paragraph 84(1) Sch B1 IA86 with the Registrar of Companies to end the Administration, following registration of which the Company will be dissolved three months later

- ix) The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Sch B1 IA86 in respect of any action of theirs as Administrators at a time resolved by the secured creditor, or if a distribution has been or may be made to the preferential creditors, at a time resolved by the secured and preferential creditors or in any case at a time determined by the Court
- x) It is proposed that the Administrators' fees be fixed under Rule 2.106 IR86 by reference to the time properly given by the Administrators and the various grades of their staff according to their firm's usual charge out rates for work of this nature and that Category 2 disbursements (as defined by Statement of Insolvency Practice No 9) be charged in accordance with their firm's policy. As the Administrators have stated that they think that the Company has insufficient property to enable a distribution to be made to non-preferential unsecured creditors other than potentially by virtue of Section 176A IA86, it will be for the secured creditor and if appropriate the preferential creditors, to determine these