

The Insolvency Act 1986

Administrator's progress report

Name of Company

Burns-Anderson Limited

Company number

02073962

In the
High Court of Justice, Chancery Division,
Bristol District Registry

(full name of court)

Court case number
697 of 2012(a) Insert full
name(s) and
address(es) of
administrator(s)

We (a)

Nigel Morrison
Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FTAlistair Wardell
Grant Thornton UK LLP
11-13 Penhill Road
Cardiff
CF11 9UPRichard White
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

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

From

To

(b) Insert date

(b) 3 July 2012

(b) 2 January 2013

Signed



Joint Administrator(s)

Dated

1 February 2013

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

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

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



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A06

02/02/2013

#351

COMPANIES HOUSE



Our Ref NZM/ZLC/RJJ/KZP/B01623/
Your Ref

To the creditors

31 January 2013

Dear Sirs

Recovery and Reorganisation

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester M3 3EB

T +44 (0)161 953 6900
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**Burns-Anderson Limited - In Administration (BAL or the Company)
High Court of Justice, Chancery Division, Bristol District Registry
No 697 of 2012**

1 Introduction

- 1.1 Following my appointment as joint administrator of BAL with my partners Alistair Wardell and Richard White by the Company on 3 July 2012, we now report on the progress of the administration to 2 January 2013 and attach
- Appendix A, Form 2.24B, together with an account of our receipts and payments for the period from 3 July 2012 to 2 January 2013
 - Appendix B, a statement of the remuneration charged by the joint administrators in the period 3 July 2012 to 2 January 2013 and a statement of expenses incurred in the period
 - Appendix C, an analysis of our time costs as required by Statement of Insolvency Practice 9 (SIP9)
 - Appendix D, an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator (Rule 2.48A)
 - Appendix E, an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrators' remuneration or expenses, if excessive (Rule 2.109)
- 1.2 Please note that we are all authorised by The Insolvency Practitioners Association to act as insolvency practitioners
- 1.3 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them
- 1.4 In addition to the Company we were also appointed as administrators of the following companies
- Honister Capital Limited (HCL),
 - Sage Financial Services Limited (SFSL),
 - Honister Partners Limited (HPL), and
 - B-A Financial Limited (BAFL)
- 1.5 The above companies together with BAL are collectively referred to as "the Group" throughout this report. BAFL is a subsidiary of BAL and HPL, BAL and SFSL are subsidiaries of HCL

Chartered Accountants

Member firm within Grant Thornton International Ltd
Grant Thornton UK LLP is a limited liability partnership registered in England and Wales. No. OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.
A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

A list of personnel permitted by Grant Thornton to accept appointments as insolvency practitioners and of their respective authorising bodies may be inspected at the above address.

- 1 6 HCL has another subsidiary, Annuity Portal Limited, which we understand to be dormant
- 1 7 Concept Promotions and Marketing Limited (CPML) is a subsidiary of BAL. CPML ceased to trade following our appointments as administrator of the Group companies and was subsequently placed into liquidation on 12 October 2012 with Nigel Morrison and Matthew Dunham of Grant Thornton UK LLP appointed as joint liquidators
- 1 8 The share capital of HCL is owned by Honister Capital Holdings I Limited (HCHI). HCHI is not subject to an insolvency process

2 Statutory information

- 2 1 The company's statutory details are as follows

| | |
|-------------------|---|
| Registered number | 02073962 |
| Registered office | c/o Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB |

3 Summary of the administrators' proposals

- 3 1 The administrators' proposals were contained in our report dated 23 August 2012
- 3 2 The administrators' statement of proposals was approved at meeting of creditors held on 10 September 2012
- 3 3 A creditors committee was formed at the meeting
- 3 4 The administrators are pursuing the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up
- 3 5 We anticipated in our proposals that there would be a dividend to unsecured creditors in each of the administrations of the Group
- 3 6 It was proposed that the administration would end by the Company going into creditors voluntary liquidation, or if no monies are available for unsecured creditors, by the dissolution of the Company
- 3 7 Please refer to the administrators' proposals for the background to the administrators' appointment, a summary of the assets and liabilities of the Group, the conduct of the administration to that date and the proposals for achieving the objective of the administration

