

Rule 2.47

Form 2.24B

The Insolvency Act 1986

**Administrator's progress report****2.24B**

Name of Company:  
Advanced Technologies Group Limited

Company number:  
3176068

In the:  
High court of justice

[full name of court]

Court case number:  
4958 of 2005

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

I / We (a) Timothy John Edward Dolder of Begbies Traynor (South) LLP, 32 Cornhill, London, EC3V 3BT  
Paul Michael Davis of, Begbies Traynor (South) LLP, 32 Cornhill, London, EC3V 3BT and Nigel Hamilton  
Smith of Vantis Business Recovery, Torrington House, 47 Holywell Hill, St Albans, AL1 1HD

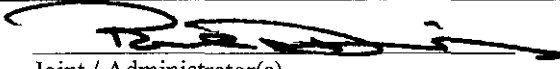
administrator(s) of the above company attach a progress report for the period

(b) Insert dates

from / to

(b) 26 July 2005 to 25 January 2006

Signed:

  
Joint / Administrator(s)

Dated:

21/2/06

**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

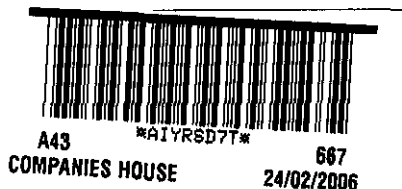
Begbies Traynor (South) LLP

32 Cornhill, London, EC3V 3BT,

Tel Number: 020 7398 3800

Fax Number: 020 7398 3799 (Fax)

DX Number:



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

Timothy John Edward Dolder and Paul Michael Davis appointed joint administrators on 26 July 2005. Nigel Hamilton-Smith appointed joint administrator on 4 August 2005

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents.

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## **Advanced Technologies Group Limited (In Administration)**

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### **Interim Report of the joint administrators pursuant to Rule 2.47 of The Insolvency Rules 1986**

Period: 26 July 2005 to 25 January 2006

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### **Contents**

- ☐ Company and administrators' details
- ☐ Progress during the period
- ☐ Assets that remain to be realised
- ☐ Other relevant information
- ☐ Conclusion
- ☐ Appendices
  - 1. Joint administrators' account of receipts and payments,
  - 2. Joint administrators' time costs and expenses

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## 1. COMPANY AND ADMINISTRATORS' DETAILS

Name of court:	High court of justice
Court reference number:	4958 of 2005
Company registered number:	3176068
Registered office: address:	Chiltern House, 24 - 30 King Street, Watford WD18 0BP
Names of joint administrators:	Timothy John Edward Dolder and Paul Michael Davis of Begbies Traynor (South) LLP and Nigel Hamilton-Smith of Vantis Business Recovery
Date of administrators' appointment:	26 July 2005
Person(s) making appointment / application:	RANSPV Limited
Changes in office-holder (if any):	Nigel Hamilton-Smith appointed joint administrator on 4 August 2005
Acts of the joint administrators:	The joint administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time or as laid out in the court order made on 4 August 2005

## 2. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 26 July 2005 to 25 January 2006

### **Receipts**

#### **Advance From Charge Holder**

The Qualifying Floating Charge Holder, RANSPV Limited has advanced directly to the joint administrators the sum of £250,178, since the date of appointment. These funds have been utilised to discharge ongoing administration costs including wages, utilities, insurance etc. Further sums totalling £39,212 have been advanced to the joint administrators' solicitors, Messrs Edwin Coe. These sums have been used to defray additional costs of the administration including legal costs incurred in America and England and further costs in relation to the maintenance of the patents held by the Company.

#### **Exclusivity Payment**

Payments totalling £250,000 were received from the preferred bidder, as disclosed to creditors at the paragraph 49 meeting on 3 October 2005. These funds were used to discharge the costs

of the administration during the exclusivity period. The exclusivity period ran from 1 October to 28 October 2005. The bid process and the preferred bidders subsequent withdrawal are dealt with later in this report.

### **Payments**

A number of payments are scheduled in the receipts and payments account, most of which are self-explanatory. I would draw your attention to the following items:

#### **Retaining Subsidiary Company**

The sum of £3,357 was paid to the Registrar of Companies in Bermuda in order to avoid the striking from the register of one of ATG's subsidiary companies, StratSat Technologies Limited. Following discussions with the board of directors, it was determined that the best course of action was to retain the company, as it would ensure that title to certain assets of ATG would be retained.

#### **Payments re Skycat Technologies Inc**

The sum of £6,359 was paid by the joint administrators to McDermot Will & Emery and further sums of £16,790.79 were advanced by Edwin Coe at my behest. These payments were made in an attempt to increase the value of ATG's IPR. Payments were made in respect of the Chapter 7 filing of Skycat Technologies Inc. In order to progress a potential sale of the assets with the preferred bidder it was necessary to terminate the Cross Licence Agreement which existed between ATG and Skycat technologies Inc

#### **Consultants, Wages & Salaries**

A number of the employees and consultants of the Company were retained by the joint administrators. Payments in respect of these persons, inclusive of PAYE and NIC, total £231,364.

