

The Insolvency Act 1986

Administrator's progress report

Name of Company
Plasmon Data Systems Limited – In Administration

Company number
01793678

In the High Court of Justice
Chancery Division
Companies Court

Court case number
8638 of 2008

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

We, Stuart Charles Edward Mackellar, Simon Vincent Freakley and Charles Peter Holder of Zolfo Cooper,
Toronto Square, Toronto Street, Leeds, LS1 2HJ

Joint Administrators of the above company attach a progress report for the period

from

to

6 April 2009

5 October 2009

(b) Insert dates

Signed

S. Mackellar

Joint Administrator

Dated

28/10/09

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

Raquel Demetrio

Zolfo Cooper, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL

Tel 0113 386 0810

DX Number

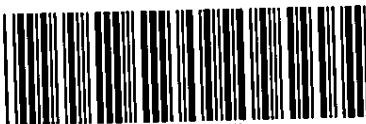
DX Exchange

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

SATURDAY



AGKCYEKI

AIQ

31/10/2009

20

COMPANIES HOUSE

**Joint Administrators'
Progress Report**

**For the Period
6 April 2009 to 5 October 2009**

**Plasmon Data Systems Limited -
In Administration**

28 October 2009



ZC ZOLFO COOPER



COMPANIES HOUSE

321

CONTENTS

- 1 Statutory Information
- 2 Progress of the Administration
- 3 Assets still to be Realised
- 4 Joint Administrators' Remuneration
- 5 Estimated Outcome for Creditors
- 6 Extension of the Administration
- 7 Ending the Administration
- 8 Next Report

APPENDICES

Receipts and Payments Accounts for the Period from 6 April 2009 to 5 October 2009 and cumulative to 5 October 2009 for both the Sterling and US Dollar currency accounts

Appendix A

Time Analysis for the Period from 6 April 2009 to 5 October 2009 and cumulative to 5 October 2009

Appendix B

Additional Information in Relation to Administrators' Fees Pursuant to Statement of Insolvency Practice 9

Appendix C

1 Statutory Information

- 1.1 I was appointed Joint Administrator of Plasmon Data Systems Limited (the **Company**) together with Simon Freakley and Peter Holder on 6 October 2008 in the High Court of Justice, Chancery Division, Companies Court. The application for the appointment of an Administrator was made by the Directors of the Company.
- 1.2 The Administration is being handled by Zolfo Cooper's Leeds office, situated at Toronto Square, Toronto Street, Leeds, LS1 2HJ, with effect from 7 September 2009.
- 1.3 The Administration is registered in the High Court of Justice, Chancery Division, Companies Court, under reference number 8638 of 2008.
- 1.4 The trading address of the Company was Whiting Way, Off Back Lane, Melbourn, Near Royston, Hertfordshire, SG8 6EN (the **Site**).
- 1.5 The registered office of the Company, with effect from 7 September 2009, has been changed from Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL to Toronto Square, Toronto Street, Leeds, LS1 2HJ. The Company's registered number is 01793678.
- 1.6 The functions of the Administrators may be exercised by any or all, acting jointly or alone.
- 1.7 The Company was the manufacturing subsidiary of its holding company, Plasmon plc (**PLC**) which together with PLC's European sales arm, Plasmon Data Limited (**PDL**); together (the **Companies**), formed the UK operation of the Plasmon Group (the **Group**). The Group also included various foreign subsidiaries in USA, Belgium, Italy and China. In addition, PDL maintained a German sales office.

2 Progress of the Administration

- 2.1 Attached at Appendix A is my Receipts and Payments Accounts for the period from 6 April 2009 to 5 October 2009 and cumulative to 5 October 2009 for both the Sterling and US Dollar accounts.
- 2.2 In aggregate, during the trade down of the Company, I can confirm that realisations of assets are as follows.