4 Progress report

- 4 1 We set out this section under the following key headings

- i Appointment of professional advisers
- ii Cessation of trade
- iii Legal ownership of commission
- iv Sale of business and novation offer

- v Collection of commissions
- vi Professional indemnity insurance, run off cover and the Financial Services Compensation Scheme
- vii Investigations
- viii Tax claims
- ix Debtors
- x Intra Group debts
- xi Recharges of expenses of the administrations
- xii Extensions of the administrations and statutory matters

(i) Appointment of professional advisers

- 4 2 In addition to the professional advisers appointed at the time our proposals were issued we have appointed Value Licensing to act as our agent in relation to the Group's software licences

(ii) Cessation of trade

- 4 3 Following the expiry of the Group's professional indemnity insurance on 2 July 2012 the Group's network of advisers were no longer authorised to write new business by the Financial Services Authority and the network ceased to trade. Further details of the Group's professional indemnity insurance are included in sub section (vi) of this section and are also included in the administrators' proposals
- 4 4 As previously reported, 129 of HCL's 188 employees were made redundant and a further eight employees transferred to a connected company immediately upon appointment
- 4 5 Following the sale of the Group's right, title and interest in its commission to MacRobins Limited (MRP) on 27 July 2012, 20 employees transferred to MRP. Further details of the sale to MRP are included in sub section (iv) of this section and are also included in the administrators' proposals
- 4 6 Following the sale and the withdrawal from the Group's locations the 31 remaining employees of HCL were made redundant by 28 September 2012
- 4 7 DTZ Debenham Tie Leung Limited advised that the Group's leases were of no realisable value. Therefore, all locations were vacated by 28 September 2012 and the properties were returned to the landlords. Twelve leases were in HCL, one was in BAL and one was in SFSL
- 4 8 The Group's furniture at the locations was realised by GoIndustry DoveBid for £9,550, who also assisted with the clearance of properties to limit the level of claims from landlords. No furniture belongs to BAL

(iii) Legal ownership of commission

- 4 9 As previously reported, following our appointment we commissioned TLT LLP (TLT) to undertake a detailed investigation into the legal ownership of commissions received from product providers in respect of work introduced by advisers. This involved a detailed review of contractual documents between the Group and the advisers, together with the terms of business between the Group and the product providers

- 4 10 In our proposals to creditors we also invited advisers to particularise any arguments by which they considered that they had proprietary claims to these commissions. A number of responses were received and were responded to by TLT
- 4 11 We have recently received clear and definitive advice from TLT that the commissions do belong to the Group and not the advisers. This advice has been endorsed by a leading QC
- 4 12 We will now release the commission received since our appointment in accordance with the sale and purchase agreement with MRP, which had been held on trust pending clarification of the matter, subject only to passing on any commission to the advisers with whom we have entered into novation agreements
- (iv) Sale of business and novation offer**
- 4 13 Following our appointment we had to complete a sale of the business/commission income to an authorised entity to maximise future collections of commissions from product providers for the benefit of the creditors as a whole
- 4 14 We completed a sale to MRP on 27 July 2012. In addition to providing the highest offer of all offers received, MRP has extensive experience of collecting commissions in financial services insolvency cases
- 4 15 The sale agreement allowed us to offer advisers the opportunity to novate future commissions to their new authorised entity, a process that MRP would facilitate
- 4 16 We wrote to all advisers on 31 July 2012 to confirm the sale to MRP and to present the novation offer. The letter set out the key terms and the eligibility criteria and advised firms that in order to proceed with the offer a novation fee based on a percentage of recurring commissions in the 12 months to 30 June 2012 would need to be paid
- 4 17 We are only able to agree to novations where sufficient value is realised in the form of an up front payment to ensure the overall dividend to all creditors is maintained. The percentage of recurring commissions used to calculate the fee varied by company due to the differing level of non adviser creditors in each company and in particular the level of claims from clients. In the case of BAL the percentage was 53%
- 4 18 Advisers who take up the offer will also be provided with the commissions received by the Group since our appointment subject to an administrative fee of 10% and any other deductions set out in the various legal documents between novating advisers and the administrators
- 4 19 The novation fee will be a realisation in the relevant administration and no proportion will be paid to MRP. The 10% administrative fee will be shared equally between the relevant administration and MRP
- 4 20 We have had a positive uptake of the novation offer with 216 advisers confirmed as taking up the novation offer. This represents c 36% of the total advisers that have been reauthorised since our appointment

