Rule 2.38 The Insolvency Act 1986 Form 2.20B(Scot)

Administrator's progress report R2.38

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

Name of Company	Company number
Integral Arm Limited	SC231370

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

We (a)
John Bruce Cartwright and Graham Douglas Frost
Of
PO Box 90
Erskine House
68 – 73 Queen Street
Edinburgh
EH2 4NH

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

(b) Insert date(s)

From	To
(b) 14 April 2010	(b) 13 October 2010

Signed
Joint Administrator

Dated 19/11/2010

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

Jane Morton	
PO Box 90, Erskine House, 68 – 73 Queen Street, Edinburgh, EH2 4NH	
	Tel 0141 355 4036
	DX Exchange

THURSDAY

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SCT 25/11/2010 321
COMPANIES HOUSE

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

PRICEWATERHOUSECOOPERS

Adventi Limited, Scotsys Limited an ntegral Arm Limited (all in Administration)
Court of Session
Case Numbers P413 of 2010, P415 o 010 and P414 of 2010

Joint Administrators' progress repo for the six months ended 13 October 2010

18 November 2010

Contact details for queries

Contact	Address	Direct line	E-mail	Fax
Jane Morton	PricewaterhouseCoopers LLP, 141 Bothwell Street, Glasgow G2 7EC	0141 355 4036	jane.morton@uk.pwc.com	0141 355 4005

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1. Joint Administrators' progress repo for the six months ended 13 October 2010

Introduction

In accordance with Rule 2.38 of the Insolvency (Scotland) Rul 986
("ISR86"), the Joint Administrators ("the Administrators") write rovide
creditors with details of the progress of the Administrations of enti
Limited ("Adventi"), Scotsys Limited ("Scotsys") and Integral A .imited
("Integral") (together "the Companies"), in the six months since
Administrators' appointment on 14 April 2010.

This is the Administrators' first progress report, and follows the ue of the
Administrators' proposals for achieving the purpose of Adminis ion
dated 3 June 2010 ("the Proposals").

Background information and initial actions taken by the Administrators

As at the date of the Administrators' appointment to the Comp is on 14
April 2010, the position as regards the Companies was as follo

- Adventi is the ultimate parent company of a group of comp es
  (including Scotsys and Integral), which provided IT suppor
  maintenance and installation of both hardware and softwa roducts.
  The Companies traded from a leasehold property located 0 James
  Street, Righead Industrial Estate, Bellshill ML4 3LU, from h they
  serviced both private and public sector customers;
- In recent years, the Companies suffered from diminishing nues
  and found it difficult to reduce its cost base accordingly. T directors
  sought a merger of the Companies' business with that of t
  competitors, with a view to benefiting from economies of s , and
  prior to the appointment of the Administrators, were in neg tion with
  2 interested parties;
- At the same time as these negotiations, HM Revenue & Customs ("HMRC") was pursuing the Companies for unpaid tax and national insurance. HMRC's pursuit of outstanding monies led to a winding up order dated 31 March 2010 being granted in respect of an associated company, Remco (Bellshill) Limited;
- The directors' discussions with competitors subsequently stalled and thereafter the directors took the decision to appoint the Administrators to the Companies.

The Companies are financed by way of overdraft and loan facilities. Barclays Bank PLC ("Barclays") provides funding to Adventi and Scotsys, with Clydesdale Bank PLC ("Clydesdale") providing funding to Integral.

Barclays' debt is secured by cross guarantees supported by bond and floating charges from Adventi and Scotsys. Clydesdale's debt is secured by a bond and floating charge from Integral.

- Key issues facing the Companies were as follows:
  - cash flow difficulties; and
  - the directors being unable to secure the additional funding required to settle HMRC's pursuit of outstanding monies.

As limited funding was available and given that any break in the provision of services to customers would be detrimental to both the ability to sell the business and debtor realisations, the Administrators concluded that the most appropriate strategy was to trade the business on a limited basis for a short period, whilst a purchaser for the Companies' business was sought as a priority.

