

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company
Zynap Limited <i>Now K/A Willow Realisations Ltd</i> <i>C/N 6/11/07</i>
In the High Court of Justice (full name of court)

Company number
04034446
Court case number
6426

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

I/We (a)
Andrew Tate
Abbott Fielding
Nexus House
2 Cray Road
Sidcup
DA14 5DB

Nedim Ailyan
Abbott Fielding
Nexus House
2 Cray Road
Sidcup, Kent
DA14 5DB

*Delete as
applicable

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

(b) 25 October 2007

Signed

[Signature]
Joint Administrator(s)

Dated

25/10/07

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

Andrew Tate
Abbott Fielding
Nexus House
2 Cray Road
Sidcup
DA14 5DB

020 8302 4344
DX Exchange

DX Number

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



A49 09/11/2007 441
COMPANIES HOUSE

A34 02/11/2007 94
COMPANIES HOUSE

FRIDAY

IN THE HIGH COURT OF JUSTICE

NO. 6426 OF 2007

**IN THE MATTER OF
ZYNAP LIMITED
AND IN THE MATTER OF
THE INSOLVENCY ACT 1986 [AS AMENDED]**

**JOINT ADMINISTRATORS' PROPOSALS AND REPORT
AS AT 25 OCTOBER 2007
PURSUANT TO
PARAGRAPH 49 OF SCHEDULE B1 TO THE INSOLVENCY ACT 1986 [AS
AMENDED]
AND RULE 2.33 OF THE INSOLVENCY RULES 1986 [AS AMENDED]**

**ANDREW TATE AND NEDIM AILYAN
JOINT ADMINISTRATORS OF
ZYNAP LIMITED**

**REGISTERED NUMBER: 04034446
REGISTERED OFFICE.
NEXUS HOUSE
2 CRAY ROAD
SIDCUP, KENT DA14 5DB**

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1. STATUTORY INFORMATION

This document and its appendices include the matters required to be disclosed by paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986, as amended by the Insolvency [Amendment] Rules 2003, and together constitutes the Joint Administrators' statement of proposals to creditors

1.1 Company Information

Company Name	Zynap Limited
Principal Activity	Talent Studio Software Development
Company Number	04034446
Date of Incorporation	17 July 2000
Registered Office	Nexus House 2 Cray Road Sidcup, Kent DA14 5DB
Trading Address	Notcutt House 36 Southwark Bridge Road London SE1 9EU

1.2 Joint Administrators' Appointment

Administrators	Andrew Tate and Nedim Ailyan of Abbott Fielding
Date of appointment	3 September 2007
Appointed by	The Directors of Zynap Limited
Court Reference	High Court of Justice 6426 of 2007

The Joint Administrators' appointment specified that we would have power to act jointly and severally. We have exercised and will continue to exercise all of our functions jointly and severally.

1.3 Directorships and Shareholdings

<u>Director</u>	<u>Date of Appointment</u>
Ms E Thompson	18 August 2000
Mr D Doughty	1 February 2001
Mr A J Davenport	1 February 2001
Mr G Sewell	20 March 2001
Mr T Rhodes	15 July 2005
Mr R Clifford	12 July 2007
Mr D Houghton	4 August 2007

Company Secretary

Speafi Secretarial Limited	23 September 2005
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Shareholders

The Company has authorised capital of -

900,000,000 Ordinary A shares of £0 000001 each
90,000,000 Ordinary B shares of £0 000001 each
10,000,000 Ordinary C shares of £0 000001 each

The issued share capital of the Company is -

259,461,056 Ordinary A shares of £0 000001 each
3,593,126 Ordinary B shares of £0 000001 each
8,892,692 Ordinary C shares of £0 000001 each

There are 80 shareholders

2 EVENTS LEADING UP TO THE APPLICATION FOR THE ADMINISTRATION

2.1 Background

- 2 1 1 Zynap Limited ("Zynap") was incorporated on 17 July 2000. The business developed talent studio software which provided large businesses with an integrated decision making technology to enhance the retention and utilisation of key people.
- 2 1 2 The business has been funded in a variety of methods but the primary source of funding was through equity investment with invoice discounting of future invoices also playing a significant role. The Company's accounts show that annual turnover achieved was approximately £8-900,000 during the years from 2003 – 2006. The accounts show operating losses for each year of trading and hence an accumulated deficit on the profit and loss account of £4.7m at 31 December 2006. The Company's share premium account at 31 December 2006 stood at £6.1m.
- 2 1 3 The Company had achieved significant results with a number of large organisations with the talent studio software including AstraZeneca,

Oracle and the NHS. However it suffered a significant set back in 2006 where, due to a restructuring within the NHS, the anticipated take up of the Company's products in various health authorities was curtailed and delayed.