- 4 21 The total novation fee generated by the novation offer for BAL is £227,739 of which £154,774 has been received from advisers by 2 January 2013 (as shown in the receipts and payments accounts) The remainder will be settled by way of offset against commission received since our appointment
- 4 22 As a result of taking up the novation offer, the novating advisers will have surrendered their claims in the administrations This includes any existing claim at the date of the administration and any accruing claims that they may have Therefore, the creditor pool has reduced
- 4 23 The novation offer has allowed advisers the opportunity to have access to the commissions generated from their advice
- 4 24 The other advantage of the novation offer is that it has been well received with certain product providers and it is anticipated that it will help facilitate the future release of commission
- 4 25 It should be noted that completion of each novation (on a policy by policy basis) will only occur when the product provider has acceded to the novation Part of the novation fee is refundable in circumstances where one or more of the product providers do not accede to the novation

(v) Collection of commissions

- 4 26 Following the sale agreement MRP are liaising with product providers to ensure that commissions due to the Group are collected Commission received will then be split between the relevant administration and MRP at the agreed levels This process is subject to regular checks by the administrators
- 4 27 Commissions collected since our appointment that relates to active advisers have been held in a trust account pending definitive legal advice regarding the ownership of the commission As noted in sub section (iii) of this section, we now have definitive legal advice that the commission is an asset of the group, and not the individual adviser Therefore, we will transfer the commissions into the administrations and to MRP in the agreed proportions after taking into account the commissions we will be handing over to the novating advisers The share of the commission that will be released into the BAL administration up to 31 December 2012 is £295,172
- 4 28 Commission that does not relate to an active adviser, or where it cannot be attributed to an adviser, (Orphan commission) has already been released into the administrations To date, we have received the Orphan commission up to 31 December 2012, however, only Orphan commission received up to 31 October 2012 is shown in the receipts and payments at Appendix A as the Orphan commission for November and December of £35,911 was not banked until after 2 January 2013
- 4 29 The Orphan commission that has been distributed to 31 December 2012 totals £97,334 for BAL

- 4 30 Please note that the post appointment commissions shown in the receipts and payments account at Appendix A of £58,115 relates to commission received into the Company's former bank account that has been or will be forwarded to MRP for payment into the trust account. It is not the entire post appointment commission received as the majority of post appointment commissions have been collected by MRP in accordance with the sale agreement.

(vi) Professional indemnity insurance, run off cover and the Financial Services Compensation Scheme (FSCS)

- 4 31 Following our appointments we instructed JLT to investigate the availability of obtaining professional indemnity cover for the Group on a run off basis. Of the 22 insurers that JLT approached, only one was prepared to provide cover. However, the terms of the policy offered were extremely onerous and prohibitive and included an excess for individual claims of £15 million. Therefore, run off cover was not obtained.
- 4 32 At the date of our appointment the Group had 192 outstanding professional indemnity complaints of which 118 related to BAL advice. We have been in correspondence with the Group's pre administration insurers to determine whether they are liable for the claims. The Group's primary insurer has presented a legal argument asserting that it is not currently liable for the claims and we continue to take legal advice on the matter. In the meantime, it has been agreed that the FSCS will deal with the claims.
- 4 33 Since our appointment 112 further claims have been received from clients. 49 of the claims relate to BAL. These claims are not covered by any professional indemnity insurance. It has been agreed that the FSCS will deal with these claims. In respect of all claims in which it makes a payment, the FSCS will then stand in the shoes of the complainant for any amount that it pays out and will have an unsecured claim against the relevant company. If a client's claim is over the FSCS limits, the FSCS will pass on any dividend to the client. All claims will be subject to the administrators, or subsequent liquidators, claims agreement process.

(vii) Investigations

- 4 34 We are investigating various matters raised by the creditors including the restructure of the group in December 2011 which resulted in the share capital of Willis Owen Limited (WOL) being transferred from HCL to the newly formed HCHI. WOL is not subject to an insolvency process.