1. Joint Administrators' progress report for the six months ended 13 October 2010

Immediately following their appointment, the Administrators took steps to protect and preserve the Companies' assets. The assets primarily comprised:

- contracts for the provision of IT support and maintenance with both public and private sector customers;
- stocks of finished goods and component parts necessary to serve the support and maintenance contracts;
- book debts;
- motor vehicles; and
- plant, machinery and fixtures.

Funding

No external financing has been sought by the Administrators to date as cash inflows arising from pre-appointment book debts have been sufficient to meet both the trading costs of the Companies and the ongoing costs of the Administration. As Adventi has no assets to realise, the costs of the Administration have been met by intercompany funding from Scotsys.

Sale of business and assets

Details of the process for, and the completion of the sale of the Scotsys business and assets to Castle Computer Services Limited was included in the Proposals.

Stock and motor vehicles

Scotsys owned stock was sold by the Administrators to a third party, realising a total of £9,675.

Thainstone Specialist Auctions ("Thainstone") was appointed to inventorise and value the Companies' remaining stock and fixed assets. With the exception of the motor vehicles and a small quantity of owned stock, Thainstone advised that the cost of realising the remaining assets would be greater than the realisation proceeds.

The vehicles were owned by Scotsys and were sold by Thainstone, generating total realisations of £19,600

Book debts

The director's sworn statements of affairs in respect of Scotsys included trade debtors with a book value of £549,338, with an estimated realisable value of £434,052. The director's sworn statement of affairs in respect of Integral included trade debtors with a book value of £28,596, with an estimated realisable value of £25,024. Adventi has no trade debtors per the director's sworn statement of affairs.

To date, book debts of £425,359 have been collected in respect of Scotsys and £7,608 has been collected in respect of Integral. The Administrators continue to pursue the realisation of the Scotsys pre-appointment book debts. We do not anticipate any further book debt realisations in respect of Integral.

Circulation of the Administrators' Proposals

The Administrators stated in their Proposals that they had formed the view that the Companies had insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the presribed part as defined by Section 176A of the Insolvency Act 1986 ("IA86").

Adoption of the Administrators' Proposals

The Administrators' Proposals were deemed approved in accordance with Rule 2.25(3), a meeting of creditors not having been requisitioned by creditors in the prescribed manner.

Receipts and payments accounts

An acount of the receipts and payments for the Companies for the six month periods ended 13 October 2010 is included at section 3 to this report.

Outcome for creditors

Adventi has no realisable assets, there is no prospect of any d end being available to secured, preferential or unsecured creditors

Scotsys' prepferential creditors of £15,773 have been paid in f The Administrators are not aware of any preferential creditors in re ct of Integral.

The Companies' assets are secured by a bond and floating ch e in favour of the respective bankers. The Administrators expect tl Companies' bankers to suffer a shortfall under their securities there will be insufficient property to enable a distribution to be made unsecured creditors other than by virtue of the prescribed part provided by section 176A(2)(a) of IA86.

The Administrators currently estimate that the value of the Sco ; and Integral net property to be £293,562 and nil respectively, and t efore the value of the prescribed part to be made available to unsecured ditors is estimated at £61,712 and nil respectively.

The Administrators may make an application to the Court unde ection 176A(5) to disapply the prescribed part if the economic benefit the body of creditors are outweighed by the costs of adjudication. decision whether or not to make this application is dependent ne floating charge realisations and costs and the value and numb f unsecured claims.

Administrators' remuneration

In accordance with Rule 2.39 ISR86, the Administrators'remun ion is approved by the secured and preferential creditors of the Com es. To date remuneration of £90,000 (plus VAT) for Scotsys and £10, (plus VAT) for Adventi has been approved and drawn, together with of pocket expenses of £1,836 (plus VAT) and £595 (plus VAT) re ctively, representing 678 hours at an average hourly rate of £236 for th eriod 14 April 2010 to 23 June 2010. To date the Administrators have not sought any remuneration in respect of their time costs for Integral.

