

**TO ALL MEMBERS, CREDITORS AND
THE REGISTRAR OF COMPANIES**

Our Ref: MDH/GJB/SRH/JS/S9H/CVLL259
13 February 2013

Dear Sirs

Surtec Chemicals UK Limited - In Creditors' Voluntary Liquidation ("the Company")
Company Number: 07105059

In accordance with Section 104A of the Insolvency Act 1986 and Rule 4.49C of the Insolvency Rules 1986, I enclose a copy of my Progress Report to Creditors. I would remind Creditors that I was appointed as Joint Liquidator of the Company together with Mr S D Raithatha of Springfields Business Recovery & Insolvency Limited, 38 De Montfort Street, Leicester LE1 7GS on 20 December 2011 and now report following the end of a year since our appointment.

Receipts and Payments Account

I attach a copy of our Receipts and Payments Account from 20 December 2011 to 19 December 2012.

Unencumbered Assets

Cash in Hand

The balance of £4,769 relates to debtor payments received following the instruction to place the Company into liquidation, totalling £4,944, less a payment of £175 for necessary book keeping services, details of which have previously been disclosed to Creditors.

Cash at Bank

The Company banked with HSBC Bank Plc. Funds of £27,075 were received from the Bank representing the credit balance held in the Company's current account at the date of our appointment.

Office Furniture & Equipment

At the date of our appointment the Company was in possession of a small amount of office furniture and computer equipment.

In accordance with Statement of Insolvency Practice 13 I would advise Creditors that an offer of £50 was received from A-Tech Chemicals UK Limited, a company in which the Directors have an interest. This offer was accepted on recommendation from independent Agents, Kumar & Company Limited, after taking into account the age and limited resale value of the items in question.

Continued

Workshop Equipment

The Company owned a limited amount of workshop equipment as associated with a business of this nature. An offer for this equipment was received from A-Tech Chemicals UK Limited in the sum of £250 which was accepted following recommendation from my Agent.

This sum is in line with that anticipated in the Directors Estimated Statement of Affairs.

Motor Vehicle

The Company owned one commercial vehicle. An offer for the vehicle was received from A-Tech Chemicals UK Limited in the sum of £1,400 which was accepted following recommendation from my Agent.

This sum is in line with that anticipated in the Directors Estimated Statement of Affairs.

Stock in Trade

At the date of our appointment the Company was in possession of various chemical stock. The value of the Company's stock for the purposes of the Statement of Affairs had been based on an estimate provided by the Director as no stock list was retained by the Company.

Following my appointment significant work was undertaken with the assistance of the Company Directors to carry out a stock take of the chemical stock. On further examination it became clear that a large proportion of the stock held was aged and obsolete.

Efforts were undertaken by both our Agent and the Company Directors to offer the stock for sale to both the Company's former customers and other known contacts, however with no success.

An offer was received from A-Tech Chemicals UK Limited in the sum of £550 for a small amount of the stock which was accepted following recommendation from our Agent and in the absence of any other interest.

Due to the nature of the remaining stock it was necessary to instruct chemical waste specialists to undertake clearance of the Company's former trading premises. In line with the appropriate regulations this process included significant work by the specialists including detailed testing of all stock prior to removal and disposal. Creditors will note that substantial costs were incurred in this process, details of which are set out in the attached Receipts and Payments Account.

Book Debts

At the date of our appointment the Company's debtor ledger totalled £57,950. A provision of 50% had been made against this balance when estimating the realisable value for the purposes of the Statement of Affairs due to a number of known aged and disputed debts.

The Company's Sage accounting records had not been updated for a number of months and therefore following our appointment significant work was undertaken in reconciling the debtor position.

Continued

I am pleased to report that to date realisations of £28,415 have been achieved. Several of the remaining accounts are subject to disputes and efforts remain ongoing to resolve these disputes where possible. The value of any future asset realisations in this regard is currently uncertain however I will report to Creditors further as matters progress.

Uncalled Capital

The balance of £102 represented in the Estimated Statement of Affairs relates to unpaid share capital, due from Surtec International GMBH. Following my appointment a formal request was made for payment of the balance however despite further reminders no response has been received to date.

Assets Remaining Unsold

I can confirm that there are no assets which remain unrealised at this time with the exception of those ongoing matters referred to above.

Investigation

The Joint Liquidators' are obliged to investigate the affairs of the Company and its Officers during the three years prior to insolvency.

The Joint Liquidator, Springfields Business Recovery & Insolvency Limited, undertook the necessary work relating to investigatory and reporting requirements in this matter.

