

The Insolvency Act 1986

Statement of administrator's proposals**2.17B**

Name of Company LSM PROFESSIONAL LIMITED
--

Company number 02610143

In the HIGH COURTS OF JUSTICE <small>[full name of court]</small>
--

Court case number 19943 OF 2009

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

I / We (a) **Bernard Hoffman and Ian Douglas Yerrill, both of Gerald Edelman Business Recovery Professionals, Gateway House, Highpoint Business Village, Henwood, Ashford, Kent, TN24 8DH**

attach a copy of *my / our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

* Delete as applicable

(b) Insert date

(b) **30th December 2009**Signed _____
Joint / Administrator(s)Dated **30th December 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. The contact information that you give will be visible to searchers of the public record

I D Yerrill

Gerald Edelman Business Recovery, Gateway House, Highpoint Business Village, Henwood, Ashford, Kent TN24 8DH	
Tel 01233 666280	

DX Number

DX Exchange

TUESDAY



A14

AJJ76GSX

19/01/2010

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COMPANIES HOUSE

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

Strictly Private & Confidential

Our Ref: ADM100L/NEHJ/3

TO ALL CREDITORS

30th December 2009

Please reply to Ashford office

Dear Sirs

LSM PROFESSIONAL LIMITED
In Administration ("the Company")
High Courts of Justice: No. 19943 of 2009

We refer to previous correspondence in the above matter and detail below a Statement of our proposals in accordance with paragraph 49 of Schedule B1 to the Insolvency Act 1986 ("the Act") and rule 2.33 of the Insolvency Rules 1986 (as amended) ("the Rules").

Statutory Information

The Company, registration number 02610143, was incorporated on 13th May 1991 as Wafercourt Limited. The Company changed its name on 16th July 1991 to Teacher Marks Deal Rating and Management Limited and changed its name again on 26th February 1992 to that of its present style. Its registered office address is Gateway House, Highpoint Business Village, Henwood, Ashford, Kent TN24 8DH, having been changed from 2 Gees Court, St Christophers Place, London W1U 1JA shortly after our appointment.

The officers of the Company, within the last three years are scheduled as:

Name of Officer	Office Held	Appointed	Resigned
Andrew Smith	Director	24.06.91	
LSM Trustees Ltd	Secretary	09.08.08	
Andrew Smith	Secretary	28.03.06	
David Buhagiar	Secretary	24.10.05	28.03.06
Mary Hunter	Secretary	03.10.06	09.08.08

/cont...



Partners
B Hoffman FCCA FABRP
I D Yerrill FIPA FABRP
D Murphy

M Harris FCA
C R Burns FCA CTA
R H Kleiner FCA
N Summer FCA
H J Wallis FCA
D A Convisser FCA
D B Atkinson FCA
D S Patel FCCA
S H Rosenberg ACA
S P Coleman ACA
A C Shah FCCA
G W Thomas Cert PFS

Consultant
L F Crowther

Gateway House
Highpoint Business Village
Henwood, Ashford
Kent TN24 8DH
T: +44 (0)1233 666 280
F: +44 (0)1233 666 281

25 Harley Street
London W1G 9BR
T: +44 (0)20 7299 1400
F: +44 (0)20 7637 1440

Other offices at:
Whetstone, London
T: +44 (0)20 8492 5600

Braintree, Essex
T: +44 (0)1376 569 333

The Company has an authorised share capital of £50,000 divided into 50,000 ordinary £1 shares, of which 5,000 have been issued and are fully paid up. The shares of the Company are held as follows:

Name of Shareholder	Number of Shares Held	Percentage of Shares
LSM (Group) Limited	5,000	100%

Appointment of Joint Administrators

Bernard Hoffman, FCCA, FABRP, who is licensed to act as an Insolvency Practitioner by the Association of Chartered Certified Accountants and Ian Douglas Yerrill, FIPA, FABRP, who is licensed to act as an Insolvency Practitioner by the Insolvency Practitioners Association, both of this office, were appointed Joint Administrators of the Company on 5th November 2009. In accordance with paragraph 100(2) of Schedule B1 to the Act, we would confirm that all functions of the Joint Administrators may be exercised by either or both of the Joint Administrators.