Asset	Amount(s) Realised
Stock	£450,949
Plant & Machinery	£75,000 & £1,000
Motor Vehicles	£3,300

- 2.3 The Joint Administrators' Progress Report dated 6 April 2009 (the **Progress Report**) detailed how Edward Symmons had arranged for an auction to take place at the Site at the end of April to realise all residual assets of value. Proceeds for residual stock, P&M and computer equipment, sold at the auction, totalled £88,508 before costs.
- 2.4 Following the Joint Administrators' attempts to collect ongoing rent pursuant to a lease for one of the buildings to PA Consulting Limited (**PA**), an agreement was reached with PA whereby the lease could be surrendered on receipt of a premium of £175,000. This agreement was concluded on 29 May 2009.
- 2.5 Further to the Progress Report consideration has been received in respect of the initial sale of certain assets of the Companies. The amounts attributable to the Company were minimal and total £3 in respect of software, test & development, media production and development assets.
- 2.6 The Company's holding of Gold Target was sold for £57,006.
- 2.7 The consulting offering that continued during the trade down period realised £10,284 in total.

- 2.8 Sundry refunds have been received to the amount of £14,030 and in addition refunds in respect of health care insurance have been received to the total value of £3,774.
- 2.9 Cash held at the Company's bank account at the date of my appointment has been received and totals £3,309.
- 2.10 A supplement of £5,554 has been received from HM Revenue and Customs in respect of interest on the delayed repayment of VAT receivable within the Administration.
- 2.11 Following the Companies' respective trade down periods, all receipts and payments are now correctly allocated on the Receipts and Payments Account at Appendix A. I can also confirm that all loans between PDL and the Company during the Administration have been repaid in full, which in the six month period, saw the repayment of £197,058 from the Company to PDL. This process also correctly attributed trade down costs between the Companies.
- 2.12 In total trade down costs of £348,964 were incurred against stock realisations attributable to the Company of £450,949.
- 2.13 To date, an amount of £48,465 has been utilised from floating charge realisations in order to discharge necessary costs in relation fixed charged assets. Any amounts utilised in this regard will be repaid in full on the sale of the fixed charged assets detailed in Section 3.
- 2.14 The US Dollar account used in this case has now been closed following a transfer to the Sterling account as shown in the Receipts and Payments Account attached at Appendix A.
- 2.15 In accordance with Statement of Insolvency Practice No 13 (SIP13), I would advise you that the following asset was sold to a Director of the Company:

Date of Transaction	Asset Involved and Nature of Transaction	Consideration Paid and Date	Sold To	Relationship
13 February 2009	Consultancy based equipment	£4,000 exclusivity payment paid on 19 January 2009 and remaining £71,000 paid on 13 February 2009	Robert Longman	Director

3 Assets still to be Realised

Property

- 3.1 As you are aware the Joint Administrators' appointed Bidwells Property Consultants (Bidwells) as property agents for the Site.
- 3.2 The Site comprises of three buildings, all of which remain unsold but are currently under offer with contracts having being issued to the respective parties.
- 3.3 Should all current offers progress to completion, a combined realisation of £3.44 million is expected to be received before costs.
- 3.4 Net realisations from the Site will be paid to Venture pursuant to its fixed charge over the Site.

Debtors

- 3.5 Pursuant to a debt sale agreement dated 13 March 2003 (the DSA), the Company's book debts are wholly owned by Venture.
- 3.6 I can confirm that Venture is now managing the collection of book debts that remain outstanding and that any realisations from this source are not available to the Administration estate of the Company pursuant to the DSA.
- 3.7 An amount of \$447,157 had been received in respect of book debts. I can confirm that the sterling equivalent of this amount upon transferring the funds, £300,633, has been transferred to Venture as a result of the DSA.

ProTeM Project

- 3.8 Prior to my appointment as Joint Administrator, the Company was involved in a European Commission (the EC) project, managed by the University of Exeter, into Probe-based Terabit Memory (ProTeM).
- 3.9 The required external audit of costs associated with the ProTeM project has been concluded and submitted to the EC for their review; however, initial feedback suggests that the Company may have acquired most of the benefit associated with ProTeM prior to the Joint Administrators' appointment and therefore realisations from this source may be minimal.

4 Joint Administrators' Remuneration

- 4.1 Creditors approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Administration.
- 4.2 The Joint Administrators' time costs at 5 October 2009 are £343,071. This represents 1,196 hours at an average rate of £287 per hour. Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this period. To date £255,829 plus disbursements of £1,390 has been drawn on account.
- 4.3 Attached as Appendix C is additional information in relation to our policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.

Administration and Planning

The time recorded here reflects the statutory duties of the Joint Administrators including initial notification to creditors. In addition, it covers the time spent formulating the strategy of the Administration and internal meetings.

