

2.24B

The Insolvency Act 1986

Joint Administrators' progress report

Name of Company Syncro Limited - In Administration
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Company number 03096287

In the High Court of Justice, Chancery Division Companies Court (full name of court)
--

Court case number 5310 of 2007
--

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

I/ We (a) Asher Miller and Paul Appleton of David Rubin & Partners LLP, Pearl Assurance House, 319 Ballards Lane, London N12 8LY and Lee Manning and Neville Kahn of Deloitte & Touche LLP, Athene Place, 66 Shoe Lane, London EC4A 3BQ

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

(b) Insert date

From (b) 24 July 2007

To (b) 23 July 2009

Signed

ashmille
Joint / Administrator(s)

Dated

12 August 2009

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.

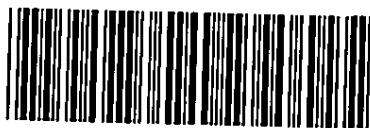
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Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff



A53 14/08/2009 94
COMPANIES HOUSE

**SYNCRO LIMITED
(IN ADMINISTRATION)
("the Company")**

Court No. 5310 of 2007

**PROGRESS REPORT TO CREDITORS
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986**

23 July 2009

This report has been prepared for the sole purpose of advising the Creditors. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by Creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

Asher Miller, Paul Appleton, Lee Manning and Neville Kahn were appointed as Joint Administrators of the Company on 24 July 2007. They are licensed to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales and contract as agents of the Company without personal liability.

**Asher Miller and Paul Appleton
David Rubin & Partners LLP
Pearl Assurance House
319 Ballards Lane
London
N12 8LY**

**Lee Manning and Neville Kahn
Deloitte LLP
66 Shoe Lane
Athene Place
London
EC4A 3BQ**

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ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used:

"The Act"	Insolvency Act 1986 (as amended)
"The Rules"	Insolvency Rules 1986 (as amended)
"the Administrators"	Asher Miller, Paul Appleton, Lee Manning and Neville Kahn
"the Company"	Syncro Limited (in Administration)
"Deloitte"	Deloitte LLP

1. INTRODUCTION

1.1 Introduction

This report has been prepared in accordance with Rule 2.47 of The Rules to provide creditors with an update on the progress of the Administration of the Company since our previous reports to creditors of 17 September 2007, 22 February 2008, 11 August 2008 and 20 February 2009.

Given the information previously provided in our reports to creditors, we have not included detailed background information in respect of the Company and have focussed on progress of the administration since our last progress report to creditors dated 20 February 2009.

The creditors' meeting held on 1 October 2007 considered and agreed on the Administrators' proposals. These are referred to in section 2.1 below.

A schedule of statutory information in respect of the Company is attached at Appendix 1.

1.2 Details of the appointment of the administrators

Asher Miller and Paul Appleton of David Rubin & Partners, Pearl Assurance House, 319 Ballards Lane, London N12 8LY and Neville Kahn and Lee Manning of Deloitte & Touche LLP, 66 Shoe Lane, Athene Place, London EC4A 3BQ were appointed Joint Administrators of the Company by the registered fixed and floating charge holder on 24 July 2007.

For the purposes of Paragraph 100(2) of Schedule B1 of the Act, the Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

2. THE ADMINISTRATORS' PROPOSALS

2.1 Introduction

As previously reported to creditors, the Administrators concluded that the first prescribed objective under paragraph 3(1)(a) of Schedule B1 of the Act namely "rescuing the Company (the legal entity) as a going concern" is not achievable in respect of the Company in administration.

Consequently the Administrators have performed their functions in relation to the Company with the objective set out in paragraph 3(1)(b) of Schedule B1 of the Act which is "to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up".

The Administrators' proposals in order to achieve this objective, which were approved by the creditors of the Company at the meeting of creditors held on 1 October 2007 are as follows:

- 1) the Joint Administrators continue to manage the affairs and assets of the Company including the collection of monies from ongoing WIP realisations and debts due to the Company and the settlement of all administration expenses;
- 2) the Joint Administrators be authorised to compromise any debtor balances where applicable;
- 3) the Joint Administrators continue with their enquiries into the conduct of the Directors of the Company and continue to assist any regulatory authorities with their investigation into the affairs of the Company;
- 4) the Joint Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors of the Company (where applicable);
- 5) the Joint Administrators be authorised to distribute funds to the secured and preferential creditors (where applicable), as and when claims are agreed;
- 6) the Joint Administrators' fees and expenses be fixed by reference to the time properly given by them and their staff in the performance of their functions and duties. The Joint Administrators will also be seeking the approval of the secured creditor in relation to their fees and expenses in accordance with rule 2.106(5A);
- 7) the Joint Administrators be discharged from liability in respect of any action of theirs as Joint Administrators on vacation of office (whether because they vacate office by reason of resignation, death or otherwise, because they are removed from office or because their appointment ceases to have effect), in accordance with schedule B1 paragraphs 98 and 99 of the Act;
- 8) the Joint Administrators be authorised to seek an extension to their term of office if deemed necessary by them; firstly by consent from the secured creditors (and the requisite majority of preferential creditors if the Joint Administrators think that there will be a distribution to them) under paragraph 76(2)(b) of schedule B1 to the Act for a six month period and if a further extension is required, by an application to court under paragraph 76(2)(a) of schedule B1 to the Act;

- 9) when it is considered that no further distributions to creditors will be made and that the Joint Administrators have concluded their duties, the Joint Administrators be authorised to take the necessary steps to move the Company from administration to dissolution, pursuant to paragraph 84 of schedule B1 to the Act;
- 10) if the Joint Administrators think that a distribution will be made to unsecured creditors of the Company, that they be authorised to take the necessary steps to move the Company into creditors' voluntary liquidation pursuant to paragraph 83 of schedule B1 to the Act. If this route is deemed appropriate, the Joint Administrators will seek the appointment of Asher Miller and Paul Appleton of David Rubin & Partners and Neville Kahn and Lee Manning of Deloitte & Touche LLP as joint liquidators of Syncro Limited. In accordance with paragraph 83(7) of schedule B1 to the Act and rule 2.117(3) of the Rules, creditors may nominate a different person as proposed liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved;
- 11) if the Joint Administrators deem it appropriate, that they be authorised to make an application to court pursuant to paragraph 79 of schedule B1 to the Act to end the administration and petition the court for the winding up of the Company. If appropriate, the Joint Administrators will apply to be appointed as joint liquidators pursuant to section 140(1) of the Act.

2.2 Progress on and achievement of the approved proposals

We have summarised below the progress and current status in respect of each of the approved proposals:

Proposal	Current status
1)	The Joint Administrators managed to sell the Facilities Management division of the business as a going concern to Syncro Facilities Management Limited. The Joint Administrators continue to collect monies from the debts due to the Company through negotiation with the Company's Facilities Management and Construction clients. Debts with a book value of approximately £1.8 million remain outstanding as at the date of this report.
2)	As noted above, the Administrators continue to realise the outstanding debtors of the business. As at the date of this report, debtor realisations total approximately £1,595,250.
3)	The investigation into the conduct of the Directors of the Company remains ongoing.
4) & 5)	To date, the only class of creditor to whom distributions have been made is the secured creditor. The Administrators have not commenced agreeing the claims of either preferential or unsecured creditors at this stage as sufficient funds are yet to be realised to allow for a distribution to either of these classes of creditors.
6)	The creditors of the Company resolved at the meeting held on 1 October 2007, to authorise the Joint Administrators' fees and expenses as fixed by reference to the time properly given by them and their staff in the performance of their functions and duties. The Joint Administrators have also sought the approval of the secured creditor in relation to their fees and expenses in accordance with Rule 2.106(5A). To date the Administrators have received £618,397 on account of their fees and expenses.

7)	Not applicable as yet.
8)	<p>The Joint Administrators have previously applied for and been granted an extension of their term of office by the secured creditor under paragraph 76(2)(b) of schedule B1 of the Act.</p> <p>Taking into account the ongoing work in relation to the collection of outstanding debts of the Company, in particular ongoing negotiations with the Co-Operative Group Limited and Gleneagles Hotel Limited and the investigations into the Company and its directors, it became necessary for the Joint Administrators to apply to court for a further extension pursuant to paragraph 76(2)(a) of schedule B1 of the Act. The Administration of the Company has been extended until 23 January 2010 with the consent of the Court.</p> <p>As there have not been sufficient recoveries to believe that there will be any distribution to the preferential creditors at this stage, the Joint Administrators have not been required to seek their consent to the extension.</p>
9) to 11)	Not applicable as yet.

Further information in respect of the realisation of assets, the status of liabilities and the estimated outcome for creditors is contained in the following sections of this report.