(viii) Tax claims

- 4 35 Since our appointment we have investigated the Group's tax position to determine whether any of the Group companies can make terminal loss relief claims that would result in corporation tax repayments. Returns for all outstanding periods are in the process of being prepared and submitted to HM Revenue and Customs. This could result in estimated repayments to the Group of up to £198,000, of which £141,000 would be due to BAL.
- 4 36 We have also reached an agreement with Willis Owen Limited (WOL), a subsidiary of HCHI, to surrender losses incurred by HCL in the period ended 30 September 2010 under which WOL will pay HCL £92,736 for the losses. We are investigating whether any further realisations can be made for losses arising in subsequent periods which may be available for surrender for the benefit of any of the Group companies.

(ix) Debtors

- 4 37 The table below analyses the debtors of BAL per the directors' statement of affairs

| £ | |
|------------------------------|------------------|
| Commission and other debtors | 800,684 |
| Clawback debtors | 437,000 |
| Complaints debtors | 5,011,544 |
| | 6,249,228 |

- 4 38 The commission debtors relates to accrued commissions due to the Company from product providers at the date of our appointment. These commissions are being collected by MRP in accordance with the sale agreement. Other debtors relate to normal trade debtors that have arisen through the normal course of business.
- 4 39 The clawback provision relates to the recovery of the advisers share of commission clawbacks. We have reached an agreement in principle for MRP to assist with the collection of these debts.
- 4 40 The complaints provision is a provision for debt due from advisers and Professional Indemnity Insurers relating to complaints from clients. These debts will be pursued by the administrators.

(x) Intra Group debts

- 4 41 The directors' statement of affairs, which was attached to our proposals report, showed that BAL is owed £1,359,102 by other companies in the Group. The directors estimated that recoveries of these debts will amount to £1,060,311. The table below analyses the debt per subsidiary shown in the directors' statement of affairs.

| £ | Book value | Estimated to realise |
|------|------------------|----------------------|
| SFSL | 1,041,963 | 1,010,704 |
| HCL | 213,820 | 45,212 |
| BAFL | 90,000 | |
| HPL | 13,319 | 4,395 |
| | 1,359,102 | 1,060,311 |

- 4 42 The recovery of debts due to BAL from SFSL, HCL, BAFL and HPL is dependent on the distributions to creditors of the administration (or subsequent liquidation) of these companies. It is unlikely that any of these companies will be in a position to pay any dividend to their unsecured creditors for several years.

(xi) Recharges of the expenses of the administrations

- 4 43 Prior to our appointment as joint administrators, the Group's overheads were primarily incurred in HCL. HCL would then recharge overheads to its subsidiaries. In order to secure and realise the assets of the Group it has been necessary to incur some of these costs in the administrations, especially in the early stages. Costs incurred include employment costs, property costs, IT costs and professional costs. These costs will be recharged to the subsidiary companies on the same basis as the Group used prior to my appointment.

- 4 44 You will note from the receipts and payment accounts that certain intergroup transfers have been made. The table below shows the costs incurred in HCL that have been recharged to the subsidiary companies and the amounts transferred to date. Please note that while most of the costs have been incurred in the early stage of the administrations HCL will continue to incur costs that will be recharged to the subsidiary companies.

| £ | Allocation of costs paid | Transferred to date | Still to transfer |
|---------------------------------|--------------------------|---------------------|-------------------|
| Sage Financial Services Limited | 171,275 | 225,000 | (53,725) |
| Burns-Anderson Limited | 107,908 | 74,186 | 33,722 |
| Honister Partners Limited | 221,055 | 88,854 | 132,201 |
| B A Financial Limited | 5,472 | - | 5,472 |
| Total | 505,709 | 388,039 | 117,670 |

- 4 45 The table above does not include the administrators' time costs, which will also be recharged to the subsidiary companies. Please see section 6 of this report for further details of the administrators' time costs.

(xii) Extensions of the administrations and statutory matters

- 4 46 The administrations are due to expire on 2 July 2013. Prior to this date the administrators will either request the consent of the creditors to extend the administrations for six months, make an application to Court to extend the administrations for a longer period or place the companies into creditors' voluntary liquidation.
- 4 47 The creditors committee in the administration will be requested to discharge the administrators from liability when the administration ends.