Investigations

The time recorded here reflects the statutory duties of the Joint Administrators to investigate the conduct and actions of the Directors prior to appointment.

Realisation of Assets

The time recorded here details the time spent dealing with various interested parties in respect of a sale of the Company and the Group. It also includes the time spent dealing with ES and Bidwells in respect of sales of assets and also time spent formulating a disposal and holding strategy for the Site.

Trading

The time recorded here includes management of the day-to-day trade down of the Company to ensure that the goodwill of the Company remained while a sale of the business was sought. It also reflects the time spent reconciling the trading accounts and dealing with various retained employee related matters during the trade down period.

Creditors

Time recorded here has been incurred in ongoing correspondence with creditors, including telephone calls and written correspondence. This also includes time spent dealing with queries from employees of the Company.

5 Estimated Outcome for Creditors

- 5.1 Based upon current estimates it is likely that the preferential creditors of the Company will receive a dividend of 100 pence in the pound in respect of their preferential claims. This position will be confirmed shortly and I intend to proceed with the distribution over the coming months.

- 5.2 Venture has advanced a sum of some £4.5 million to the Companies which is secured by fixed and floating charges and cross guarantees. As it is anticipated that Venture will suffer a shortfall in respect of its lending, there will be no funds available for the unsecured creditors of the Company.
- 5.3 The Company granted a floating charge to Venture on 13 March 2003. Accordingly, there is no requirement to create a fund out of the Company's net floating charge property for unsecured creditors, which only applies to charges created after 15 September 2003.

6 Extension of the Administration

- 6.1 Pursuant to paragraph 76 (1) of Schedule B1 to the Insolvency Act 1986 (the Act), the Administration of the Company would have automatically come to an end on 5 October 2009, being one year from my appointment.
- 6.2 Due to the matters outlined in Section 3 of this report, I did not consider that I was in a position to close the Administration as there are still considerable assets to be realised by the Joint Administrators.
- 6.3 I therefore proposed to extend the Administration by a period of six months to 5 April 2010 by obtaining the consent of the creditors. Since the Joint Administrators have made a statement under paragraph 52 (1) (b) of Schedule B1 to the Act (insufficient property for a distribution to unsecured creditors), the Joint Administrators were required to obtain the consent of both the secured creditor, Venture, and 50% of the preferential creditors of the Company.
- 6.4 I can confirm that consent was obtained from both Venture and the preferential creditors for the extension of the Administration by six months pursuant to Section 78(2)(a) of Schedule B1 to the Act and the Administration will now cease on 5 April 2010 unless any further extension is sought.

7 Ending the Administration

- 7.1 Based upon present information the Joint Administrators do not believe that the Company will have sufficient property which may permit a distribution to its unsecured creditors. In this instance the Joint Administrators propose filing a notice together with our final progress report at Court and with the Registrar of Companies for the dissolution of the Company. Copies of these documents will be sent to the Company and its creditors. The appointment of the Joint Administrators will end following the registration of the notice by the Registrar of Companies.
- 7.2 However, should it transpire that there is sufficient property to enable a distribution to the Company's creditors. The Joint Administrators will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL). The Joint Administrators will become the Joint Liquidators of the CVL as stated in the Proposals.
- 7.3 The Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Act immediately upon their appointment as Administrators ceasing to have effect.

8 Next Report

- 8.1 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised.

PLASMON DATA SYSTEMS LIMITED - IN ADMINISTRATION

For and on behalf of
Plasmon Data Systems Limited

A handwritten signature in black ink, appearing to read 'S C E Mackellar', written in a cursive style.

S C E Mackellar
Joint Administrator

Enc

Receipts and Payments Accounts for the Period from 6 April 2009 to 5 October 2009 and cumulative to 5 October 2009 for both the Sterling and US Dollar currency accounts

Appendix A

Statement of Affairs	Sterling	Note	From 06/04/2009	From 06/10/2008
			To 05/10/2009	To 05/10/2009
	FIXED REALISATIONS			
3,000,000	Freehold Land & Property		NIL	NIL
	Loan from Floating Account		47,295.76	48,465.36
			<u>47,295.76</u>	<u>48,465.36</u>
	FIXED COSTS			
	Legal Fees		4,500.00	4,500.00
	Agents' Fees		4,000.00	4,000.00
	Agents' Disbursements		1,619.19	1,619.19
	Electricity		6,089.38	6,089.38
	Security		10,096.10	11,265.70
	EPC		2,540.00	2,540.00
	Insurance of Assets		18,451.09	18,451.09
			<u>(47,295.76)</u>	<u>(48,465.36)</u>
	FIXED CREDITORS			
(3,680,800)	Due to Chargeholder		NIL	NIL
			<u>NIL</u>	<u>NIL</u>
	FLOATING REALISATIONS			
	P&M sold to Plarion		71,000.00	75,000.00
150,000	Plant & Machinery		NIL	1,000.00
	Motor Vehicles		3,300.00	3,300.00
400,000	Stock		449,948.62	450,948.62
228,569	Trade & Other Debts		NIL	NIL
	Consultancy Revenue		1,500.00	10,284.00
	Auction Proceeds		88,508.14	88,508.14
43,784	Non Cash Asset- Gold Target		57,005.66	57,005.66
	Sundry Refund		14,030.19	14,030.19
	Leasehold surrender premium		175,000.00	175,000.00
25,327	Cash at Bank		3,308.78	3,308.78
	Bank Interest Gross		NIL	0.07
	Development Assets		0.70	0.70
	Software Assets		0.70	0.70
	Media Production Assets		0.70	0.70
	Test & Development Assets		0.70	0.70
	Health Care Insurance Refund		3,774.10	3,774.10
	HMRC supplement		5,553.76	5,553.76
	Transfer from Dollar Account	1	13,383.77	430,870.16
	Loan from Plasmon Data Limited		(197,058.26)	NIL
	Loan to Fixed Account		(47,295.76)	(48,465.36)
			<u>641,961.80</u>	<u>1,270,120.92</u>

PLASMON DATA SYSTEMS LIMITED - IN ADMINISTRATION

FLOATING COSTS		
	1,500.00	2,461.00
ProTem Costs		
Joint Administrators' Fees	137,681.36	255,829.36
Joint Administrators' Expenses	616.95	1,390.06
Agents Fees	23,846.42	23,846.42
Legal Fees	56,537.50	66,634.75
Legal Disbursements	4,362.27	4,392.27
Electricity	906.40	906.40
Bank Charges	40.38	40.38
HP Finance Settlement	665.14	665.14
Trade Down Costs	(75,518.11)	348,963.75
	<u>(150,638.31)</u>	<u>(705,129.53)</u>
BOOK DEBTS		
Repayment of Book Debts to Venture	(300,632.69)	(300,632.69)
	<u>(300,632.69)</u>	<u>(300,632.69)</u>
PREFERENTIAL CREDITORS		
(91,475) Preferential Creditors	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
UNSECURED CREDITORS		
(270,000) Purchase Order Commitments	NIL	NIL
(743,239) Creditors	NIL	NIL
(195,414) Banks/Institutions	NIL	NIL
(158,292) Inland Revenue	NIL	NIL
(25,783,184) Intercompany Creditors	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
DISTRIBUTIONS		
(5,000,100) Ordinary Shareholders	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<u>(32,074,824)</u>	<u>190,690.80</u>	<u>264,358.70</u>
REPRESENTED BY		
VAT Receivable		500.09
Floating Interest Bearing		262,189.35
Floating Vat Control Account		1,641.45
Fixed VAT Receivable		27.81
		<u>264,358.70</u>

Note

1 - Average Exchange Rate of 1 : 0.67 obtained (\$: £)

PLASMON DATA SYSTEMS LIMITED - IN ADMINISTRATION

<u>US Dollar</u>	Note	\$	\$
		From 06/04/2009 To 05/10/2009	From 06/10/2008 To 05/10/2009
FLOATING REALISATIONS			
Mitsubishi Assets		NIL	200,000.00
Bank Interest Gross		NIL	46.03
		<u>NIL</u>	<u>200,046.03</u>
FLOATING COSTS			
Transfer to Sterling Account	1	20,951.00	640,969.84
Hewlett Packard Consultancy Costs		NIL	6,000.00
Bank Charges		18.70	232.75
		<u>(20,969.70)</u>	<u>(647,202.59)</u>
BOOK DEBTS			
Repayment of Book Debts to Venture		NIL	447,156.56
		<u>NIL</u>	<u>(447,156.56)</u>
		<u>(20,969.70)</u>	<u>(447,156.56)</u>