Joint administrators' receipts and payments account

3.1 Introduction

Attached at Appendix 2 is a Receipts and Payments account covering the period from 24 July 2007 to 23 July 2009.

In this section, we have summarised the main asset realisations during the 12 month period.

3.2 Asset realisations

Receipts

3.2.1 Debtor Recoveries

To date, the Administrators have recovered £1,595,249 from pre-appointment debtors. These recoveries include recoveries from both the Facilities Management and the Construction sides of the business.

3.2.2 Sale of Tax Losses

The former parent company of Syncro Limited, the Co-Operative Group Limited ("the Co-Op") approached the Administrators regarding the assignment of tax losses incurred by the Company under the group-relief scheme operated by HM Revenue & Customs.

When the Co-Op sold Syncro Limited in February 2006 to Hardshelfco 138 Limited, an agreement was put in place that any tax losses incurred by the Company for the 2005 tax year would be made available to the Co-Op by way of group relief at no cost to the Co-Op. The Administrators were not bound by the terms of any contractual agreement between the Co-Op and Hardshelfco 138 Limited and so entered negotiations with the Co-Op regarding the potential purchase of any applicable tax losses.

Initially it had been the intention of the Administrators to seek a global settlement of the Co-Op's outstanding debtor position with the Company, together with a purchase of the tax losses. When it became apparent that the Co-Op had sought to raise considerable objections to the outstanding debtor balance allegedly owed to the Company, an agreement was reached in relation to the sale of the tax losses in order to meet lodgement deadlines.

3.2.3 Refund of Holiday Stamps

As at appointment, the Company contributed to a "Holiday Stamp" scheme on behalf of its employees. When the Company entered Administration the employees became entitled to claim against the Redundancy Payments Office for any outstanding holiday pay, notice and redundancy pay. Accordingly, all monies outstanding in respect of holiday stamps prior to the appointment of the Administrators were refunded to the Company.

3.2.4 Sale of Business

Immediately upon appointment, negotiations were entered into with Syncro Capital Limited (a related company by virtue of common directors with Syncro Limited) to purchase the Facilities Management division. During the negotiations, it was agreed that Syncro Capital Limited would fund the ongoing wages and salaries of the relevant staff, and would fund any costs necessary to maintain the business as a going concern. No other significant interest was received to purchase the business.

Following protracted negotiations, a sale of the Facilities Management division to Syncro Capital Limited was concluded on 15 August 2007 for £101,025. The sum was in addition to the funding of the division during the period of the administration, which was in the order of £180,000. A further term of the sale agreement was that Syncro Facilities Services Limited, Syncro Facilities Management Limited and Navitas Hemway would waive any claim in the administration. According to the Company records, this amounts to a reduction in unsecured creditor claims in the order of £940,000.

3.2.5 Rate Refunds

Represents refunds in respect of rates and insurances paid to the Company following appointment.

3.2.6 Interest

Represents interest received in respect of the Administrators' bank accounts post appointment.

Payments

3.2.7 Professional Fees

Represents payments to parties who have provided assistance to the Administrators in relation to the collection of outstanding pre-appointment debts, including quantity surveyors, claims adjustors and electricians.

3.2.8 Travel & Accommodation Expenses

Represents costs associated with travel and accommodation at the Company's head office and satellite offices as required for trading, meetings with clients of the company, creditors and outstanding debtors.

3.2.9 Cleaning Expenses

Represents the cost of cleaning incurred at the Company's Manchester and Newcastle offices.

3.2.10 Rent

Represents costs associated with the maintenance of the Company's offices in Manchester, Newcastle, Glasgow and Bristol for the period between the appointment of the Administrators and the sale of the business on 15 August 2007.

3.2.11 Specific Bond

The specific bond is the cost of insurance, based on the level of realisations by the administrator, as required by the Insolvency Practitioners Regulations 2005.

3.2.12 Statutory Advertising

This represents the costs for the publishing of statutory advertising in newspapers and the London Gazette in respect of the appointment of Administrators and of the First Meeting of Creditors.

3.2.13 Carriage, storage and archiving

The administrators use a commercial archiving company for storage facilities for the Company's records and papers. This is recharged at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of archiving and retrieval of documents.

3.2.14 Stationery

Relates to costs associated with the printing and mailing of the Administrators' first report to creditors dated 17 September 2007.

3.2.15 Mail Redirection

Represents costs associated with the redirection of mail from the Company's head office and satellite offices in Glasgow, Newcastle and Bristol.