- 2.1.4 This left the Company in a position where a finance provider which had advanced funds against future income streams was left with a significant debt. The Company strived to counter these issues through further sales activity and by increasing efforts to find business in the US with some success. One of the actions taken by the Company in 2006 and the early part of 2007 was to shift the focus of some of the company's resources from technical and development, to sales. However the integration of the Company's product with prospective customers involved a long lead time from trial to full implementation and it needed time for turnover to be transformed by the shift in use of resources.
- 2.1.5 The Board of Directors met once or twice a month and detailed Board Minutes were kept of these meetings. In the latter part of 2006, the Board had entered discussions with the London Technology Fund ("LTF") with a view to a venture capital investment by LTF in the Company. Due diligence had been undertaken by LTF. A term sheet and offer letter from LTF was received on 29 March 2007 which proposed a funding line of up to £1.5m (although funding by LTF was to be matched within that limit by funds from other investors). The Board of Directors were constantly seeking new investment and approached a number of different parties to join LTF in its investment or as an alternative to LTF. Certain directors made an investment at that time to demonstrate support for the funding process.
- 2.1.6 During this time the Company was also seeking funding from existing shareholders but was coming under some pressure from creditors. The Company first sought advice from Abbott Fielding in February 2007 regarding the status of the business and the Board accepted the advice that the directors needed to be vigilant as regards the ability of the company to trade. The advice also emphasised that the Board should also continually reappraise its firm belief that a significant investment would be received which would -
- a) relieve the Company of ongoing cash flow pressures,
 - b) enable significant investment to be made so that sales targets could be achieved, and,
 - c) to discharge the existing liabilities to creditors.
- 2.1.7 In June 2007 the Company issued a letter to its creditors advising them of the Company's predicament and of the potential investment by the LTF. The letter outlined to creditors that the alternative for the Company other than continued trading was to proceed into insolvency from which the return to creditors would be low. The directors advised creditors that they could discuss the matter with Abbott Fielding if they wished to do so. At the same time, one of the directors made a substantial advance to the company, secured against a future invoice payable in December 2007.
- 2.1.8 Also in June 2007 a further invitation to subscribe to the Company at an attractive subscription rate was issued to shareholders in order to raise bridging finance.

- 2 1 9 In July 2007 the Company proposed that two new non-executive directors be appointed to the Board. It was hoped that the non-executive directors would be able to assist the Company with their commercial acumen but also that their appointment would strengthen the Company's position as regards new investment. One appointment was made on 12 July 2007 and the other director was appointed on 4 August 2007. Another individual was identified for an executive role within the business but the board did not feel able to commit to further expenditure until the financial situation had been resolved.
- 2 1 10 During July, significant attempts were made to obtain definitive confirmation from potential investment sources that they would support and co-invest alongside LTF. The Board remained confident that the investment by LTF would be achieved from the responses they received. The directors sought advice from Abbott Fielding at end of July. The written advice from Abbott Fielding was that the Company was displaying worrying signs of cash flow insolvency albeit that the balance sheet was not showing an insolvent position due to the investment in technology. The continuing cash flow difficulties and level of debt meant that the directors could only allow the Company to continue if they reviewed the ongoing ability of the Company to trade in great detail and ensured that the exposure of creditors did not increase. There was only a subdued response to the offer for subscription which had been issued in June and the Company was unable to pay salaries to staff on time at the end of July. This caused considerable uncertainty within the Company and the directors continued to review the situation on a frequent basis.
- 2 1 11 During the first two weeks of August 2007 the Company again continued to try to finalise the matched funding needed to crystallise the LTF investment. Other requirements of the investment offer from LTF had been resolved although there was one requirement which could not be resolved without further professional advice which the Company was unable to take due to a lack of funds.
- 2 1 12 The Board remained concerned that there was a significant cash requirement in the three months to 31 October 2007 but still felt confident that the LTF Investment would be achieved during that time. The directors had agreed to postpone some salary payments whilst waiting for the LTF deal to be realised.
- 2 1 13 The Board met again on 29 August 2007. Due to the poor response to the bridging equity offer the Company was also facing a further cash flow difficulty in that it was unable to discharge its payroll obligations due on 31 August. The Board of Directors resolved that they should take urgent further professional advice on the situation and consulted two firms on insolvency practitioners, one of which was Abbott Fielding. A further Board Meeting was held on 30 August at which the Board resolved that the Company could not continue to trade and that action needed to be taken to place the Company into Administration. During 31 August 2007, the formalities to prepare for an Administration and some immediate planning matters were undertaken and the Company was placed into Administration on Monday 3 September to protect the business. Andrew Tate and Nedim Ailyan of Abbott Fielding were appointed as Joint Administrators.