5 Outcome for creditors

- 5 1 There are no secured creditors in any of the companies in the Group.
- 5 2 The only company in the Group where there are preferential creditors is HCL. Preferential creditors, which relate to employee claims for arrears of pay and holiday pay, are expected to be paid in full.
- 5 3 We anticipate that a dividend will be paid to the unsecured creditors in each of the administrations, including BAL.
- 5 4 The level of dividends to unsecured creditors is uncertain at this stage and will depend in particular upon commission collected from product providers and the level of uninsured claims received. However, it is likely that the administrators will not be in a position to make any distributions for several years due to the nature of the potential claims both from advisers that are not novating (these will increase as further commission income is earned during the administration) and clients.

6 Joint administrators' remuneration and expenses

- 6 1 Our fees for acting as joint administrators have been fixed by reference to our time costs. The time costs for this administration for the period from 3 July 2012 to 2 January 2013 are

£216,019 and the expenses relating to travel, subsistence, accommodation and bonding are £1,717

- 6.2 On 21 September 2012 the creditors committee resolved that we draw our remuneration by reference to our time costs up to that date and that approval to draw fees based on time cost would be sought from the committee at quarterly meetings. You will note from the SIP 9 table attached at Appendix C that our time costs to date are £216,019. A fee invoice of £100,000 have been raised although this is not shown on the receipts and payments account at Appendix A as the fees had not been drawn from the administration estate by 2 January 2013.
- 6.3 Significant time costs have been incurred in HCL due to the management time required with matters that relate to the entire Group. These costs include employee matters, property matters, IT, storage of records, FSA communication and tax investigations. The costs have been incurred for the benefit of the subsidiary companies and have not benefitted the administration of HCL. Therefore, these costs need to be recharged to the subsidiary companies by way of a management charge, which is in line with the Group's pre appointment practice for such costs.
- 6.4 A detailed analysis has been undertaken of our time costs in HCL to 2 January 2013 to re allocate the time spent in HCL to each of the other Group companies. The table below shows the amounts that have been re allocated to each company to form the basis of the management charge.

| £ | Time costs |
|-----------------------------|----------------|
| SFSL | 138,622 |
| HPL | 179,387 |
| BAL | 88,091 |
| | <hr/> |
| | 406,100 |
| Time costs to remain in HCL | 14,175 |
| Total | 420,275 |

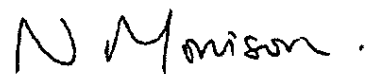
- 6.5 An analysis of the time costs of HCL is provided at Appendix C.
- 6.6 Background information regarding the fees of administrators can be found at www.insolvency-practitioners.org.uk (navigate via 'Regulation and Guidance' to 'Creditors Guides to Fees'). Alternatively, we will supply this information by post on request. Time is charged in 6 minute units.

7 Other expenses incurred by the joint administrators

- 7.1 Please refer to Appendix B which shows the expenses incurred and paid in the period.
- 7.2 Legal costs relates to the advice we have received from TLT LLP in relation to the ownership of commission, the sale to MRP, the novation offer, insurance matters and other legal issues as they arise in the administration.

- 7 3 The administrative expenses relate to heat and light, property expenses, rate, statutory advertising and bank charges

Yours faithfully
for and on behalf of the Burns-Anderson Limited

A handwritten signature in black ink, appearing to read 'N Morrison'.

Nigel Morrison
Joint Administrator

The affairs, business and property of Burns-Anderson Limited are being managed by Nigel Morrison, Alistair Wardell and Richard White, appointed as joint administrators on 3 July 2012

Enc

A Abstract of the administrators' receipts and payments

The Insolvency Act 1986

Administrator's progress report

Name of Company

Burns-Anderson Limited

Company number

02073962

In the
High Court of Justice, Chancery Division,
Bristol District Registry

(full name of court)

Court case number
697 of 2012(a) Insert full
name(s) and
address(es) of
administrator(s)

We (a)

Nigel Morrison
Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
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CF11 9UPRichard White
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30 Finsbury Square
London
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administrator(s) of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 3 July 2012

(b) 2 January 2013

Signed



Joint Administrator(s)