The following narrative has been provided by the Joint Liquidator relating to their enquiries:

" We conducted an initial assessment of the Company considering the information acquired in the course of appraising and realising the assets of the Company, together with any information provided by Creditors. Questionnaires were sent to all people who acted as a director of the Company in the three years prior to Liquidation. A comparison of the assets listed in the Statement of Affairs with the last filed accounts was undertaken in order to ascertain whether all assets were identified and material movements could be properly explained.

We were appointed Joint Liquidator of an associated Company, Alan Technologies Limited ("ATL"), on 20 December 2011. The goodwill and physical assets of the Company were transferred from ATL on 1 April 2010 and our investigations have centred on this transaction and other transactions that appear in the records of the Company. We have made enquiries of the Directors and the Company Accountant regarding these transactions and have also been in dialogue with the major Creditor of both companies.

It was necessary for us to take legal advice on these matters and Spearing Waite LLP have been instructed to advise on potential claims against the parties involved in the transactions. Our enquiries are ongoing. We do not propose to go into any further detail at this stage as it may be prejudicial to the outcome.

We fulfilled our statutory duties and reported to the Department for Business, Innovation and Skills ("BIS") regarding the Directors' conduct. The contents of my report must remain confidential and we cannot comment on what action, if any, may be taken by BIS. "

Continued

Costs of Liquidation

Professional Fees

Agents were instructed during the course of the liquidation. The scope of their engagement as well as the fees paid can be summarised as follows:

Firm	Scope	Agreed fee structure	Original Budgeted Costs (£)	Professional Fees paid	Further Fees Expected (£)	Revised budget (£)
Kumar & Company Limited - Agents	Conducting a valuation of the Company's physical assets, reporting and affecting the sale of those assets. Co-ordination of site clearance and chemical disposal.	Time Costs & Disbursements	4,500	4,599	0	0
Total			4,500	4,599	0	0

As referred to above, Spearing Waite LLP Solicitors have been instructed to assist the Joint Liquidator in relation to their ongoing enquiries however full details of their projected costs have not been received at the date of this report. Further details will be circulated to Creditors as matters progress.

Liquidator's Remuneration

The costs of the liquidation paid to 19 December 2012 are detailed on the attached Receipts and Payments Account.

The combined time costs of the Joint Liquidators at 19 December 2012 total £29,196 against which fees of £22,500 have been drawn. The combined position can be broken down as follows:

The time costs incurred by this firm in this matter at 19 December 2012 total £17,779 which equates to 113 hours at an average charge out rate of £158 per hour. Fees of £11,500 have been paid to this firm at 19 December 2012.

The time costs incurred by Springfields Business Recovery & Insolvency Limited in this matter at 19 December 2012 total £11,417 which equates to 50 hours at an average charge out rate of £229 per hour. Fees of £11,000 have been paid to Springfields Business Recovery & Insolvency Limited to 19 December 2012.

The basis for drawing fees and expenses were approved by Creditors at the initial Creditors meeting and details of the date and content of the resolution passed has been circulated previously.

I can also confirm that the Statement of Affairs fee of £7,500 has been settled. The drawing of this fee and the basis of charge was approved by resolution following the initial meeting of Creditors.

I believe that the other costs of the procedure are self explanatory. However, if any further explanation is required I would be only too happy to provide it upon request.

Continued

I have attached as Appendix A, a schedule of the routine work undertaken by the Joint Liquidators to date.

In accordance with Statement of Insolvency Practice 9 I append to this report a detailed analysis of time spent on the liquidation since 20 December 2011 for both this firm and Springfields Business Recovery & Insolvency Limited.

Outcome for Creditors

Preferential Creditor Claims

The position as regards Preferential Creditors can be summarised best as follows:-

Number of Preferential Creditor Claims Received to Date	Estimated Statement of Affairs Value of Preferential Claims	Value of Preferential Creditor Claims Received to Date
1	£1,961	£1,137

The availability of a return to Preferential Creditors is dependent on the level of future asset realisations.

Secured Creditors

There are no Secured Creditor claims in this matter.

Unsecured Creditors

The position as regards Unsecured Creditors can be summarised best as follows:-

Number of Unsecured Creditor Claims Received to Date	Estimated Statement of Affairs Value of Unsecured Claims	Value of Unsecured Creditor Claims Received to Date
22	£404,396	£219,090

Based on current information it is unlikely that funds will be available for distribution to Unsecured Creditors.

Crown Creditors

I can confirm that the position as regards the claims from Crown Creditors was confirmed as follows:-

Number of Crown Creditor Claims Received to Date	Estimated Statement of Affairs Value of Crown Creditor Claims	Value of Crown Creditor Claims Received to Date
2	£65,087	£35,924

The Prescribed Part

In these proceedings there was not a triggering of the Prescribed Part, that is, a section of funds ring-fenced for the benefit of Unsecured Creditors.

Conclusion

There remain certain areas as detailed within this report which require further time to fully resolve. The Joint Liquidators will continue their functions to progress this case to closure once those various matters have been resolved.

I have attached as Appendix B, a statement of Creditors' rights in relation to these proceedings.

If you should require any further information concerning this liquidation then please do not hesitate to contact either myself or Siann Huntley at this office.

Yours faithfully
For and on behalf of
Surtec Chemicals UK Limited

M. D. Hardy

M D Hardy
Joint Liquidator

Surtec Chemicals UK Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments
To 19/12/2012

S of A £		£	£
	ASSETS NOT PLEDGED		
NIL	Goodwill	NIL	
4,769.00	Cash in Hand	4,769.09	
27,147.00	Cash at Bank	27,075.34	
NIL	Office Furniture & Equipment	50.00	
250.00	Workshop Equipment	250.00	
1,500.00	Motor Vehicle	1,400.00	
15,000.00	Stock in Trade	550.00	
28,975.00	Book Debts	28,415.10	
NIL	Accrued Income (To Be Confirmed)	NIL	
102.00	Uncalled Capital	NIL	
	Utility Refund	168.29	
		<hr/>	62,677.82
	COST OF REALISATIONS		
	Auctioneers Charges	4,599.20	
	Statutory Advertising	209.25	
	Statement of Affairs Fee	7,500.00	
	Stationery, Printing & Carriage	88.26	
	Specific Bond	535.00	
	Accountancy Fees	880.00	
	Insurance	265.00	
	Land Registry Fee	12.00	
	Storage Costs	136.01	
	Re-Direction of Mail	27.20	
	Motor Expenses	125.35	
	Chemical Disposal	15,548.00	
	Liquidators Fees	22,500.00	
		<hr/>	(52,425.27)
	PREFERENTIAL CREDITORS		
(1,961.00)	Employee Entitlements - Preferential	NIL	
		<hr/>	NIL
	UNSECURED CREDITORS		
(149,113.00)	Trade & Expense Creditors	NIL	
(50,233.00)	H M Revenue & Customs - PAYE / NI	NIL	
(14,854.00)	H M Revenue & Customs - VAT	NIL	
(38,097.00)	Employee Entitlements - Unsecured	NIL	
(59,024.00)	Alan Technologies Ltd (To Be Confirm	NIL	
(72,896.00)	Surtech Int GMBH - Ln (To Be Confirm	NIL	
(62,982.00)	Directors Loan Account (To Be Confir	NIL	
(22,284.00)	Unpaid Management Charge (Provisio	NIL	
		<hr/>	NIL
	DISTRIBUTIONS		
(300.00)	Ordinary Shareholders	NIL	
		<hr/>	NIL
<hr/>			<hr/>
(394,001.00)			<u>10,252.55</u>

**Surtec Chemicals UK Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments
To 19/12/2012**

S of A £	£	£
REPRESENTED BY		
VAT Input		2,203.87
Bank		(135.26)
Vat Control Account		8,183.94
		<u>10,252.55</u>

M D Hardy
Joint Liquidator

Time Entry - SIP9 Time & Cost Summary

S9H - Surtec Chemicals UK Limited
 Project Code: POST
 From: 20/12/2011 To: 19/12/2012

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	1.50	4.40	36.75	1.90	44.55	6,430.50	144.34
Case specific matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	2.00	3.20	1.40	2.90	9.50	1,533.00	161.37
Investigations	1.20	1.10	0.00	0.00	2.30	568.50	247.17
Realisations of Assets	10.40	6.60	31.25	7.30	55.55	9,091.00	163.65
Trading	0.00	0.80	0.00	0.00	0.80	156.00	195.00
Total Hours	15.10	16.10	69.40	12.10	112.70	17,779.00	157.76
Total Fees Claimed						11,500.00	
Total Disbursements Claimed						343.86	

Time Entry - SIP9 Time & Cost Summary

Category 2 Disbursements

S9H - Surtec Chemicals UK Limited
 Project Code: POST
 From: 20/12/2011 To: 19/12/2012

Other amounts paid or payable to the office holders firm or to party in which the office holder or his firm or any associate has an interest.

Transaction Date	Type and Purpose	Amount
28/02/2012	Milage 14.12.11	41.25
28/02/2012	Milage 25.1.11	45.00
03/02/2012	Milage SH 03/02/12	12.60
30/09/2012	Storage June 2012	7.50
31/07/2012	Storage July 2012	7.50
28/11/2012	Nov Storage	7.50
31/08/2012	August Storage	7.50
26/09/2012	Sept Storage	7.50
31/10/2012	Storage Oct 12	7.50
	Total	143.85

Time Entry - SIP9 Time & Cost Summary

SU1441 - Surlec Chemicals UK Limited
 Project Code: POST
 From: 20/12/2011 To: 19/12/2012

Classification of Work Function	Director	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	2.40	5.90	8.65	0.00	16.95	3,408.25	201.08
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	3.50	0.00	0.00	3.50	735.00	210.00
Investigations	7.40	10.10	2.50	0.00	20.00	5,148.00	257.40
Realisation of Assets	0.00	9.40	0.00	0.00	9.40	2,126.00	226.17
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	9.80	28.90	11.15	0.00	49.85	11,417.25	229.03
Total Fees Claimed						11,000.00	
Total Disbursements Claimed						0.00	

ROUTINE WORK ORDINARILY UNDERTAKEN IN MEMBERS AND CREDITORS VOLUNTARY LIQUIDATIONS

1. Administration & Planning

- Preparing the documentation and dealing with the formalities of appointment.
- Statutory notifications and advertising.
- Preparing documentation required.
- Dealing with all routine correspondence, e mails and telephone calls.
- Maintaining physical case files and electronic case details in our computerised systems.
- Review and storage.
- Case bordereau reviews and maintenance.
- Case planning and administration.
- Case reviews.
- Preparing reports to interested parties.
- Convening and holding meetings of members and creditors and, where appropriate, the Committee.

2. Cashiering

- Maintaining and managing the Liquidator's cashbook and bank account(s).
- Ensuring statutory lodgements and taxation affair obligations are met.

3. Creditors

- Dealing with creditor correspondence, e mails and telephone calls.
- Preparing reports to Creditors and other interested parties.
- Maintaining Creditor information within our computerised systems.
- Reviewing and adjudicating upon proofs of debt received from Creditors.

4. Investigations

- Review and storage of books and records.
- Preparing a report pursuant to the Company Directors Disqualification Act (Not in a Members Voluntary Liquidation)
- Conduct investigations into suspicious transactions.
- Reviewing books and records to identify any transactions or actions a Liquidator may take against a third party in order to recover funds for the benefit of Creditors.

5. Realisation of Assets

- Corresponding with debtors (where appropriate) and attempting to collect outstanding book debts.
- Liaising with the Company's bank regarding the closure of the accounts(s).
- Employment of Agents and Solicitors where appropriate to assist in dealing with the above.

STATUTORY DISCLOSURE REQUIREMENTS

Legislative requirements state that when an Insolvency Practitioner reports to Creditors, there are certain statutory statements he must make. In order to fully comply with these conditions, we have set out below the statements which apply in these proceedings in this Appendix, rather than in the report itself, with the intention of keeping the report informative for Creditors whom are more likely to be interested in the practical points arising in the insolvency.

The statements which form part of this statutory report which also need to be considered along with it are as follows:-

- Please note that no funds have been held with the Insolvency Services Account at any time during the liquidation, therefore, it has been neither possible nor necessary to reconcile this account with the Secretary of State.
- I can confirm that there have been no unrealised assets in this matter.

Comments as Regards Liquidator's Remuneration:-

- I attach details of this firm's fee and disbursement recovery policy, which includes details of our current charge out rates.
- Creditors/Members should note that a request for further information regarding my fees and expenses should be made within 21 days of receipt of this report, pursuant to Rule 4.49E of the Insolvency Rules 1986, details of which can be found on our website at www.poppletonandappleby.co.uk and selecting Creditors Login, Creditors Guidance Notes, Creditor/Members Rights and Rule 4.49E. A hard copy can be provided upon written request.
- Furthermore, I am obliged to advise Creditors/Members of their right to appeal the level of my remuneration and expenses, pursuant to Rule 4.131 of the Insolvency Rules 1986, a copy of which can be found on our website at www.poppletonandappleby.co.uk and selecting Creditors Login, Creditors Guidance Notes, Creditor/Members Rights and Rule 4.131. This allows Unsecured Creditors/Members, with the permission of the Court or with the concurrence of 5% or more of the Unsecured Creditors/Members (including the Creditor/Member instigating this process) to request further details as regards remuneration and expenses within the period of 21 days from receipt of this report. Secured Creditors have identical rights.
- Unsecured Creditors/Members, with either the permission of the Court or the concurrence of at least 10% of Creditors/Members may apply to Court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of the receipt of this report. Secured Creditors have identical rights.