The appointment was made by the Director of the Company.

Circumstances Leading to Appointment

The Company was incorporated on 13th May 1991 as Wafercourt Limited. It changed its name on 16th July 1991 to Teacher Marks Deal Rating and Management Limited and changed its name again on 26th February 1992 to LSM Professional Limited.

The Company traded as a provider of professional services to commercial property owners and occupiers.

The Company originally traded from premises situated at 56 South Molton Street, London W1. During 1988 the Company moved its offices to premises at 25 James Street, London W1. During 2004, operations further relocated to 2 Gees Court, St Christopher's Place, London W1U 1JA. In each case occupation was on a tenancy basis under a formal lease.

For many years the Company's bankers were Royal Bank of Scotland plc. More recently though the banking operations have been conducted through Lloyds TSB Bank plc who also provided working capital through Lloyds TSB Commercial Finance Limited.

Whilst the Company traded relatively successfully for well over a decade, more recently it has suffered from a trading dispute that due to its time consuming nature has led to other, core activities of the business, becoming neglected. This has in turn adversely affected profitability.

Whilst the Director always believed that the Company could overcome its difficulties and move back into profitability, unforeseen historic tax liabilities came to light during 2009 which would ultimately lead to its failure. Upon receipt of demand for payment the Director sought to enter into dialogue with HM Revenue & Customs with a view to agreeing some form of repayment plan. However this did not prove possible and in view of the prevailing circumstances he sought independent professional advice. After receiving that advice the Director filed a Notice of Intention to Appoint an Administrator.

Action since Appointment

Following our appointment, independent agents (namely AgentCite Limited) were instructed to prepare a valuation of the Company's assets and the business and assist with a sale of same.

Consideration was given to closing the business and selling the chattel assets. It was clear however that this would result in the loss of any potential goodwill and, due to the recession and current amount of liquidated chattels on the market, would have produced a poor return in the form of realizations.

The Joint Administrators were unable to fund the business going forward, due in part to the necessary payroll costs, and in part to the difficulty in securing potential finance for such a speculative venture.

The proposal of a company voluntary arrangement had been considered by the Directors prior to Administration, but dismissed due to the level of debt, the limited margins of profit, and the poor potential return to creditors.

By agreement with, and on the recommendation of, the appointed agent a license was granted to ask-re The Property People LLP, a limited liability partnership under the control of the former Directors of the Company. It was believed that this would enable the business to continue in the short-term and preserve any element of goodwill, without the funding issues that would necessarily arise if the Joint Administrators were to trade on the Company.

During the license period the agents considered the best method of maximizing realizations for the business. Whilst the Administration was a matter of public record no interest was expressed in the business. In the opinion of the agents targeted marketing of the business would not have been effective and was unlikely to generate a realistic interest in potential acquisition.

Ultimately after a period of protracted negotiation with ask-re The Property People LLP a sale was agreed with that party.

The terms of the sale agreed provide for a consideration of £15,000, made up of six consecutive equal monthly instalments of £2,500. The purchase price relates to £12,500 in respect of chattel assets and £2,500 for goodwill. In addition, a further payment in respect of goodwill in the sum of £7,500 is to be paid by way of three equal instalments of £2,500 commencing on or before 5th November 2010 with the subsequent amounts falling due on 5th November 2011 and 5th November 2012. The agent recommended this sale as it represented a greater net realisation than any other method of disposal.

/cont...

Such sale has enabled the assets to remain in situ, thereby alleviating any removal and storage costs. Further it protects the employment status of the former employees of the Company reducing the level of potential claims against the Company. This in turn has generated a better realisation and a better potential return to creditors than would have been achieved on liquidation.

The terms of the sale agreement, together with the aforementioned license agreement were dealt with by Solicitors instructed by the Joint Administrators, namely Jeffrey Green Russell.

Regrettably it was not possible to achieve the survival of the Company as a going concern due to the level of historic debt and funding questions.