Dated

1 February 2013

Burns-Anderson Limited - in administration
 Receipts and payments account
 from 3 July 2012 to 2 January 2013

| | Statement of affairs £ | Total £ |
|--|------------------------------|----------------------------|
| Receipts | | |
| Novation Income | | 154,773 50 |
| MacRobins Distribution - Orphan Commission | | 61,422 02 |
| Post Appointment Commissions | | 58,115 20 |
| Sage - Loan | 776,000 00 | 0 00 |
| Group Undertakings - HCL | 45,212 00 | 0 00 |
| Group Undertakings - HPL | 4,395 00 | 0 00 |
| Group Undertakings - Sage | 234,704 00 | 0 00 |
| Fixtures & fittings | 5,000 00 | 0 00 |
| Book Debts | 6,249,228 00 | 0 00 |
| Corporation Tax Refund | 22,625 00 | 0 00 |
| Cash at Bank | 1,785,166 00 | 1,780,992 29 |
| Accrued income | 207,797 00 | 0 00 |
| Bank/ISA InterestGross | | 1,864 42 |
| | | <u>2,057,167 43</u> |
| Payments | | |
| Heat & Light | | 1,949 98 |
| Property Expenses | | 119 36 |
| Inter Group charges | | 74,185 90 |
| Preparation of S of A | | 7,500 00 |
| Legal Fees | | 21,580 12 |
| Statutory Advertising | | 153 00 |
| Rates | | 1,162 00 |
| Bank Charges | | 476 13 |
| Vat on Purchases (potentially irrecoverable) | | 6,246 92 |
| | | <u>113,373 41</u> |
| Balance - 2 January 2013 | | <u>1,943,794 02</u> |
| Made up as follows | | |
| Floating Current Account | | 499,735 77 |
| Corporate Bonus Account (M/M) | | 58 25 |
| Time Deposit 6 months | | 1,444,000 00 |
| | | <u>1,943,794 02</u> |

B Remuneration charged and expenses incurred by the administrators in the period

| | Charged/incurred in period 03/07/2012 to 02/01/2013 | Cumulative charged/incurred to 02/01/2013 | Of which paid to 02/01/2013 |
|---------------------------------------|--|---|--------------------------------|
| | £ | £ | £ |
| Joint administrators' fees | | | |
| Time Costs | 216,019 45 | 216,019 45 | Nil |
| Expenses | 1,716 70 | 1,716 70 | Nil |
| Expenses of the administration | | | |
| Administrative expenses | 3,860 47 | 3,860 47 | 3,860 47 |
| Legal fees | 65,196 06 | 65,196 06 | 21,580 12 |
| Intergroup recharges | 107,907 76 | 107,907 76 | 74,185 90 |
| Preparation of statement of affairs | 7,500 00 | 7,500 00 | 7,500 00 |
| Insurance | 474 88 | 474 88 | Nil |
| Total | 402,675 32 | 402,675 32 | 107,126 49 |

C SIP 9 information

Introduction

The following information is provided in connection with the administrators' remuneration and disbursements in accordance with SIP 9

Explanation of Grant Thornton UK LLP charging and disbursement recovery policies

Time costs

All partners and staff are charged out at hourly rates appropriate to their grade, as shown on the attached schedule. Details of the hourly charge-out rates are made available to creditors or committees at the time of fixing the basis of our fees. Support staff (ie secretaries, cashiers and filing clerks) are charged to the case for the time they work on it

| | From 01/07/12 |
|------------------------------------|------------------|
| | £ |
| Partners up to | 580 |
| Managers up to | 440 |
| Administrators up to | 310 |
| Assistants and support staff up to | 210 |

Disbursements

Out of pocket expenses are charged at cost. Mileage is charged at standard rates which comply with HM Revenue and Customs limits or AA recommended rates. VAT is added to disbursement charges as necessary.

Further explanation of time costs

An analysis of our time costs is shown overleaf and should be read in conjunction with the explanation below and section 6 of this report

Administration and planning

Time costs of £72,464 includes the costs incurred for the planning of the administration and the review and control of the administration. The costs also include statutory reporting and other statutory matters involved with the administration. Costs incurred in relation to correspondence and legal issues regarding the Group's professional indemnity insurance is also included in this section. £27,974 of this was incurred in the first month.

Creditors

Time costs of £101,819 includes correspondence with creditors (including advisers and clients with claims), handling phone calls from creditors, discussions with the FSCS and new client claimants and adviser notifications.

Investigations

Time costs of £3,194 includes the investigations into the directors conduct and reporting to the Insolvency Service.