3.2.16 Wages and Salaries

On appointment the Administrators sought to clarify the position in respect of the employees of Syncro Limited, in particular which staff were allocated to which divisions. This matter was considerably complicated due to the poor state of the Company's record keeping as at appointment, and the fact that construction employees were being paid by Syncro Limited, despite the fact that all employment records indicated that they were employees of a subsidiary company, RMD Syncro Limited.

In endeavouring to realise the assets of the Company, the Administrators continued to employ staff associated with the Facilities Management division of the business, and those associated with head office functions (accounting, debt collection and personnel). These employees continued to be employed by Syncro Limited until the sale on 15 August 2007 to Syncro Capital Limited. At the time of the sale, the Administrators sought and were provided indemnities by the purchaser in respect to the payment of wages for staff associated with the Facilities Management division of the Company which was acquired by Syncro Capital Limited.

The Administrators continued to employ head office staff not included in the sale to Syncro Capital Limited until the end of September 2007. These staff assisted the Administrators with the collation of information in relation to debtors, creditors and employees.

3.2.17 Bank Charges

This amount represents the bank charges associated with the collection of the Administration trading sales.

3.2.18 Corporation Tax

Corporation tax was due on interest received post administration and the amount shown in the receipts and payments account represents tax paid to HM Revenue & Customs.

3.3 Estimated future realisations

3.3.1 Debtor Recoveries

As noted in our annual report to creditors the Administrators are continuing with their work in respect to the collection of monies outstanding on the Company's Construction and Facilities Management pre-appointment debtor ledgers.

At the time of this report approximately £1.8 million remains outstanding across both ledgers. The bulk of outstanding debtor monies relate to Construction work undertaken by the Company.

There are three chief ongoing issues in relation to debt collections are;

(1) The Co-Operative Group Limited

The major client of the Company prior to the appointment of the Administrators was the Co-Operative Group Limited ("the Co-Op"). As well as engaging in construction works on behalf of the Co-Op, the Company had facilities management contracts with Co-Op in relation to their Heating, Refrigeration and general maintenance divisions.

Following appointment of the Administrators, these contracts were terminated by the Co-Op. The Administrators have sought payment of outstanding balances in relation to all these contracts, which in total amount to approximately £600K for the facilities management contracts and a further £400K for the construction contracts.

This matter is subject to extensive and ongoing investigations and negotiation with the Co-Op.

(2) Gleneagles Hotel Limited

The Company had been in the process of completing a construction project for Gleneagles Hotel Limited ("Gleneagles") prior to the appointment of the Administrators.

The Administrators are currently engaged in negotiations with Gleneagles in order to obtain settlement in respect to monies due from the construction project. The Administrators are hopeful that further discussions with Gleneagles will result in a satisfactory settlement in relation to the outstanding debt.

(3) Other Construction Debtors

The Administrators have corresponded with debtors in relation to the outstanding balances. It is apparent that delays associated with waiting for the dates of retention releases and estimations of costs to complete/snagging required, continue to delay the conclusion of a number of debtor claims. In respect to the remaining balances outstanding on the Facilities Management ledger, discussions and negotiations continue in respect to warranties provided by the Company on work done. Where appropriate the Administrators have sought legal advice and commenced formal mediation procedures in order to reach satisfactory conclusions with outstanding debtors.

In light of the above circumstances, the Administrators remain unable to provide an estimate of future recoveries to creditors at this time, on the basis that it may prejudice current and future negotiations regarding the settlement of outstanding debts. Additionally the reliability of any estimate provided is highly questionable on the basis that many of the debtors due relate to retention monies outstanding on the construction side of the business. Based on the Administrator's experience of the matter to date, the retention monies due would likely be offset by unknown quantities of remedial works prior to the next balance of funds being forwarded to the Administrator.

3.3.2 Sale of Tax Losses

As noted at point 3.2.2 above and in the annual report to creditors, the Administrators have negotiated an agreement with the Co-Op regarding the purchase of tax losses incurred by the Company for the 2005 fiscal year. The agreement allows for a payment of up to 35% of the net value of the tax losses which are claimed from and allowed by HM Revenue and Customs. On the basis of the HMRC accepting the Co-Op's original claim of approximately £900,000 in full, a total of up to £320,000 would be due to the Company from the sale of the tax losses.