Security for the sale has been obtained in the form of a personal guarantee granted by Andrew Smith, the Director of the Company as well as a Debenture over the assets of ask-re The Property People LLP.

Receipts and Payments Account

We attach a copy of our up to date Receipts and Payments account, from which you will see that there have been no realisations received into the estate account to date. We would advise that the sum of £2,500 representing the first instalment due is expected to be received shortly.

Statement of Affairs

The Director of the Company has been given Notice to submit a Statement of Affairs for the Company, in accordance with paragraph 47(1) of the schedule B1 of the Act. That statement of affairs has yet to be lodged in these proceedings, however an estimated statement as at the date of our appointment has been prepared by this office and is attached. This incorporates a schedule detailing the names, addresses and balances due in respect of all known creditors of the Company.

The only assets consist of fixtures, fittings & equipment with a book value of some £54,637 and an estimated realizable value of £5,000; together with a nominal balance of cash at bank of £919.

Proposals

The Joint Administrators propose that:

1. They continue to monitor receipt of the monthly instalments in respect of the sale of the Company's business and assets and endeavour to realise any other assets that may be held by the Company.

/cont...

2. That, in the event that realisations are sufficient to facilitate a distribution to unsecured creditors then the Joint Administrators will take steps to place the Company into creditors' voluntary liquidation. It is proposed that the Joint Administrators will be nominated as Joint Liquidators. In accordance with paragraph 83(7) of Schedule B1 and rule 2.117(3) of the Rules, creditors may nominate a different person provided such nomination is made between the dates of receipt of the proposal and approval of same.
3. That, if insufficient funds are available to facilitate a distribution to the unsecured creditors, then the Joint Administrators will take the necessary steps to move the Company from Administration to Dissolution under the procedure detailed in paragraph 84 of Schedule B1 of the Act.
4. That the Joint Administrators fix their remuneration by reference to the time properly expended by them and their staff in relation to the conduct of the administration and shall draw such Remuneration as, when and if funds are available. In this regard your attention is drawn to the attached 'A Creditors' Guide to Administrators' Fees'.

Meeting of Creditors

In accordance with paragraph 51 of Schedule B1 to the Act, we enclose herewith a Notice of a forthcoming Meeting of Creditors. This meeting is convened for the purpose of receiving a copy of this Report and, in particular, to receive a copy of the Joint Administrators' Proposals, as mentioned above.

In addition to the above, a Resolution will be sought at the Meeting of Creditors, in accordance with rule 2.106 of the Rules, fixing the manner in which the Joint Administrators are to be remunerated, as '4' above.

Remuneration

Creditors should note that this firm's charge-out rates are as follows:

Partner 1 (Licence Holder)	£350 per hour
Partner 2 (Non Licence Holder)	£275 per hour
Manager	£200 per hour
Senior Administrator	£160 per hour
Administrator	£125 per hour
Assistant/Support	£100-£125 per hour

All of the foregoing are subject to VAT.

It is additionally the policy of this Practice to recover third party disbursements at cost.

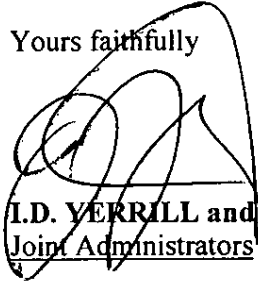
The balance currently outstanding on our time ledger is £9,100.50 and a breakdown is attached to this Report.

/cont...

EC Regulations

Please note that in the opinion of the Joint Administrators, the EC Regulation applies to these proceedings and they are main proceedings.

Yours faithfully

A large, stylized handwritten signature in black ink, appearing to be a combination of the initials of I.D. Verrill and B. Hoffman, written over the printed names.

I.D. VERRILL and B. HOFFMAN
Joint Administrators

Licensed to act as Insolvency Practitioners by the Insolvency Practitioners Association and the Association of Chartered Certified Accountants respectively.

LSM Professional Limited
(In Administration)

JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

	Statement of affairs £	From 05/11/2009 To 30/12/2009 £	From 05/11/2009 To 30/12/2009 £
RECEIPTS			
Fixtures, Fittings & Equipment	5,000.00	0.00	0.00
Cash at Bank	919.00	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
PAYMENTS			
		<u>0.00</u>	<u>0.00</u>
BALANCE - 30 December 2009			<u><u>0.00</u></u>

Note - VAT is not recoverable.

Insolvency Act 1986

LSM Professional Limited
Estimated Statement Of Affairs as at 5 November 2009

	Book Value £	Estimated to Realise £	£
ASSETS			
Fixtures, Fittings & Equipment	54,637.00		5,000.00
Cash at Bank	919.00		919.00
			<u>5,919.00</u>
LIABILITIES			
PREFERENTIAL CREDITORS:-			<u>NIL</u>
			5,919.00
Estimated prescribed part of net property where applicable (to carry forward)			<u>NIL</u>
			5,919.00
DEBTS SECURED BY FLOATING CHARGE			<u>NIL</u>
			5,919.00
Estimated prescribed part of net property where applicable (brought down)			<u>NIL</u>
			5,919.00
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		489,271.00	
Trade & Expense Creditors		95,559.00	
HM Revenue & Customs			<u>584,830.00</u>
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)			<u>(578,911.00)</u>
			(578,911.00)
Issued and called up capital			
Ordinary Shareholders		5,000.00	<u>5,000.00</u>
TOTAL SURPLUS/(DEFICIENCY)			<u><u>(583,911.00)</u></u>

Gerald Edelman Business Recovery
LSM Professional Limited
B - Company Creditors

Key	Name	Address	£
CA01	Aedis-Design Ltd	2 Gees Court, St Christophers Place, W1U 1JA	209,529.10
CA02	Admiral Voice & Data Limited	Victory House, Chobham Street, Luton, Bedfordshire, LU1 3BS	1,028.13
CA03	ACME Appointments	Credit Control, Walmar House, 288-302 Regent Street, London, W1B 3AL	697.66
CA04	Anderson Phillips Accountants Ltd	2 Exeter House, Beaufort Court, Sir Thomas Langley Road, Rochester Kent, ME2 4FE	269.80
CB00	BT	Telephone Payment Centre, Durham, DH98 1BT	123.42
CB01	Butler & Young	Trenton House, Imperial Way, Croydon Surrey, CR0 4RR	1,175.00
CB02	BCIS	12 Great George Street, Parliament Square, London, SW1P 3AD	477.95
CB03	Brain Food - Abel & Cole	16 Waterside Way, London, SW17 0HB	106.35
CB04	Bladen Taylor & Associates Ltd	Floor 1, 3 More London, Riverside ** (GONE AWAY)** , London, SE1 2RE	5,875.00
CB05	Berry Smith LLP	1 Northumberland Avenue, Trafalgar Square, London, WC2N 5BW	5,529.98
CC00	Canon Business Solutions	P.O. Box 244, Woodhatch, Surrey, Reigate, RH2 8BF	3,185.43
CC01	CPD	17 Quayside Lodge, William Morris Way, London, SW6 2UZ	116.33
CC02	Call Print Four Limited	163-169 Great Portland Street, London, W1W 5PD	109.51
CC03	Contact Property Training Limited	4A Woodside Business Park, Whitley Wood Lane, Reading, RG2 8LW	940.00
CC04	Crellins	14 Whitworth Court Business Park, Manor Farm Road, Runcorn, Cheshire, WA7 1WA	814.28
CC05	Creditsafe UK Ltd	c/o Britannia Building, Caerphilly Business Park, Van Road, Caerphilly Mid Glamorgan, CF83 3GG	470.09
CC06	CoStar UK Limited	10 Great Pulteney Street, London, W1F 9NB	258.50
CD00	Daylight Signs	225 Alma Road, Enfield, EN3 7BB	564.00
CD01	De Cruz Solicitors	1 Green Street, Mayfair, London, W1K 6RG	35,775.75
CE00	EDF	Payment Processing Centre, PO Box 3956, Plymouth, PL3 5XQ	987.28
CE01	Estates Gazette	Rockwood House, 9-17 Perry Mount Road, RH16 3DH	698.25
CF00	Facilicom Cleaning Services Ltd	Sargasso Level 2 , Five Arches Business Centre, Maidstone Road, Sidcup, Kent, DA14 5AE	10,493.69
CF01	FL Memo Ltd	185 Park Street, Bankside, SE1 9DY	181.00
CF02	F & C Commercial Property Holdings Limited	Park Lodge, London Road, Dorking Surrey, RH4 1QP	20.00
CF03	F.A.B Cleaning Associates Ltd	Unit 8 Park End, Harlow Business Park, Harlow, Essex, CM19 5QF	1,590.11
CG00	Globe Facilities	2 Gees Court, St Christopher's Place, W1U 1JA	72,325.51
CG01	Grandstand Hospitality Ltd	118 Piccadilly, Mayfair, London, W1J 7NW	2,161.99
CH00	Henry Stewart Conference Studies	Russel House, 28/30 Little Russel Street, WC1A 2HN	498.36
CH01	Harris Rosenberg	22 Lyonsdown Avenue, New Barnet, Herts *(NO CLAIM)** , EN5 1DU	4,422.42
CH02	HR Insight Ltd	Orbital House, 20 Eastern Road, Romford Essex, RM1 3PJ	15,123.19

Gerald Edelman Business Recovery
LSM Professional Limited
B - Company Creditors

Key	Name	Address	£
CH03	HM Revenue & Customs	Debt Management, Enforcement & Insolvency , Durrington Bridge House, Barrington Road, Worthing, West Sussex BN12 4SE	95,559.11
CH04			0.00
CI00	Iron Mountain (UK) Ltd	Whitelaw House, Macmillan Road, Livingstone Scotland, EH54 7DF	473.90
CJ00	Judd Farris (NR)	37 Golden Square, London, W1F 9LA	1,772.36
CK00	Kingsley Napley	Knights Quarter, 14 St John's Lane, London, EC1M 4AJ	16,273.97
CK01	Kingston University	Cooper House, 40-46 Surbiton Road, Surrey, KT1 2HX	130.00
CL00	LexisNexis	Tolley House, 2 Addiscombe Road, Croydon, CR9 5AF	1,788.22
CL01	Lloyds TSB Commercial Finance Limited	Vanbrugh House, Grange Drive, Hedge End, Southampton, Hampshire SO30 4SL	0.00
CM00	Metro Inspection Services Ltd	79-80 Blackfriars Road, London, SE1 8HA	78.31
CM01	Moyses Stevens Limited	230-239 New Covent Garden, Flower Market, Nine Elms Lane, London, SW8 5NA	185.04
CM02	Metropolis Property Research Ltd	13 Daniel Street, Bath, BA2 6NB	3,525.00
CM03	Market Makers	Ameiva Court, Quartremaine Road, Portsmouth, Hampshire, PO3 5QP	384.56
CM04	MJ Ferguson	Unit 1 Molyneux Court, Radford Way, Billericay Essex, CM12 0BT	36,698.19
CP00	Promap	Landmark Information Group , 5-7 Abbey Court, Eagle Way *(NO CLAIM)** , Sowton, Exeter Devon, EX2 7HY	370.64
CP01	Peters & Peters	2 Harewood Place, Hanover Square, London, W1S 1BX	1,762.50
CP02	Poole & Company	35 Mead Way, Bromley, Kent, BR2 9EN	250.00
CQ00	Qube Global Software Limited	Westgate House, Westgate, Sleaford Lincolnshire, NG34 7RJ	2,643.75
CR00	Riskdisk Limited	Prospect House, Sherwood Village, Ollerton, NG22 9SS	634.49
CR01	Reuter Brooks Couriers	171 - 173 Grays Inn Road, London, WC1X 8UE	162.61
CR02	RICS Directory	6-14 Underwood Street, London, N1 7JQ	179.72
CR03	Reed Business Information	Credit Services, Wellesley Road, Sutton Surrey, SM2 5NP	6,397.88
CR04	Reliance Security Services Ltd	Boundary House, Cricketfield Road, Uxbridge, Middlesex, UB8 1QG	7,723.36
CR05	Reid Minty LLP	Moss House, 15 - 16 Brooks Mews, Mayfair London, W1K 4DS	1,175.00
CR06	Rentokil	Rentokil Initial UK Limited, Credit Control, PO BOX 4973, Dudley, DY1 9EY	195.94
CR07	Reed Personal Services Plc	California 120, Coombe Lane, London, SW20 0BA	11,162.50
CS00	Sweet & Maxwell	Sweet & Maxwell, PO Box 5000, Andover, SP10 9AG	135.00
CS01	Star	Brighthouse Court, Barnett Way, Barnwood, Gloucester, GL4 3RT	0.17
CT00	Total Office	Dormers Court, 18-36 Thomas Road, London, E14 7BJ	190.74
CT01	The College of Estate Management	Whiteknights, Reading, RG6 6AW	1,125.00
CT02	The Digital Property Group	Northcliffe House, 2 Derry Street, London, W8 5TT	257.10