Next report

The Administrators' next report to creditors will be at the earlier of the conclusion of the Administrations or in six months time.

for and on behalf of
Adventi Limited
Scotsys Limited
Integral Arm Limited

J B Cartwright
Joint Administrator

J B Cartwright and G D Frost have been appointed as Joint Administrators of Adventi Limited, Scotsys Limited and Integral Arm Limited to manage their affairs, business and property as their agents. Both J B Cartwright and G D Frost are licensed in the United Kingdom to act as insolvency practitioners by The Institute of Chartered Accountants of Scotland.

2. Statutory and other information

Court details for the Administration:	Court of Session – case number P413/10
Full name:	Adventi Limited
Trading name:	Adventi Limited
Registered number:	SC230646
Registered address:	PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH
Company directors:	William Edwards, Graham Bucknall, Malcolm McPherson, Alastair Salvesen, Peter Shakeshaft and Andrew Torrance
Company secretary:	William Edwards
Shareholdings held by the directors and secretary:	William Edwards 200 (0.1%), Graham Bucknall 23,006 (15.3%), Malcolm McPherson 2,130 (1.4%), Alastair Salvesen 21,125 (14.1%) and Peter Shakeshaft 1,250 (0.8%)
Date of the Administration appointment:	14 April 2010
Administrators' names and addresses:	JB Cartwright and GD Frost, PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH
Appointor's / applicant's name and address:	The Directors of the Company, 10 James Street, Righead Industrial Estate, Bellshill ML4 3LU
Objective being pursued by the Administrators:	(b) Achieving a better result for the company's creditors as a whole than would be likely if the company were to be wound-up (without first being in Administration), or failing which (c) realising property in order to make a distribution to one or more secured or preferential creditors
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 function to be exercised by the persons appointed to act as Administrators may be done by any or all of the persons appointed or any of the persons for the time being holding that office
Proposed end of the Administration:	*Dissolution*
Estimated dividend for unsecured creditors:	Nil
Estimated values of the prescribed part and the Company's net property:	Nil
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	N/A
The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings
Any other information which the Administrators think necessary to enable creditors to decide whether or not to vote for adoption of the proposals:	None

2. Statutory and other information

Court details for the Administration:	Court of Session – case number P415/10
Full name:	Scotsys Limited
Trading name:	Scotsys Limited
Registered number:	SC217214
Registered address:	PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH
Company directors:	William Edwards, Graham Bucknall, Peter Shakeshaft and Andrew Torrance
Company secretary:	William Edwards
Shareholdings held by the directors and secretary:	None
Date of the Administration appointment:	14 April 2010
Administrators' names and addresses:	JB Cartwright and GD Frost, PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH
Appointor's / applicant's name and address:	The Directors of the Company, 10 James Street, Righead Industrial Estate, Bellshill ML4 3LU
Objective being pursued by the Administrators:	(b) Achieving a better result for the company's creditors as a whole than would be likely if the company were to be wound-up (without first being in Administration), or failing which (c) realising property in order to make a distribution to one or more secured or preferential creditors
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 function to be exercised by the persons appointed to act as Administrators may be done by any or all of the persons appointed or any of the persons for the time being holding that office
Proposed end of the Administration:	Dissolution or if funds are available to unsecured creditors, Creditors Voluntary Liquidation
Estimated dividend for unsecured creditors:	Unknown
Estimated values of the prescribed part and the Company's net property:	The prescribed part value is currently estimated to be £61,712 The value of the Scotsys net property is currently estimated to be £293,562
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	Given the uncertainty of the value achievable from realising the remaining Company assets, it is not yet known whether an application under section 176A(5) IA86 will be appropriate in this case.
The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings
Any other information which the Administrators think necessary to enable creditors to decide whether or not to vote for adoption of the proposals:	None