A non-refundable deposit of £180,000 has already been received from the Co-Op in respect of the final settlement as outlined at note 3.2.2. Should HM Revenue and Customs disallow the tax loss claim by the Co-Op then the non-refundable deposit is entitled to be applied against debtor monies outstanding by the Co-Op.

At the time of this report, the Administrators are in the process of recovering the balance of the monies due from the Co-Op in this regard.

3.4 Estimated outcome for creditors

As noted above, due to the considerable ongoing negotiations regarding settlement of the Company's large outstanding debtors, the Administrators remain unable to provide an accurate or reasonable estimated outcome for creditors at this time.

Creditors should note that considerable monies remain outstanding to the secured creditor, Ascada Asset Management Limited who retain fixed and floating charges over the assets of the Company.

It should be noted that the Administrators initial investigations into the Company's affairs in the period leading up to appointment have revealed considerable actions which may exist in respect to the current and former directors of the Company. We comment further on this issue in 5.2 below.

4. DISTRIBUTIONS TO CREDITORS

4.1 Secured creditors

To date the Administrators have reconciled and distributed £944,021 to the secured creditor under the provisions of the fixed and floating charge. The total claim of the secured creditor amounts to approximately £1.3 million. As the security facility represents a fixed charge in respect of the debtors of the Company as well as the other assets, the secured creditor will have to be discharged prior to distributions to other classes of creditors.

4.2 Preferential creditors

At the time of preparing this report, the Administrators are yet to receive the final claim from the Redundancy Payments Office in respect of the preferential creditors. The delay in respect to the submission of this claim is associated with difficulties arising from the sale and transfer of facilities management employees, and the subsequent transfer of those employees in relation to specific facilities management contracts of the company.

The Administrators continue to work through these issues with the Insolvency Practitioners appointed to Syncro Capital Limited and RMD Syncro Limited.

4.3 Unsecured creditors

There are approximately 1300 unsecured creditors and to date the Administrators have received claims from 473 creditors, and expect both the number of creditors and quantum of claims to continue to rise as rectification periods expire in respect of the Company's construction projects. To date unsecured creditor claims stand at £6,527,885.

As a result of the sale of the facilities management division of the business to Syncro Capital Limited, related party claims of approximately £900,000 have been written-off against the Company.

Due to the issues outlined above, at this stage the Administrators are unable to estimate the timing or quantum of any potential return to unsecured creditors.

5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

5.1 Extensions to the initial appointment period

The Joint Administrators have previously applied for and been granted an extension of their term by the secured creditor under paragraph 76(2)(b) of schedule B1 of the Act.

Negotiations in relation to the collection of debt on the construction ledger of the Company remain ongoing, as does work in relation to the settlement of the balance outstanding by the Co-Operative Group Limited. For these reasons the Administrators were forced to seek approval of the Court for a further extension of their term under paragraph 76(2)(a) of schedule B1 of the Act. The Administration of the Company has been extended until 23 January 2010 with the consent of the Court.

As there have not been sufficient recoveries to believe that there will be any distribution to the preferential creditors at this stage, the Joint Administrators have not been required to seek their consent to the extension.

5.2 Investigations

We have completed our investigations regarding the conduct of the Directors, pursuant to the Company Directors Disqualification Act 1986. Creditors should be aware that our investigations and report to the Secretary of State is confidential.

5.3 SIP 13 – Transactions with connected parties

Details of the Company's transactions with connected parties in the period, in accordance with the guidance given in Statement of Insolvency Practice Number 13, have not been provided as the Administrator's believe it would be prejudicial to the investigations being undertaken as noted in section 5.2 above.

5.4 EC Regulations

As stated in the Administration Order in respect of the Company, Council Regulation (EU) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

6. JOINT ADMINISTRATORS' FEES AND EXPENSES

6.1 Joint Administrators' Fees

In accordance with Rule 2.106 of The Rules, in the absence of a creditors committee, the Administrators have sought approval of their fees and expenses from the Company's creditors. At the meeting of creditors held on 1 October 2007, a resolution was passed authorising the Joint Administrators' fees and expenses to be fixed by reference to the time properly given by them and their staff in the performance of their functions and duties.

The Joint Administrators will also be seeking the approval of the secured creditor in relation to their fees and expenses in accordance with Rule 2.106(5A).

The combined Administrators' time costs for the administration up to 23 January 2009 are summarised in the table below. A detailed analysis of the time spent by work function for both firms is attached at Appendix 3.