Gerald Edelman Business Recovery
LSM Professional Limited
B - Company Creditors

Key	Name	Address	£
CT03			
CV00	Viking Direct	PO Box 279, Leicester, LE3 1YU	0.00
CW00	Wilkins Kennedy	Mount Manor House, 16 The Mount, Guildford Surrey, GU2 4HN	81.64
CW01	Wakemans Limited	11/12 Highfield Road, Edgbaston, Birmingham, B15 3EB	16,790.00
GT00	HM Revenue & Customs - Insolvency & Securities	3rd Floor Euston Tower, 286 Euston Road, London, NW1 3UQ	1,175.00
GV00	HM Revenue & Customs - VAT	Insolvency Operations, 3NW Queens Dock, Liverpool, L74 4AF	0.00
HL00	LSM (Group) Limited - In Administration	c/o Gerald Edelman Business Recovery, Gateway House, Highpoint Business Village, Henwood, Ashford, Kent TN24 8DH	0.00
			5,000.00
67 Entries Totalling			589,829.78

Signature _____

LSM Professional Limited (In Administration)

Time Cost Analysis as at 30th December 2009

Nature of Work	Partner (1)	Partner (2)	Manager	Senior Admin.	Admin.	Total Hours	Cost	Av. Rate
Administration & Planning	1.00	0.80	3.40		4.60	9.80	1,710.00	174.49
Asset Realisations	3.80	2.70	3.10			9.60	2,692.50	280.47
Creditor Claims / Reports	2.60	0.40	6.00	0.30	0.90	10.20	2,358.00	231.18
General Correspondence		0.40	10.90		0.50	11.80	2,340.00	198.31
Investigations								
Cashiering								

Hours	7.40	4.30	23.40	0.30	6.00			
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Fees	2,590.00	1,182.50	4,680.00	48.00	600.00			
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Summary

Total Hours	41.40
Average Charge Out Rate	219.82
Total Fees	9,100.50

Activity	Examples of Work
Administration & Planning	Case planning; Administrative set-up; Appointment notification; Maintenance of records; Case review
Asset Realisations	Identifying, securing and insuring assets; Retention of title; Property, business and asset sale
Creditor Claims / Reports	Correspondence regarding the quantum of claims; Agreement of claims (including employee claims and other preferential creditors); Submission of reports
General Correspondence	General communications and correspondence
Investigations	SIP2 Review; CDDA Reports; Investigating antecedent transactions; Investigation reports
Cashiering	Case cashiering (including banking, issuing payments); Administration of estate accounts

Rule 2.35

Notice of a meeting of Creditors

Name of Company LSM Professional Limited	Company number 02610143
In the High Courts of Justice (full name of court)	Court case number 19943 of 2009

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

Notice is hereby given by (a)

Ian Yerrill
Gerald Edelman Business Recovery
Gateway House
Highpoint Business Village
Henwood, Ashford
Kent TN24 8DH

Bernard Hoffman
Gerald Edelman Business Recovery
Gateway House
Highpoint Business Village
Henwood, Ashford
Kent TN24 8DH

(b) Insert full name and
address of registered
office of the company

that a meeting of creditors of (b)