Note

1 - Average Exchange Rate of 0.67 : 1 obtained (£ : \$)

Time Analysis for the Period from 6 April 2009 to 5 October 2009 and cumulative to 5 October 2009

Appendix B

6 April 2009 to 5 October 2009

	Employee Grade (Hours)					Time Cost (£)	Ave Per Hour (£)
	Partner/ Director	Senior Associate	Associate/ Analyst	Junior Analyst/ Support Staff	Total Hours		
Administration and Planning	35.40	4.50	70.60	53.60	164.10	46,449.00	283
Investigations	0.00	0.00	0.50	0.00	0.50	132.50	265
Realisation of Assets - Fixed Charge	7.30	0.00	101.30	0.00	108.60	31,811.00	293
Realisation of Assets - Debtors	1.00	0.00	0.20	0.60	1.80	567.00	315
Realisation of Assets - Floating Charge	0.00	0.60	10.50	0.00	11.10	3,031.50	273
Trading	1.70	0.00	23.10	2.60	27.40	7,455.50	272
Creditors	1.00	0.00	7.90	7.30	16.20	3,743.00	231
Total Hours By Grade	46.40	5.10	214.10	64.10	329.70	93,189.50	283

6 October 2008 to 5 October 2009

	Employee Grade (Hours)					Time Cost (£)	Ave Per Hour (£)
	Partner/ Director	Senior Associate	Associate/ Analyst	Junior Analyst/ Support Staff	Total Hours		
Administration and Planning	109.70	82.60	290.60	181.00	663.90	186,708.50	281
Investigations	39.00	1.60	6.40	0.00	47.00	21,509.50	458
Realisation of Assets - Fixed Charge	23.80	24.40	156.00	0.00	204.20	63,146.00	309
Realisation of Assets - Debtors	3.00	0.00	3.60	5.60	12.20	3,043.50	249
Realisation of Assets - Floating Charge	7.50	9.50	29.70	1.50	48.20	14,852.00	308
Trading	8.70	28.30	67.90	50.80	155.70	38,843.50	249
Creditors	1.20	1.00	40.10	22.20	64.50	14,968.00	232
Total Hours By Grade	192.90	147.40	594.30	261.10	1195.70	343,071.00	287

Additional Information in Relation to Administrators' Fees Pursuant to Statement of Insolvency Practice 9

Appendix C

1 Policy

Detailed below is Zolfo Cooper's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

1.1 *Staff Allocation and the use of Sub-contractors*

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, Senior Associate, Associate and Analyst. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. Our charge out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, eg, report compilation and distribution, do we seek to charge and recover our time in this regard.

We have not utilised the services of any sub-contractors in this case.

1.2 *Professional Advisors*

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Matthew Arnold & Baldwin (legal advice)	Hourly rate and disbursements
S J Berwin (legal advice)	Hourly rate and disbursements
Willis (insurance)	Risk based premiums
Safe Estates (security of Site)	Hourly rate and disbursements
Edward Symmons (valuation and disposal advice)	Hourly rate and disbursements
Bidwells (valuation and disposal advice)	Percentage of Realisations

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

1.3 *Disbursements*

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require prior approval by creditors before they are paid and whilst it is unlikely that any Category 2 disbursements will be incurred on the case, appropriate approval will be sought before any such expenses are paid.

2 Charge-out Rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 January 2009 is detailed below.

	(Per hour) £
Partner/Director:	
Partner 1*	550
Partner 2*	495
Director	430
Senior Associate:	
Senior Associate 1*	390
Senior Associate 2*	350
Associate/Analyst:	
Associate	290
Analyst*	265
Junior Analyst and Support Staff:	
Junior Analyst*	140
Senior Treasury Associate	210
Treasury Associate	140
Treasury Analyst	90
Support	90
*Key	
Partner 1 - Partners with 3 or more years experience at partner level	
Partner 2 - Partners with less than 3 years experience at partner level	
Senior Associate 1 - Staff who have been Senior Associates for over 2 years	
Senior Associate 2 - Staff who have been Senior Associates for less than 2 years	
Analyst - Staff who have been Analysts for more than 1 year	
Junior Analyst - First year Analysts	