

The Insolvency Act 1986

Administrator's progress report**R2.38**

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company

Aquados (UK) Limited

Company number

SC204973

(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Edward Christopher Wetton
Gibson Booth
15 Victoria Road
Barnsley
South Yorkshire
S70 2BB

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

from

to

(b) Insert date(s)

(b) 8 March 2006

(b) 7 September 2006

Signed

Joint Administrator(s)

Dated

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

Edward Christopher Wetton
Gibson Booth
15 Victoria Road
Barnsley
South Yorkshire
S70 2BB

DX Number ecw@gibsonboothinsol.com

01226 215999
DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at
Companies House, 37 Castle Terrace, Edinburgh EH1 2EB
DX 235 Edinburgh / LP 4 Edinburgh 2

Aquados (UK) Limited

In Administration

Strictly Private and Confidential

Administrator's Progress Report to Creditors

pursuant to Rule 2.47(1) of the Insolvency Act 1986

for the period from 8 March 2006 (Date of appointment) to 7 September 2006

**Gibson Booth
Chartered Accountants
15 Victoria Road
Barnsley
S70 2BB**

Aquados (UK) Limited – In Administration

Administrator's Progress Report pursuant to Rule 2.47(1) of the Insolvency Act 1986 for the period 8 March 2006 (Date of appointment) to 7 September 2006.

1. Introduction

Administrator	Edward Christopher Wetton of Gibson Booth, Chartered Accountants, 15 Victoria Road, Barnsley, S70 2BB
Administration Order	The Administration Order granted by the Court of Session Parliament House, Parliament Square, Edinburgh in respect Aquados (UK) Limited dated 8 March 2006
Company	Aquados (UK) Limited (Company registered number 04403869) 130 St Vincent Street Glasgow Strathclyde G2 5HF
Appointor	Jempak Canada Inc being a Qualifying Floating Charge Holder pursuant to paragraph 14 of Schedule B1 of The Insolvency Act 1986

2. Purpose of the Administration

I was appointed administrator to manage the affairs, business and property of the Company. The purpose of an administration is to achieve one of the following objectives

- (a) primarily, rescuing the company as a going concern, or, failing that,
- (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), or finally,
- (c) realising property in order to make distributions to one or more secured or preferential creditors

As outlined in my report dated 5 August 2004, in this particular case, the administrator does not consider objectives (a) to be achievable, and hence objective (b) will be achieved by pursuing outstanding book debts and the realisation of assets. A distribution will hopefully be made to the company's creditors.

3. Receipts and Payments Account

I attach for your information a copy of my summarised receipts and payments account for the period 8 March 2006 to date. There are no figures under 'S of A' as this has yet to be provided by the director of the company.

4. Assets

4.1 Book Debts

The company operated a discrete factoring service with Barclays Sales Financing. The debts have been reassigned to myself as Administrator and to date I have collected £78,839 in respect of book debts. An amount of £26,133 has been paid to Barclays Sales Financing as regards to their outstanding costs and charges.

In accordance with the debtors schedule provided by Barclays Sales Financing there is a further £31,741 outstanding in respect of book debts. I am currently attempting to collect these outstanding debtors.

4.2 Plant & Machinery

As a manufacturer of water soluble PVA pouches containing soap powder, the Company utilises one primary machine, a Rideau Packaging machine and various associated ancillaries.

I understand the machine was developed by the Company and is therefore of a bespoke nature, with possibly only one other similar machine in the world.

The value placed on the Plant & Equipment in the January 2006 management accounts was £349,572. Upon the advice of our agent we accepted an offer of £555,492 for these assets.

4.3 Furniture & Equipment

This consisted of desks, chairs and computers. A value of £1,651 was placed on these items in the January 2006 management accounts. Upon the advice of our agent we accepted an offer of £5,000 for these assets.

4.4 Stock

The stock principally comprises mainly of soap powder which had been mixed for the purpose of packaging into dissolvable sachets and packaging which displayed the Company's logo. A proportion of the stock was finished product produced for customers whose orders were pending at the time of my appointment.