LSM Professional Limited
Gateway House
Highpoint Business Village
Henwood
Ashford
Kent TN24 8DH

(c) Insert details of place
of meeting

is to be held at (c) 25 Harley Street, London W1G 9BR

(c)

(d) Insert date and time
of meeting

on (d) Thursday 14th January 2010 at 11.30am

The meeting is:

*Delete as applicable

*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ('the schedule')

~~*(2) an initial creditors' meeting requested under paragraph 52(2) of the Schedule~~

~~*(3) to consider revisions to my proposals under paragraph 54(2) of the Schedule~~

~~*(4) a further creditors' meeting under paragraph 56 of the Schedule~~

~~*(5) a creditors' meeting under paragraph 62 of the Schedule.~~

I invite you to attend the above meeting.

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Signed

Joint / Administrator(s)

Dated 30th December 2009

*Delete as applicable

A copy of the ~~*proposals/ revised proposals~~ is attached

Proxy (Administration)

LSM Professional Limited

Name of Creditor _____

Address _____

Name of Proxy Holder

1 _____

2 _____

3 _____

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on Thursday 14th January 2010 or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

Voting Instructions for resolutions

*Please delete as appropriate

1. For the acceptance/rejection* of the administrator's proposals/revised proposals* as circulated

2. For the appointment of

of

representing _____

as a member of the creditors' committee

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

Remember: there may be resolutions on the other side of this form

PROOF OF DEBT - GENERAL FORM

**In the matter of LSM Professional Limited
In Administration
and in the matter of The Insolvency Act 1986**

Date of Administration Order 5th November 2009

1.	Name of Creditor	
2.	Address of Creditor	
3.	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4.	Details of any document by reference to which the debt can be substantiated. [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5.	If the total amount shown above includes Value Added Tax, please show:- (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6.	If total amount above includes outstanding uncapitalised interest please state amount	£
7.	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8.	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9.	Particulars of how and when debt incurred.	
10.	Particulars of any security held, the value of the security, and the date it was given	£
11.	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

PROOF OF DEBT - GENERAL FORM (CONTD...)

Admitted to Vote for

£

Date

Liquidator

Admitted preferentially for

£

Date

Liquidator

Admitted non-preferentially for

£

Date

Liquidator

NOTE: A company goes into liquidation if it passes a resolution for voluntary winding up or an order for its winding up is made by the court at a time when it has not already gone into liquidation by passing such a resolution.

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

ENGLAND AND WALES

1 Introduction

- 1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

2 The nature of administration

- 2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors.

3 The creditors' committee

- 3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's fees

- 4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed either:

- as a percentage of the value of the property which the administrator has to deal with, or
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration.

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed and, if it is fixed as a percentage fix the percentage to be applied. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case;
- any responsibility of an exceptional kind or degree which falls on the administrator;
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the property which the administrator has to deal with.

- 4.2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways it will be fixed by the court on application by the administrator.

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets. In this case a resolution of the creditors shall be taken as passed if, and only if, passed with the approval of -

- each secured creditor of the company; or
- if the administrator has made or intends to make a distribution to preferential creditors -
 - each secured creditor of the company; and
 - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval.

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence.

5 What information should be provided by the administrator?

5.1 When seeking fee approval

5.1.1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on:

- the nature of the approval being sought;
- the stage during the administration of the case at which it is being sought; and
- the size and complexity of the case.

5.1.2 Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rate of all grades of staff, including principals, which are likely to be involved on the case.

5.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff:

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

- Any significant aspects of the case, particularly those that affect the amount of time spent.
- The reasons for subsequent changes in strategy.
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement.
- Any existing agreement about fees.
- Details of how other professionals, including sub-contractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases.

- 5.14 Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff.

5.2 After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

5.3 Expenses and disbursements

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, professional guidance issued to insolvency practitioners requires that, where the administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), these must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

6 What if a creditor is dissatisfied?

- 6.1** If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

7 What if the administrator is dissatisfied?

- 7.1** If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

8 Other matters relating to fees

- 8.1** Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 8.2** If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.