Realisation of Assets

Time costs of £38542 includes discussions with interested parties, the sale negotiations with MRP, discussions with product providers, monitoring of MRP and commission collections and the adviser novation process

Burns-Anderson Limited - in Administration - B30201623 - SIP 9 TIME COST ANALYSIS

Job(s) ADM, CMU

Transaction period All transactions

Export version

Detailed Version

| Standard | Partner | | Manager | | Executive | | Administrator | | Total | | |
|-----------------------------|---------|-----------|---------|------------|-----------|-----------|---------------|-----------|--------|------------|---------------|
| | Hrs | £ | Hrs | £ | Hrs | £ | Hrs | £ | Hrs | £ | Avg Hrry Rate |
| Administration and Planning | 44 85 | 20,851 75 | 84 65 | 33,845 00 | 46 50 | 10,614 25 | 40 38 | 7,152 95 | 216 38 | 72,463 95 | 334 89 |
| Creditors | 3 50 | 1,627 50 | 184 75 | 73,855 00 | 69 10 | 16,233 00 | 56 25 | 10,103 50 | 313 60 | 101,819 00 | 324 68 |
| Hiatus period | | | | | | | | | | | |
| Investigations | | | 5 25 | 2,077 50 | 1 90 | 513 00 | 3 50 | 603 75 | 10 65 | 3,194 25 | 299 93 |
| Realisation of Assets | 10 00 | 4,650 00 | 62 35 | 24,940 00 | 32 35 | 7,888 50 | 5 75 | 1,063 75 | 110 45 | 38,542 25 | 348 96 |
| Trading | | | | | | | | | | | |
| Total | 58 35 | 27,129 25 | 337 00 | 134,717 50 | 149 85 | 35,248 75 | 105 88 | 18,923 95 | 651 08 | 216,019 45 | 331 79 |

Total fees billed to date (Time) £ 100,000

Honister Capital Limited - in Administration - H30201345 - SIP 9 TIME COST ANALYSIS

Job(s) ADM, CMU

Transaction period 01/07/2012 to 02/01/2013

Export version

Detailed Version

| Standard | Partner | | Manager | | Executive | | Administrator | | Total | |
|-----------------------------|---------|-----------|---------|------------|-----------|------------|---------------|-----------|----------|--------------------|
| | Hrs | £ | Hrs | £ | Hrs | £ | Hrs | £ | Hrs | £, Avg. Hrlly Rate |
| Administration and Planning | 73 50 | 37,535 50 | 323 00 | 126,656 25 | 180 68 | 44,461 95 | 348 36 | 54,022 90 | 925 54 | 262,676 60 |
| Creditors | 3 30 | 1,506 50 | 105 85 | 40,041 25 | 116 05 | 27,538 50 | 55 00 | 9,084 75 | 280 20 | 78,171 00 |
| Hiatus period | | | | | | | | | | 278 98 |
| Investigations | | | 40 65 | 16,237 50 | 11 60 | 3,104 00 | 3 25 | 575 00 | 55 50 | 19,916 50 |
| Realisation of Assets | 8 00 | 3,720 00 | 10 40 | 4,097 50 | 179 20 | 42,294 50 | 57 95 | 8,799 25 | 255 55 | 58,911 25 |
| Trading | | | 1 50 | 600 00 | | | | | 1 50 | 600 00 |
| Total | 84.80 | 42,762.00 | 481 40 | 187,632 50 | 487.53 | 117,398.95 | 464 56 | 72,481.90 | 1,518 29 | 420,275.35 |

Total fees billed to date (Time) £

D An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the administrator

Rule 2 48A

- (1) If
 - (a) within 21 days of receipt of a progress report under Rule 2 47 -
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either -
 - (a) providing all of the information asked for, or
 - (b) so far as the administrator considers that
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information,
 giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of -
 - (a) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),
 and the court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just

E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the administrator's remuneration or expenses if excessive

Rule 2 109

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that -
 - (a) the remuneration charged by the administrator,
 - (b) the basis fixed for the administrator's remuneration under Rule 2 106, or
 - (c) expenses incurred by the administrator,
 is or are, in all the circumstances, excessive or, in the case of an application under subparagraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders -
 - (a) an order reducing the amount of remuneration which the administrator was entitled to charge
 - (b) an order fixing the basis of remuneration at a reduced rate or amount
 - (c) an order changing the basis of remuneration
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration
 - (e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration