

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 September 2004	(b) 20 March 2005

Signed

Joint / Administrator(s)

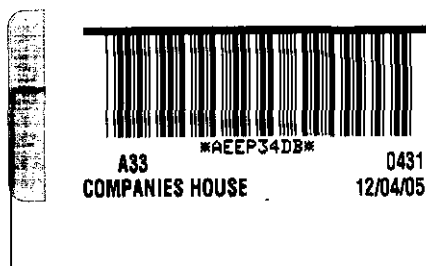
Dated

11 April 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

8 April 2005

CR/SA/NUB/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 above Company. This report covers the period from 21 September 2004 to 20 March 2005 and should be read in conjunction with the Joint Administrators' previous report and proposals dated 9 November 2004 ("the Proposals document").

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 4.

Summary of Progress**Sale of Business**

As previously reported in the Proposals document, a sale of the business and assets of the Company to Excelsior Technologies Limited was completed on 28 September 2004 for consideration totalling £700,000, excluding any debts due to the Company.

In completing the transaction, the Joint Administrators avoided the need for a substantial funding requirement and achieved the best value available for the assets sold, particularly given the level of finance outstanding on the plant and machinery, retention of title claims and stock obsolescence issues. Furthermore, the sale ensured continuity of supply for the customer base, thereby maximising collections from book debts which represented the most significant asset available for realisation in the Administration.

Book Debts

At the date of appointment the Company's sales ledger totalled approximately £3,053,000. Debtor collections to 20 March 2005 amounted to approximately £2,273,000, representing circa 75% of the Company's ledger at the date of appointment. There have been significant counter-claims, in particular, supplier contra claims and product quality issues, which have restricted the level of book debts receipts. We continue to pursue the remaining collectable balances and anticipate further realisations, albeit limited, from this source.

Trading

The business continued to trade in Administration for a short period whilst a going concern sale of the Company's business and assets was pursued. Sales for this period totalled approximately £110,000 (excluding VAT) which will result in a small trading surplus.

Other Assets

There were no other material assets available for realisation.

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 instructed solicitors to proceed with this claim and we are awaiting a detailed response from the defendant in order to assess future actions and potential realisations.

With the exception of the outstanding matters detailed above no further significant asset realisations are expected.

Receipts and Payments Account

I enclose at Appendix 1 a Receipts and Payments account for the period from 21 September 2004 to 20 March 2004. 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 requested approval from the secured lenders and preferential creditors that their remuneration be fixed on a time-cost basis. At 25 March 2005 the Joint Administrators had incurred time costs totalling £224,043 and expenses totalling £3,497. An analysis of the time spent to 25 March 2005 is attached at Appendix 2 to this report. At Appendix 3 there is a statement of the Joint Administrators' policy in relation to charging time and disbursements.

To date, no monies have been drawn in respect of the Joint Administrators' remuneration and disbursements.

Secured Creditors

We have been able to make distributions to the secured creditors totalling approximately £2,462,000. Whilst we anticipate that a further distribution may be possible, it remains likely that the secured creditors will face a shortfall.

Preferential Creditors

Pursuant to Section 251 of the Enterprise Act 2002, preferential status under Schedule 6 to the Insolvency Act 1986 has been abolished for most categories of crown debt; in particular PAYE, NIC and VAT. Certain categories of preferential debt remain, including contributions to occupational pension schemes and the remuneration of employees. In this Administration the preferential creditors related solely to unpaid pension scheme contributions. This claim has been agreed and a payment made of £23,347.19.

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

As detailed above the secured creditors will face a shortfall in their pre-appointment indebtedness. Consequently, the Joint Administrators do not anticipate that any funds will be available for distribution to the unsecured creditors.

Future Conduct of the Administration

There remain a number of outstanding matters to be finalised in this Administration (including debtor collections and finalisation of certain liabilities), following which the Joint Administrators intend to implement their exit strategy.

As detailed in the Proposals document the exit strategy for this Administration is for the Joint Administrators to take steps, once all matters were concluded, to dissolve the Company at such time as considered appropriate. We anticipate that these steps will be implemented in the coming months.

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

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)

Joint Administrators' Abstract of Receipts and Payments
for the period from 21 September 2004 to 20 March 2005

	Total £
RECEIPTS	
Administrators Sales	85,794.14
Property	1.00
Book Debts	2,273,050.26
Goodwill & Patents	4.00
Prepayments & Other Debts	683.19
Bank Interest	25.71
Plant and Machinery	24,994.00
Stock	675,001.00
Debtors not subject to Fixed Charge	20,459.99
Bank Interest	7,852.38
Payroll Deductions	20.99
Other Income	19,166.66
	<hr/> 3,107,053.32
PAYMENTS	
Gross Wages	24,991.02
Direct Labour	2,636.00
Material Purchases	10,242.57
ROT Settlements	7,390.56
Consumables	368.77
Carriage	6,308.00
Employers NIC	2,366.60
Security	620.00
Gas	391.53
Insurance	2,874.60
Professional Fees	354.00
Motor Expenses	102.65
Post Appointment Charges	2,779.10
Sundry Expenses	275.89
Employers Pension	389.09
Haulier Lien	91,842.84
Bank Charges - Fixed	1.01
LTSB Commercial Finance	2,062,284.54
Lloyds TSB Bank Plc	400,000.00
Agents' Fees	7,000.00
Legal Fees	30,332.71
Public Notices	105.79
Specific Bond	1,200.00
Stationery & Photocopying	178.67
Bank Charges	435.15
Preferential Creditors	23,347.19
VAT Receivable	1,824.94
	<hr/> 2,680,643.22
Balances In Hand	<hr/> 426,410.10 <hr/>

Global Sealing Technologies Limited (In Administration)

Summary of Joint Administrators' Time-Costs
for the period from 21 September 2004 to 25 March 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	-	-
Bank Reporting	29.0	-	35.5	22.1	10.0	3.7	100.3
Property	4.7	1.1	4.0	0.6	-	-	10.4
Debtors	10.7	-	80.0	140.2	189.0	-	419.9
Other Assets	4.9	15.4	13.3	11.4	-	-	45.0
Trading	5.9	-	54.8	120.4	44.5	-	225.6
Retention of Title	11.0	-	9.5	11.3	77.0	-	108.8
Creditors	1.3	-	22.2	102.6	76.2	-	202.3
Members	-	-	-	-	-	-	-
Investigations	1.1	-	11.0	-	-	-	12.1
Employee Matters	1.5	-	28.5	-	-	-	30.0
Accounting & Administration	1.1	-	31.1	16.9	32.3	15.7	97.1
Public Relations Issues	0.4	-	-	-	-	-	0.4
Environmental Issues	-	-	-	-	10.0	-	10.0
Statutory Duties	8.5	-	4.0	24.2	10.0	-	46.7
VAT & Taxation	0.4	5.6	1.5	1.0	6.0	-	14.5
Other Matters	-	-	-	-	-	-	-
Total Hours	90.3	22.1	314.2	450.7	457.0	19.4	1,353.7
Time Costs (£)	35,117	6,132	68,414	74,822	38,492	1,067	224,043
Average Hourly Rate (£)	389	277	218	166	84	55	166
Current Hourly Rate (£)	390	275 - 325	220	120 - 160	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 2, 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") published by R3 (The Association of Business Recovery Professionals) 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.

No category 1 disbursements have been drawn to 20 March 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 20 March 2005.

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
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 :	<p>Simon Allport and Garry Wilson, act jointly and severally as administrators of the Company.</p> <p>Simon Allport has the day-to-day management and control of the administration.</p> <p>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.</p>

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