The total stock valued by the Company in the management accounts dated 31 January 2006 was £185,765. A large amount of this stock was subject to retention of title claims. Due to the nature of this stock and the retention of title claims its predicted realisation value was low. Upon the advice of our agent we accepted an offer of £60,000 for these assets.

4.5 Goodwill

An amount of £8 has been realised and apportioned to Goodwill. This refers to various items detailed in the contract of sale with the buyers detailed as follows:

• For the seller's interest in the lease	£1
• Seller's interest in the field pacovation machine	£1
• For the benefit and burden of all hire purchase Contracts in relation to the Chattels	£1
• For the benefit and burden of the finance agreement between Aquados (UK) Limited and HSBC Bank Plc relating to the finance of the field pacovation machines	£1
• For the prepayments made by the Sellers	£1
• For the Contracts	£1
• For the Goodwill	£1
• For the Consents	£1

4.6 Directors Loan Account

It appears from the Management accounts that the directors operated a Directors Loan Account. Investigations are currently ongoing as to the level of the Director's Loan Account and whether this account was overdrawn.

4.7 Cash at bank

An amount of £1,285 has been realised in respect of Cash at Bank.

4.8 Contribution towards Forensic Accountant

An amount of £11,750 has been paid to the company by a creditor for the services of a Forensic Accountant to review the books and records of the company. These investigations are currently ongoing.

4.9 Bank Interest

An amount of £2,549 has been received in respect of bank Interest.

5. Secured Creditors

A Floating Charge is held by Barclays Bank Plc which was Created on 29 September 2000 and registered on 9 October 2000. It appears from enquires that there is no debt due to Barclays Bank Plc under this charge; however, I am awaiting confirmation from Company Barclaycard that there is no debt in respect of this facility.

A Bond and Floating Charge is held by Jempak Canada Inc which was created on 3 December 2002 and Registered on 10 December 2002. Jempak Canada Inc has informed me that an amount of \$1,007,000 (Canadian Dollars) is outstanding.

A payment of £400,000 has been made to Jempak Canada Inc on 3 July 2006. It is expected that a further payment will be made to Jempak Canada Inc once confirmation has been received from Barclays Bank Plc that they have no debt under their registered Floating Charge.

6. Preferential Creditors

A claim of £1,570 has been received from the Redundancy Payments Office in respect of employee's arrears of wages and holiday pay. It is estimated that preferential creditors will be paid in full.

I have received no other preferential claims to date.

7. Unsecured Creditors

Unsecured creditors are as follows:

	Claim Recd £
Trade & Expense Creditors	838,939
Aquados (Europe) Limited	59,806
HM Revenue & Customs – PAYE, NI & CT	45,841
HM Revenue & Customs – VAT	<u>9,192</u>
	<u>953,788</u>

8. Dividend Prospects

8.1 Preferential Creditors

It is estimated that a dividend will be paid to any preferential creditors.

8.2 Ordinary/Unsecured Creditors

Based upon current information it is likely that a dividend will be paid to unsecured creditors. The level of any dividend paid to unsecured creditors is dependant upon future realisations and the outcome of my investigations.

9. Other Matters

9.1 Investigation

A report upon the company and its affairs before my appointment has been prepared by me as Administrator. This report is currently being reviewed by a Forensic Account with a view to identifying arrears of possible realisations.

10. Bordereau

This case was bonded in the amount of £1,000,000 on 31 March 2006

11. Administrators Remuneration, Solicitors and Agents Fees

It was agreed at the initial meeting of creditors that the remuneration of the Administrator be fixed by reference to time properly given by them and their staff in attending to matters arising from the Company's administration, in accordance with the Statement of Insolvency Practice 9 and that they be authorised to draw remuneration and disbursements including SIP 9 category 2 disbursements as and when funds are available

In accordance with new regulations brought about by my licensing body and included in Statement of Insolvency Practice 9 ("SIP 9") which came into force on 31 December 2002, we are obliged to provide creditors with a split of time between different charge classifications, and between each type of staff member dealing with the case

Time charged since 8 March 2006 is as detailed on the attached Chargeout Summary Disbursements have amounted in total to £2,379 This includes disbursements incurred internally (SIP 9 category 2) as detailed on the attached Chargeout Summary As you can see from the attached receipts and payments account fees of £27,620 have been drawn to date

The hourly rates charged depend on the complexity of the case These are detailed in the attached supplement 'A Creditors Guide to Gibson Booth's Fees' in respect of insolvency cases

11.1 Administrator's Overview of the Case and Duties

- Protecting and Realising the assets
- Setting up the case including entering all creditors and amounts due
- Opening bank accounts and entering case onto our cashing system
- Advising creditors of our appointment and providing the report pursuant to Paragraph 9 of Schedule B1 of the Insolvency Act 1986
- Submitting VAT returns to H M Customs & Excise and P35's and P14's up to the date of appointment to the Inland Revenue
- Liaising with fixed charge holders
- Dealing with preferential and ordinary/unsecured creditors claims including employees

- Completing and submitting report on the Director's to the Department of Trade & Industry (D Forms)
- Reconciling the local bank account on a monthly basis
- Agreeing the claims of the preferential creditors ie Department of Employment, and Employees
- Acknowledging all ordinary/unsecured claims and dealing with queries as required
- Reviewing the file initially and carrying out full reviews on a six monthly basis (minimum)
- Complying with Statutory matters including the filing of statutory receipts and payments account on a six monthly basis and ensuring compliance with Regulation 17, the Insolvency Practitioners Record
- Insuring the case, required by statute, for the maximum monies held and ensuring this is adequate at all times (Bordereau)
- Keeping a record of all time and disbursements spent The time spent between types of job and type of work to comply with Statement of Insolvency Practice 9 (from 31 December 2002)
- Preparing six monthly progress reports to distribute to all creditors, directors, shareholders, the Court and the Registrar of Companies

11.2 Solicitors Costs

Walker Morris, Solicitors, Leeds were instructed with regard to the obtaining of the Administration Order and advising on matters relating to the sale of assets Dundas & Wilson Solicitors of Edinburgh were instructed with regards to the validation of the Floating Charge of Jempak Canada Inc

They were instructed on the basis that their fees would be based on their normal charge out rate

11.3 Agents Costs

Sanderson Weatherall, Chartered Surveyors, Leeds were instructed with regard to the valuation of the assets of the company as previously detailed

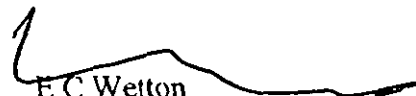
They were instructed on the basis that their fees would be based on their normal charge out rate

12. E.C Regulations on Insolvency Proceedings 2000

The E C Regulation on Insolvency Proceedings 2000 applies to this case, and these proceedings are main proceedings as the Company's centre of main interest is within the European Union

13. Conclusion

I hope that the above information is of use to creditors. Should you have any further queries as regards this matter, these should be put in writing and forwarded for the attention of E C Wetton at the above address


E C Wetton
Administrator
13 October 2006

Aquados (UK) Limited
(In Administration)
Administrator's Abstract of Receipts & Payments
To 13/10/2006

S of A £	£	£
SECURED ASSETS		
Book Debts (Re Assigned)	78,839 88	78,839 88
SECURED CREDITORS		
Barclays Sales Finance	26,133 42	(26,133 42)
ASSET REALISATIONS		
Plant & Machinery	555,492 00	
Furniture & Equipment	5,000 00	
Motor Vehicles	500 00	
Stock	60,000 00	
Goodwill	8 00	
Cash at Bank	1,285 23	
Contribution towards forensic accountant	11,750 00	
Bank Interest Net of Tax	2,549 90	636,585 13
COST OF REALISATIONS		
Specific Bond	200 00	
Office Holders Fees	27,620 90	
Legal Fees (1)	3,527 50	
Search & Registration Fees	67 10	
Courier & travel	699 09	
Stationery Postage & Copying	790 64	
Professional Charges Buckle Barton	325 00	
Storage Costs	51 33	
Re Direction of Mail	44 80	
Statutory Advertising	526 14	
Insurance of Assets	586 10	
Bank Charges	40 00	
Purchases	500 72	
Indirect labour	280 00	(35,259 32)
FLOATING CHARGE CREDITORS		
Jempak Canada Inc	400,000 00	(400 000 00)
		<u>254,032 27</u>
REPRESENTED BY		
VAI Receivable		5,889 18
Bank 2 - Current		248,143 09
		<u>254,032 27</u>

Gibson Booth

TIME & CHARGEOUT SUMMARIES

Aquados (UK) Limited

To 13 Oct 2006

HOURS							
Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	37 60	8 00	87 50	87 80	220 90	27,724 70	125 51
Investigations	49 70	0 00	63 65	86 00	199 35	34,204 75	171 58
Realisation of Assets	28 40	0 00	28 40	4 20	61 00	11,151 50	182 81
Creditors	16 85	0 00	21 05	14 80	52 70	8,119 50	154 07
Specific	0 00	0 00	7 70	0 00	7 70	885 50	115 00
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Fees Claimed £	33,823 25	514 20	24,760 00	22,988 50		82,085 95	
Total Hours	132 55	8 00	208 30	192 80	541 65		
Average Rate	255 17	64 28	118 87	119 23			

CATEGORY 2 DISBURSEMENTS

Type & Purpose				Amount £
18/04/2006	Other Expenses	Registrars of Scotland inv 715181 23 03 06		20 00
03/04/2006	Travelling Expenses	Parking Fees re meetings15 to 22/3/06		23 10
06/07/2006	Printing & Stationery	Files, stationery 29 06 06		5 08
24/05/2006	Other Expenses	Royal Mail re direction of post		1 60
09/06/2006	Other Expenses	Dixon Neil for Register of Inhibition & adjudications		20 00
01/06/2006	Other Expenses	Film charges		420 68
01/06/2006	Other Expenses	Van rental		149 00
01/06/2006	Motor Expenses	Petrol		48 06
01/06/2006	Motor Expenses	Van petrol		58 25
18/08/2006	Photocopying	D1005 Photocopying		65 28
27/06/2006	Postage	Re direct post D0944		0 96
16/03/2006	Other Expenses	Royal Mail Group re direction of post		43 20
30/06/2006	Postage	Re direct post D0944		2 61
06/07/2006	Postage	Re direct post D0994		4 66
07/07/2006	Postage	Re direct post D0944		2 23
10/07/2006	Postage	Re direct post D0944		1 11
11/07/2006	Postage	Re direct post D0944		1 11
12/07/2006	Postage	Re direct post D0944		1 77
14/07/2006	Postage	Re direct post D0944		0 96

To 13 Oct 2006

HOURS

[illegible]

A Creditors Guide to Gibson Booth's Fees' in respect of insolvency cases

In accordance with Statement of Insolvency Practice 9 we detail our charge out rates and disbursements policy

Charging and Disbursement Recovery Policy

Fees are charged on a time costs plus disbursements basis as follows

Hourly Charge Out Rates

The rates depend on the complexity of the case

Partner	£200 – £275
Manager	£140 – £175
Senior Case Administrator	£90 – £140
Case Administrator	£50 – £90

The office holder(s) will seek approval from creditors to draw remuneration on a time cost basis, in accordance with the rates detailed above, at the meeting of creditors

In common with all professional firms, our charge out rates increase from time to time. We reserve the right to change the rates without prior notice to you. Any change will be reported in the next statutory report to creditors.

Rechargeable Disbursements

The firm also charges the following NOT charged by third parties (SIP9 category 2 disbursements) as follows

Photocopying	17p per copy
Mileage at	40/60p per mile
Storage of boxes internally	£8 per annum per box
Destruction of boxes	£8.50 each
Room Hire where meeting held at Gibson Booth office	£60

The office holder(s) will seek approval from creditors to draw these disbursements at the creditors meeting