Classification of work function	Partners and Directors	Managers and Senior Mangers	Administrators and Senior Administrators	Cashiers	Total Hours	Time Cost £	Average Hourly Rate £
Administration and planning	140:00	462:24	774:36	38:18	1,415:18	356,346.50	251.78
Investigations	78:30	160:36	15:48	0:06	255:00	104,365.10	409.27
Realisation of assets	316:12	607:54	125:06	0:00	1,049:12	355,488.00	338.82
Creditors	46:00	517:18	368:42	0:30	932:30	228,636.90	245.19
Trading	17:06	548:06	27:30	0:00	592:42	155,246.80	261.93
	<u>597:48</u>	<u>2,296:18</u>	<u>1,188:18</u>	<u>38:54</u>	<u>4,244:42</u>	<u>1,200,083.30</u>	<u>282.73</u>

Administration and Planning includes administration strategy, administration and filing, arranging banking facilities and daily bankings, cashiering and voucher preparation and authorisation, insurance and bordereau, preparation and planning for appointment, standard letters, notices and directors questionnaires, compliance, supervision and management of the Administration.

Realisation of Assets includes debtors (review and collection), work in progress, dealing with agents, litigation and claims, sale of business, securing and reviewing other assets and VAT/Taxation.

Creditors includes creditors and third parties queries, reservation of title and proprietary creditors, employee issues (redundancy, P45, DTI etc).

Trading includes arranging continued supply and undertakings, employee issues and payroll, meetings with Company and staff (including day 1 visits), cashflow forecasts and monitoring, landlord issues.

All partners and technical staff (including cashiers) assigned to the case record their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.


6.2 Administrator's expenses

The basis for charging of the Joint Administrator's disbursements is set out in Appendix 3.

6.3 Other professional costs

The Joint Administrator's have retained the services of a number of professional advisors including various firms of solicitors, quantity surveyors and other professional service providers. All professional costs are reviewed and analysed before payment is approved.

I trust you will find this report adequate for your purposes but should you require any further information, please do not hesitate to contact me.



ASHER D MILLER – JOINT ADMINISTRATOR

12 August 2009

**SYNCRO LIMITED
(IN ADMINISTRATION)**

STATUTORY INFORMATION

Company name	Syncro Limited
Previous names	CWS Engineering Services Ltd
Company number	03096287
Date of incorporation	23 August 1995
Registered office	Pearl Assurance House, 319 Ballards Lane, London N12 8LY
Ordinary issued and called up share capital	
Authorised Ordinary shares of £1 each Allotted, called up and fully paid	10,703,000
Shareholder	Syncro Group Limited
Directors	David Dawson and Kevin Francis Herbert Maxwell
Company secretary	Keith Andrew Knight
Bankers	Co-Operative Bank plc

SYNCRO LIMITED - IN ADMINISTRATION
JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT
FROM 24 JULY 2007 TO 23 JULY 2009

	<u>Realised to-date £</u>
<u>Receipts</u>	
Debtor Recoveries	1,595,249
Sale of Tax Losses	180,000
Refund of Holiday Stamps	33,620
Sale of Business	101,025
Settlement of Debt	30,000
Rate Refunds	7,011
Interest	10,666
	1,957,571
 <u>Payments</u>	
Professional Fees	80,951
Travel & Accommodation Expenses	17,384
Cleaning Expenses	1,970
Rent	9,071
Rates	68
Specific Bond	420
Statutory Advertising	403
Carriage, Storage & Archiving	5,240
Legal Fees	11,328
Stationery	477
Mail Redirection	189
Wages & Salaries	68,269
Bank Charges	1,859
Corporation tax	1,339
Administrators Fees	618,397
Distribution to Secured Creditor	944,021
	1,761,385
 Receipts less Payments	196,186
 Represented by:-	
Balance at bank	155,869
VAT Recoverable	40,317
	196,186

APPENDIX 3 - David Rubin & Partners

<p align="center">SYNCR0 LIMITED - IN ADMINISTRATION JOINT-ADMINISTRATOR'S TIME COSTS FOR THE PERIOD 24 JULY 2007 TO 23 JULY 2009 SIP 9 TIME SUMMARY</p>							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Managers / Senior Managers	Administrators/ Senior Administrators	Cashiers	Total hours		
Statutory compliance, admin and planning	61:24	267:24	651:24	38:18	1018:30	222,434.50	218.39
Investigations	30:30	78:36	15:48	00:06	125:00	41,924.50	335.40
Realisations of assets	265:42	559:24	125:06	00:00	950:12	311,700.50	328.04
Creditors	40:00	168:18	366:18	00:30	575:06	131,348.00	228.39
Trading	02:06	345:00	00:30	00:00	347:36	88,607.50	254.91
Total hours and costs	399:42	1418:42	1159:06	38:54	3016:24	796,015.00	263.90

The above headings include *inter alia*:

Administration and Planning

case planning
 appointment notification
 maintenance of records
 statutory reporting and compliance
 tax and VAT

Investigations

SIP2 review
 reports pursuant to Company Directors Disqualification Act 1986
 investigating antecedent transactions

Realisation of Assets

identifying and securing assets
 debt collection
 property, business and asset sales

Creditors

communications with creditors
 creditors claims (including secured creditors, employees and preferential creditors)

Chargeout rates

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), the current hourly chargeout rates applicable to this appointment, exclusive of VAT, from 1 November 2007 are as follows:

	£
Partners/Office Holders	350 - 450
Managers/Senior Managers	245 - 325
Administrators/Senior Administrators	200 - 245
Cashiers	160

Chargeout rates are normally reviewed annually in November, when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance.

Direct expenses ("Category 1 disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case will be charged to the estate at cost, with no uplift. These include but are not limited to such items as case advertising, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case.

Indirect expenses ("Category 2 disbursements")

It is normal practice to also charge the following indirect disbursements ("Category 2 disbursements" as defined by SIP 9) to the case, where appropriate:

Postage and stationery: circulars to creditors

Headed paper	25p per sheet	Envelopes	25p each
Photocopying	6p per sheet	Postage	Actual cost

Meeting Costs: Use of Meeting Room is charged at £150 per session.

Storage and Archiving

'We use a commercial archiving company for storage facilities for company's records and papers. This is recharged to the estate at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of maintaining the archiving database and retrieval of documents. We also use our own personnel and vehicle for collection of books and records for which we charge £30 per hour.

Mileage incurred as a result of any necessary travelling is charged to the estate at the Inland Revenue approved rate, currently 40p per mile.

APPENDIX 3 - Deloitte & Touche LLP

<p align="center">SYNCR0 LIMITED - IN ADMINISTRATION JOINT-ADMINISTRATOR'S TIME COSTS FOR THE PERIOD 24 JULY 2007 TO 23 JULY 2009 SIP 9 TIME SUMMARY</p>							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Managers / Senior Managers	Administrators/ Senior Administrators	Cashiers	Total hours		
Statutory compliance, admin and planning	78:36	195:00	123:12	00:00	396:48	133,912.00	337.48
Investigations	48:00	82:00	00:00	00:00	130:00	62,440.60	480.31
Realisations of assets	50:30	48:30	00:00	00:00	99:00	43,787.50	442.30
Creditors	06:00	349:00	02:24	00:00	357:24	97,288.90	272.21
Trading	15:00	203:06	27:00	00:00	245:06	66,639.30	271.89
Total hours and costs	198:06	877:36	152:36	00:00	1228:18	404,068.30	328.97

The above headings include *inter alia*:

Administration and Planning

case planning
 appointment notification
 maintenance of records
 statutory reporting and compliance

Realisation of Assets

identifying and securing assets
 debt collection
 property, business and asset sales

Investigations

SIP2 review
 reports pursuant to Company Directors Disqualification Act 1986
 investigating antecedent transactions

Creditors

communications with creditors
 creditors claims (including secured creditors, employees and preferential creditors)

Chargeout rates

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), the current hourly chargeout rates applicable to this appointment, exclusive of VAT, from 1 January 2008 are as follows:

	£
Partners / Office holders	560 - 835
Managers	225 - 680
Assistants and Cashiers	130 - 220

Chargeout rates are normally reviewed annually in November, when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance.

Direct expenses ("Category 1 disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case will be charged to the estate at cost, with no uplift. These include but are not limited to such items as case advertising, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case.

Indirect expenses ("Category 2 disbursements")

It is normal practice to also charge the following indirect disbursements ("Category 2 disbursements" as defined by SIP 9) to the case, where appropriate:

Postage and stationery: circulars to creditors

Headed paper	25p per sheet	Envelopes	25p each
Photocopying	6p per sheet	Postage	Actual cost

Meeting Costs: Use of Meeting Room is charged at £150 per session.

Storage and Archiving

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