A number of consultants have been retained on a contingency basis and in the event that a sale of the Company's assets completes at a level of £1 million plus, further payments totalling £80,667 become due.

#### **Joint Administrators Remuneration**

The administrators' remuneration is based on hourly costs at scale rates calculated on the time properly spent in the course of the administration and has been approved by the creditors' committee appointed under paragraph 57 of Schedule B1 to the Insolvency Act 1986.

Total remuneration drawn to date in accordance with the above approval amounts to £50,000. Total time spent to 25 January 2006 on this assignment by Begbies Traynor amounts to 1,875 hours at an average composite rate of £219 per hour resulting in total time costs to date of £411,860. Total time spent by Vantis Business Recovery to 20 February 2006 amounts to 612 hours at an average composite rate of £169 per hour resulting in total time costs of £103,454. The following further information as regards time costs and expenses is set out at Appendix 2:

- Begbies Traynor policy for re-charging expenses
- Begbies Traynor charge-out rates
- Summary by staff grade and work activity

### **3. ASSETS THAT REMAIN TO BE REALISED**

#### **Intellectual Property Rights, Office Equipment, Plant & Machinery**

As reported to the creditors' meeting held on 3 October 2005, an offer for the assets of the Company of £3.5 million was accepted and a period of exclusivity was entered into on 1 October 2005, which expired on 28 October 2005. The preferred bidder made a payment of £250,000 to fund the administration during that period.

Following the period of exclusivity, the preferred bidder decided not to continue with exclusivity but requested that a number of issues be resolved. The joint administrators took steps to resolve the issues presented but unfortunately on 5 January 2006 the preferred bidder informed the joint administrators that it no longer wished to proceed with the transaction.

Since 5 January 2006, the Joint Administrators with the assistance of the Board and management, have approached all the previously interested parties in order to gauge their interest. Negotiations are currently ongoing with a number of these parties and it is hoped that the matter will be brought to a conclusion within the next 2 weeks. Regrettably, the offers are substantially lower than the previous figures and realisations are as yet uncertain.

### **4. OTHER RELEVANT INFORMATION**

#### **Investigations**

Administrators have a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. In addition, an administrator is also required to consider the conduct of the company's directors and to make an appropriate submission to the Department of Trade and Industry. We can confirm that we have discharged our duties in these respects and that investigations are ongoing.

#### **Creditor Claims**

The directors' statement of affairs indicated preferential creditors totalling £168,832 and unsecured creditor claims totalling £9,941,891. No steps have been taken in respect of these amounts as asset realisations are as yet uncertain.

## 5. CONCLUSION

It is, as yet, uncertain as to whether there will be sufficient funds available to enable a distribution to any class of creditor. I will be unable to comment on the likelihood of any distribution until realisations are made in respect of the Company's Intellectual Property Rights and Chattel Assets.

We will report again in approximately six months time or at the conclusion of the administration, whichever is the sooner.

A handwritten signature in black ink, appearing to read 'P M Davis', with a long, sweeping horizontal stroke extending to the right.

**P M Davis**  
Joint Administrator

Dated: 20 February 2006

# JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS

Period 26 July 2005 to 25 January 2006

	£
<b>RECEIPTS</b>	
Diesel Air Shares	10,000
Cash at Bank	687
Exclusivity Payment	250,000
Advance by RANSPV Limited	289,391
Sundry refund	436
Bank Interest	1,334
	<u>551,848</u>
<b>Payments</b>	
Accountant's fees	(500)
Administrator's disbursements	(2,770)
Administrator's fees	(50,000)
Agent's fees & expenses	-
Wages & PAYE	(202,679)
Trading Expenses	(19,827)
Consultancy Costs	(28,686)
Advertising	(2,700)
Expenses re IPR	(43,004)
Bank charges & Sundry	(780)
Bordereau (statutory bond)	(70)
Insurance	-
Legal fees	(27,556)
Pre-appointment Legal Costs	(14,589)
Sundry expenses	(3,299)
Meeting costs	(532)
Statutory advertising	(283)
	<u>(397,275)</u>
<b>Balance</b>	<u>154,573</u>
<b>Held as</b>	
Allied Irish Bank	135,016
VAT	19,557
	<u>154,573</u>

## JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

- a. Begbies Traynor policy for re-charging expenses;
- b. Begbies Traynor charge-out rates;
- c. Summary by staff grade and work activity;



## BBCPOLICY FOR RE-CHARGING EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

### INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Required professional practice<sup>1</sup> states that such charges should be disclosed to those who are responsible for approving his remuneration, together with an explanation of how those charges are made up and the basis on which they are arrived at.