2. Statutory and other information

Court details for the Administration:	Court of Session – case number P414/10
Full name:	Integral Arm Limited
Trading name:	Integral Arm Limited
Registered number:	SC231370
Registered address:	PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH
Company directors:	William Edwards and Peter Shakeshaft
Company secretary:	William Edwards
Shareholdings held by the directors and secretary:	None
Date of the Administration appointment:	*14 April 2010*
Administrators' names and addresses:	JB Cartwright and GD Frost, PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH
Appointor's / applicant's name and address:	The Directors of the Company, 10 James Street, Righead Industrial Estate, Bellshill ML4 3LU
Objective being pursued by the Administrators:	(b) Achieving a better result for the company's creditors as a whole than would be likely if the company were to be wound-up (without first being in Administration), or failing which (c) realising property in order to make a distribution to one or more secured or preferential creditors
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 function to be exercised by the persons appointed to act as Administrators may be done by any or all of the persons appointed or any of the persons for the time being holding that office
Proposed end of the Administration:	Dissolution
Estimated dividend for unsecured creditors:	Nil
Estimated values of the prescribed part and the Company's net property:	Nil and nil
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	N/A
The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings
Any other information which the Administrators think necessary to enable creditors to decide whether or not to vote for adoption of the proposals:	None

3. Receipts and payments accounts of Adventi Limited, Scotsys Limited and Integral Arm Limited for the period 14 April 2010 to 13 October 2010

Administration
of Adventi Limited

TRADING ACCOUNT

Statement of Affairs		Period From: 14/04/2010 To: 13/10/2010	Cumulative From: 14/04/2010 To: 13/10/2010
£		£	£
	Trading Overheads		
nil	Gross wages & salaries	(8,753.84)	(8,753.84)
nil	Employer's NIC	(25.81)	(25.81)
nil	Motor & travel expenses	(164.45)	(164.45)
		(8,944.10)	(8,944.10)
	Surplus/(Deficit)	(8,944.10)	(8,944.10)

Administration
of Adventi Limited

REALISATION ACCOUNT

Statement of Affairs		Period From: 14/04/2010 To: 13/10/2010	Cumulative From: 14/04/2010 To: 13/10/2010
£		£	£
	RELATING TO FLOATING CHARGE/UNSECURED ASSETS		
	Realisations		
	Surplus Deficit from Trading	(8,944.10)	(8,944.10)
21,121.00	Pre-appointment VAT refund	0.00	0.00
nil	Interest received gross	3.42	3.42
		(8,940.68)	(8,940.68)
	Costs of realisation		
nil	Legal Fees	(1,500.00)	(1,500.00)
nil	Legal Disbursements	(49.47)	(49.47)
		(1,549.47)	(1,549.47)
	Administration and appointment-related costs		
nil	Motor & travel expenses	(28.78)	(28.78)
nil	Registrars' Fees	(15.00)	(15.00)
nil	Office holder's fees	(10,000.00)	(10,000.00)
nil	Office holder's expenses	(595.00)	(595.00)
nil	Statutory advertising	(63.45)	(63.45)
nil	Mail re-direction	(51.97)	(51.97)
		(10,754.20)	(10,754.20)
	Balance	(21,244.35)	(21,244.35)
	REPRESENTED BY:		
	Loans and advances		(24,542.03)
	General sterling - current IB bank account		1,154.50
	Input VAT - General		2,143.18
			(21,244.35)

3. Receipts and payments accounts of Adventi Limited, Scotsys Limited and Integral Arm Limited for the period 14 April 2010 to 13 October 2010

