

The Insolvency Act 1986

Administrators' progress report**2.24B**

Name of Company

Global Sealing Technologies Limited

Company number

02780458

In the

High Court of Justice, Chancery Division,
Manchester District Registry

Court case number

1771/2004

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

We

(a) Simon Allport and Garry Wilson

Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY

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

From

To

(b) Insert date

(b) 21 March 2005

(b) 20 September 2005

Signed

Joint / Administrator(s)

Dated

18 October 2005

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

Ben Wildsmith

Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY

Tel: 0161 333 2769

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

TO ALL KNOWN CREDITORS

18 October 2005

CR/SA/KC/BW/NWM0647/PF18.1

Direct Line: 0161 333 2769

Direct Fax: 0161 333 3008

Dear Sirs

Global Sealing Technologies Limited (In Administration) ("the Company")

I write in accordance with Rule 2.47 of the Insolvency Rules 1986 to provide creditors with a report on the progress of the Administration of the Company. This report covers the period from 21 March 2005 to 20 September 2005 and should be read in conjunction with the Joint Administrators' previous reports dated 9 November 2004 and 8 April 2005.

Garry Wilson and I were appointed as Joint Administrators to the Company on 21 September 2004. The appointment was made by Lloyds TSB Bank plc under the provisions of paragraph 14 of Schedule B1 to the Insolvency Act 1986. Under the terms of the appointment, any act required or authorised to be done by the Joint Administrators can be done by either of them.

A summary of statutory information relating to the Company is included at Appendix 1.

Summary of Progress

Book Debts

At the date of our appointment the Company's sales ledger totalled approximately £3,053,000. We have collected to date approximately £2,412,000, representing circa 79% of the Company's ledger at the date of our appointment. As the balance of the ledger is subject to significant counter-claims, in particular, supplier contra claims and product quality issues, which have restricted the level of book debts receipts, we do not anticipate any further material realisations.

Other Assets

As previously reported at the time of our appointment the Company had an outstanding claim against its former energy brokers in respect of certain charges in its fuel bills. We have pursued this claim with the assistance of our solicitors. We have recently received an offer of settlement in respect of this claim and we are waiting for our solicitors' advice before we are able to determine what future action is appropriate and assess the potential realisation from this claim.

No other significant asset realisations are expected.

Receipts and Payments Account

I enclose at Appendix 2 a Receipts and Payments account for the period from 21 March 2005 to 20 September 2005. This does not reflect future realisations or costs.

Joint Administrators' Remuneration and Disbursements

Pursuant to Rule 2.106 of the Insolvency Rules 1986 the Joint Administrators' have gained approval from the secured lenders and preferential creditors that their remuneration be fixed on a time-cost basis. At 14 October 2005 the Joint Administrators had incurred time costs totalling £292,201 and expenses totalling £4,217. An analysis of the time spent to 14 October 2005 is attached at Appendix 3 to this report. At Appendix 4 there is a statement of the Joint Administrators' policy in relation to charging time and disbursements.

To date, £200,000 plus VAT has been drawn in respect of the Joint Administrators' remuneration and £3,497 plus VAT in respect of disbursements.

Secured Creditors

We have been able to make distributions to the secured creditors of £2,665,000. As a consequence, the pre-appointment indebtedness of Lloyds TSB Commercial Finance Limited and Lloyds TSB Bank plc has been repaid in full. Included in the above figure is a distribution to the remaining secured lender, Lloyds Development Capital Limited of £108,000.

Preferential Creditors

We have paid £23,347 paid in full and final settlement to the preferential creditors which related solely to unpaid pension scheme contributions. There are no other preferential creditors.

Non-preferential Creditors

The Prescribed Part

As detailed in the Proposals document, the Company's secured lenders have validly registered fixed and floating charges, which were executed prior to 15 September 2003. Consequently, section 176(a) of the Insolvency Act 1986, as amended, regarding the Prescribed Part does not apply in this Administration.

Distributions to Creditors

The remaining secured creditor will incur a shortfall in their pre-appointment indebtedness. Consequently, it is anticipated that no funds will be available for distribution to the unsecured creditors.

Future Conduct of the Administration

The Joint Administrators have agreed with the remaining secured creditor (Lloyds Development Capital Limited) that the administration be extended for a further 6 months from 21 September 2005, in order to complete all remaining matters.

I will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

Yours faithfully
for Global Sealing Technologies Limited (In Administration)



S Allport
Joint Administrator

Enclosed:	Appendix 1	Summary of Statutory Information
	Appendix 2	Joint Administrators' Abstract of Receipts and Payments
	Appendix 3	Summary of Joint Administrators' Time-Costs
	Appendix 4	Joint Administrators' Policy on Fees and Disbursements

The affairs, business and property of the Company are being managed by the Joint Administrators, S Allport and G Wilson, who act as agents of the Company only and without personal liability.

The Institute of Chartered Accountants in England and Wales authorises S Allport and G Wilson to act as Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986.

Global Sealing Technologies Limited (In Administration)

Summary of Statutory Information

Name of court:	High Court of Justice, Chancery Division, Manchester District Registry
Court reference number:	1771/2004
Full name of company:	Global Sealing Technologies Limited
Registered office address:	Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY
Former trading address:	Unit 27 Aber Park, Aber Road, Flint, Flintshire, CH6 5EX
Registered number:	02780458
Administrators' names:	Simon Allport and Garry Wilson
Administrators' address:	Ernst & Young LLP 100 Barbirolli Square Manchester M2 3EY
Date of appointment:	21 September 2004
Full name of the appointor:	Lloyds TSB Bank plc
Address of appointor:	PO Box 349 3 rd Floor 53 King Street Manchester M60 2LE
Changes in office holder:	N/A
Statement of functions ¹ :	Simon Allport and Garry Wilson, act jointly and severally as administrators of the Company. Simon Allport has the day-to-day management and control of the administration. Garry Wilson has the same powers and functions as Simon Allport but these will only be exercised in the event of Simon Allport being unable to act for any reason whatsoever.

¹ In accordance with paragraph 100 of Schedule B1 to the Insolvency Act 1986

Global Sealing Technologies Limited (In Administration)

Joint Administrators' Abstract of Receipts and Payments
for the period from 21 March 2005 to 20 September 2005

RECEIPTS	£
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Balance B/f	3,107,053.32
Administrators Sales	11,199.83
Book Debts	139,529.40
Bank Interest	3,790.95
VAT Receivable	1,824.94
Carriage (returned cheque)	158.00
	<u>3,263,556.44</u>

PAYMENTS

Balance B/f	2,680,643.22
Administrators Fees	203,497.00
Agents Costs	9,551.28
Legal Fees	20,000.00
ROT Settlements	4,375.27
Insurance	73.50
Haulier Lien	7,435.46
Bank Charges	581.16
Debt Collection Expenses	5,768.32
Rent	19,166.66
Secured Creditors	200,000.00
	<u>3,151,091.87</u>

Balance at hand	<u>112,464.57</u>
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Global Sealing Technologies Limited (In Administration)

Summary of Joint Administrators' Time-Costs
for the period from 21 September 2004 to 14 October 2005

Activity	Staff Grade					Support Staff	Total
	Partner	Director / AD	Senior Executive	Executive	Analyst		
Job Acceptance & Strategy	6.4	-	14.5	-	-	-	20.9
Immediate Tasks	3.4	-	4.3	-	2.0	-	9.7
Bank Reporting	42.2	-	42.5	42.4	10.0	3.7	140.8
Property	5.5	1.1	10.6	13.3	-	-	30.5
Debtors	13.7	-	99.0	183.5	189.0	-	485.2
Other Assets	6.0	15.4	23.8	11.4	-	-	56.6
Trading	5.9	-	54.8	120.4	44.5	-	225.6
Retention of Title	11.0	-	13.3	23.5	77.0	-	124.8
Creditors	4.6	-	25.3	112.3	76.2	-	218.4
Members	-	-	-	-	-	-	-
Investigations	1.1	-	11.0	2.1	-	-	14.2
Employee Matters	1.5	-	30.0	-	-	-	31.5
Accounting & Administration	2.4	-	52.4	48.1	32.3	24.3	159.5
Public Relations Issues	0.4	-	-	-	-	-	0.4
Environmental Issues	-	-	-	-	10.0	-	10.0
Statutory Duties	14.9	1.0	23.5	68.1	10.0	0.3	117.8
VAT & Taxation	0.8	11.7	2.4	2.5	33.7	2.0	53.1
Other Matters	-	-	4.5	1.0	-	-	5.5
Total Hours	119.8	29.2	411.9	628.6	484.7	30.3	1,704.5
Time Costs (£)	46,862	8,344	90,257	103,767	41,262	1,710	292,202
Average Hourly Rate (£)	391	286	219	165	85	56	171
Current Hourly Rate (£)	410	275 - 330	230	120 - 170	65 - 95	55 - 80	

Global Sealing Technologies Limited (In Administration)**Office Holders' Charging Policy for Fees**

The ICAEW recommends that Administrators' remuneration should be fixed on the basis of time properly spent by the Administrators and their staff in attending to matters arising in the Administration.

The Administrators have engaged managers and other staff to work on the case. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by cashiers dealing with the Company's bank accounts and statutory compliance diaries, secretaries providing typing and other support services and filing clerks. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown in Appendix 3, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report.

Office Holders' Charging Policy for Disbursements

Statement of Insolvency Practice No. 9 ("SIP 9") divides disbursements into two categories.

Category 1 disbursements comprise payments made by the office holders' firm, which comprise specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without approval from the creditors. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment.

The Joint Administrators have drawn £3,497 plus VAT in respect of category 1 disbursements to 14 October 2005.

Category 2 disbursements comprise payments made by the office holders' firm which include elements of shared or overhead costs. Such disbursements are subject to approval as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn.

No category 2 disbursements have been drawn to 14 October 2005.