### DEFINITIONS

Required professional practice classifies expenses into two broad categories:

- *Category 1 expenses (approval not required)* – specific expenditure that is directly related to a particular insolvency case, where the cost of the expense incurred is referable against an independent external supplier's invoice or published tariff of charges;
- *Category 2 expenses (approval required)* – all other items of expenditure:
  - Which cannot, or cannot easily, be directly related to a particular insolvency case because there is an element of shared or allocated cost; and/or
  - Where the cost of the expense incurred is an estimated, unitised cost with the estimate based on external costs or opportunity cost.

### CHARGING POLICY

- *Category 1 expenses (approval not required)* – with the exception of any items referred to below, all such items are re-charged to the case as they are incurred.
- *Category 2 expenses (approval required)*
  - (A) The following items of expenditure are re-charged as described:
    - Internal meeting room usage for the purpose of statutory meetings of creditors is re-charged at the rate of £100 (London £150) per meeting;
    - Car mileage is re-charged at the rate of 40 pence per mile;
    - Storage of books and records (when not rechargeable as a *Category 1 expense*) is recharged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates;
  - (B) The following items of expenditure will normally be treated as general office overheads not subject to a re-charge:
    - Telephone and facsimile
    - Printing and photocopying
    - Stationery

A re-charge may be made, however, where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*.

<sup>1</sup> Statement of Insolvency Practice 9 (SIP 9) effective from 1 July 2004.

## BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions.

The rates applying to the office as at the date of this report are as follows:

<b>Grade of staff</b>	<b>Charge-out Rate (£ per hour)</b>
Partner	350-400
Senior Manager	275
Manager	245
Assistant Manager	205
Senior Administrator	185
Administrator	120-145

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).

## 01A7648 Advanced Technologies Group Limited

	Partner	Director	Senior Manager	Manager	Senior Case Administrator	Case Administrator	Support And Cashiering	Total Hours	Total Cost	Avg_Rate
Pre-appointment Time	20.75	0.00	0.00	25.00	0.00	0.00	0.00	45.75	£13,387.50	£292.62
Planning & Control	8.65	0.00	0.00	137.05	24.40	0.00	0.00	170.10	£41,163.75	£242.00
Admin & Accounting	200.10	0.00	0.00	78.95	186.20	43.20	254.19	762.64	£167,431.55	£219.54
Reporting, S of A, Stat Returns	0.10	0.00	0.00	24.45	21.30	2.00	0.00	47.85	£10,260.75	£214.44
Investigations	1.50	0.00	0.00	15.90	0.00	0.00	0.00	17.40	£4,420.50	£254.05
Fixed Charge Assets	51.50	0.00	0.00	26.00	46.85	6.35	0.00	130.70	£33,995.50	£260.10
Floating Charge Assets	2.50	0.00	1.20	38.15	70.10	0.00	0.00	111.95	£23,520.25	£210.10
Trading	3.70	0.00	0.00	37.50	42.50	14.60	0.75	99.05	£20,562.00	£207.59
Debt Collection	0.00	0.00	0.00	2.00	0.00	0.00	0.00	2.00	£490.00	£245.00
Prefs, Un-secured & Members	24.00	0.00	0.00	40.25	72.90	6.25	54.75	198.15	£39,224.00	£197.95
Employees	6.20	0.00	0.00	52.95	95.95	2.80	25.85	183.75	£36,411.50	£198.16
Meetings	14.00	0.00	0.00	27.50	18.50	16.30	29.75	106.05	£20,993.50	£197.96
Total Hours	333.00	0.00	1.20	505.70	578.70	91.50	365.29	1,875.39		
Total Cost	£123,550.00	£0.00	£330.00	£123,896.50	£107,059.50	£13,267.50	£43,757.30		£411,860.80	£219.61

Employee / Disbursements Costs	
Disbursement Fees Drawn	£5,066.44
Time Fees Drawn to Date	-£2,840.37
	-£50,000.00
Outstanding Costs	£364,086.87

Advanced Technologies Group Limited - in Administration  
Time Cost Summary as at 20 February 2006

	Partner	Senior Admin	Admin	Support staff	Total Hours	Time Cost	Average Hourly Rate
Cashiering							
Debt Collection							
Statutory compliance			10.75	8.5	19.25	1,315.25	68.32
Admin & Planning			37.5	3	40.5	3,907.50	96.48
Investigatory work	127.25	276.45	89		492.7	83,933.75	170.35
Employees							
Asset realisation							
Stock & ROT							
Tax and vat							
Unsecured Creditors							
Meetings	47		10		57	14,210.00	249.30
Other Assets							
Partner Review							
Property							
Word processing				2	2	88.00	44.00
Total Hours	174.25	276.45	147.25	13.5	611.45		169.20
Total Cost						103,454.50	