Administration
of Scotsys Limited

TRADING ACCOUNT

Statement of Affairs		Period From: 14/04/2010 To: 13/10/2010	Cumulative From: 14/04/2010 To: 13/10/2010
£		£	£
	Trading Overheads		
nil	Gross wages & salaries	(22,663.35)	(22,683.35)
nil	Employers NIC	(1,495.39)	(1,495.39)
nil	Employer's Pension Costs	(254.81)	(254.81)
nil	Employee-related Costs	(43.30)	(43.30)
nil	Utilities	(884.71)	(884.71)
nil	IT costs	(450.00)	(450.00)
		(25,811.56)	(25,811.56)
	Surplus/(Deficit)	(25,811.56)	(25,811.56)

Administration
of Scotsys Limited

REALISATION ACCOUNT

Statement of Affairs		Period From: 14/04/2010 To: 13/10/2010	Cumulative From: 14/04/2010 To: 13/10/2010
£		£	£
	RELATING TO FLOATING CHARGE/UNSECURED ASSETS		
	Realisations		
	Surplus/Deficit from Trading	(25,811.56)	(25,811.56)
[illegible]	Motor Vehicles	19,600.00	19,600.00
[illegible]	Sale of Business	41,694.20	41,694.20
nil	Stock	9,675.00	9,675.00
134,052.00	Book debts	425,359.19	425,359.19
nil	Sundry debts	1,818.90	1,818.90
nil	Refunds	2,342.06	2,342.06
nil	Interest received gross	167.45	167.45
		474,845.24	474,845.24
	Costs of realisation		
nil	Agents' Fees	(3,255.00)	(3,255.00)
nil	Hire Purchase costs	(1,136.56)	(1,136.56)
nil	Legal Fees	(5,000.00)	(5,000.00)
nil	Legal Disbursements	(164.06)	(164.06)
nil	Cleaning and site clearance costs	(325.15)	(325.15)
		(9,921.17)	(9,921.17)
	Administration and appointment-related costs		
nil	Motor & travel expenses	(44.00)	(44.00)
nil	Registrars' Fees	(15.00)	(15.00)
nil	Office holder's fees	(90,000.00)	(90,000.00)
nil	Office holder's expenses	(1,836.00)	(1,836.00)
nil	Statutory advertising	(63.45)	(63.45)
		(91,958.45)	(91,958.45)
	Distributions		
nil	Distribution to Chargeholder	(100,000.00)	(100,000.00)
nil	Preferential Creditors - Employees	(15,773.32)	(15,773.32)
		(115,773.32)	(115,773.32)
	Balance	257,192.30	257,192.30

REPRESENTED BY:

[illegible]	[illegible]
[illegible]	[illegible]
Input VAT - General	[illegible]
Output VAT - General	[illegible]
	257,192.30

3. Receipts and payments accounts of Adventi Limited, Scotsys Limited and Integral Arm Limited for the period 14 April 2010 to 13 October 2010

Administration
of Integral Arm Limited

REALISATION ACCOUNT

Statement of Affairs		Period From: 14/04/2010 To: 13/10/2010	Cumulative From: 14/04/2010 To: 13/10/2010
£		£	£
	RELATING TO FLOATING CHARGE/UNSECURED ASSETS		
	Realisations		
25,024.00	Book Debts	7,609.70	7,609.70
3,698.00	Balance at Bank	0.00	0.00
nil	Interest received gross	5.75	5.75
		7,615.45	7,615.45
	Costs of realisation		
nil	Legal Fees	(1,500.00)	(1,500.00)
nil	Legal Disbursements	(49.47)	(49.47)
		(1,549.47)	(1,549.47)
	Administration and appointment-related costs		
nil	Registrars' Fees	(15.00)	(15.00)
nil	Statutory advertising	(63.45)	(63.45)
nil	Tax deducted on interest	(0.39)	(0.39)
		(78.84)	(78.84)
	Balance	5,987.14	5,987.14

REPRESENTED BY:

General sterling - current IB bank account	5,707.14
Input VAT - General	280.00
	5,987.14