2 1 14 In the period from Friday 31 August to Wednesday 5 September, the shareholders were advised of the Company's difficulties and that the decision had to be taken to place the Company into Administration. Shareholders were encouraged to come forward with any potential offerors who may be interested in making an offer for the assets and business of the Company and the directors themselves made contact with all known interested parties.

2 1 15 A short deadline had to be set for submission of offers and a requirement was laid down for potential offerors that sufficient funds had to be made available immediately to enable payment of staff wages for August. Without this, no business sale would be possible.

2 1 16 Discussions took place with a number of parties and a small number pursued their interest through non-disclosure agreements. Only one offer was forthcoming in the time available. This offer was tabled by Willow Realisations Limited which offered £80,000 together with a percentage of turnover over an 18 month period up to a maximum of £56,000. Willow Realisations Limited was a new company formed for the purpose of purchasing the business and assets of Zynap Limited and its directors are -

- Jim Hatch
- Lynne Morton, and,
- David Houghton (who was appointed as a non executive director of the Company on 4 August 2007)

Mr Hatch and Ms Morton were based in the US and were familiar with the business of the Company. They were therefore able to respond quickly to propose an offer in a short time scale.

A condition of the sale of the business was the discharge of wages arrears during the month of August and this was discharged simultaneously with the sale agreement. The two businesses have undertaken formalities to swap names. A further condition of the sale of the business was a provision that if the business is sold or is floated on a recognised stock exchange within 12 months of the sale, that 15% of the sale proceeds or the funds raised will be made available to creditors.

3 STATEMENT OF AFFAIRS

3 1 A statement of affairs has been prepared in the prescribed form and is currently awaiting the confirmation from the directors of the company. A copy of the draft statement of affairs is attached at Appendix C.

4 MEETING OF CREDITORS

4 1 Pursuant to Paragraph 51 of Schedule B1 of The Insolvency Act 1986, we enclose a formal notice of the initial meeting of creditors to be held at The Bonnington Hotel, Southampton Row, London on 12 November 2007 at 10 30am.

- 4 2 The following further documents are attached for your attention, completion and return as appropriate

Proxy form for use at the creditors' meeting,
Proof of Debt Form

- 4 3 There is no requirement for you to attend the meeting, if you do not wish to do so. However, if you wish to vote at the meeting, you may complete the enclosed proxy form in favour of the Chairman of the meeting, indicating your specific voting instructions at section 1 relating to the Administrators' proposals and return it to Abbott Fielding, Nexus House, 2 Cray Road, Sidcup, Kent DA14 5DB no later than 12 00 noon on 9 November 2007

5. PURPOSE OF THE ADMINISTRATION

- 5 1 The Administration process requires that the Administrators must perform their functions with the objective of

- [a] Rescue the Company as a going concern, or
- [b] Achieve a better result for creditors as a whole than would be likely if the Company were wound up [without first being in administration], or
- [c] Realise property in order to make a distribution to one or more secured or preferential creditors

- 5 2 The above is a hierarchy of objectives. The Administrators should pursue objective [b] if they consider that [a] is not reasonably practicable, and pursue [c] if they consider [a] or [b] not reasonably practicable

- 5 3 It was not possible to rescue the Company itself as a going concern because of the extent of its liabilities. The Administrators believe that the sale of the business and assets as a going concern has achieved a higher value than would have been achieved if the Company had just been wound up

- 5 4 The purchase consideration for the business and assets of Zynap Limited are set out below -

- 5 4 1 £60,000 paid on completion

- 5 4 2 £20,000 payable within seven days of payment of a specific NHS invoice payable on 30 June 2008. (The payment to the Administrators is in any event to be paid no later than the anniversary of completion). The consideration is hypothecated on the invoice in question

- 5 4 3 Deferred consideration as follows -

- 1% of the Turnover up to and including £500,000 00
- 2% of the Turnover to the extent that the Turnover is greater than £500,000 00 and up to and including £700,000 00
- 3% of the Turnover to the extent that the Turnover is greater than £700,000 00 and up to and including £1,200,000 00, and
- 4% of the Turnover to the extent that the Turnover is greater than £1,200,000 00 and up to and including £2,000,000 00

- 5 4 4 Further consideration is payable if the Purchaser sells the business or it is listed on a recognised stock exchange within 18 months from completion. The further consideration payable is 15% of the sale proceeds or gross amounts received from the listing.
- 5 5 Security for the deferred consideration by way of a charge over the assets of the purchaser was requested but was refused by the purchaser save for the security referred to in 5 4 2 above. Given that the offer received was the only offer to purchase the business and assets and the alternative was a breakup of the assets, there was no alternative but to accept this position. The remedy for the Joint Administrators if the agreement is not adhered to is to commence proceedings against the purchaser.
- 5 6 As can be seen from the Joint Administrators Receipts and Payments account, (Appendix A), The Joint Administrators have realised the initial payment of £60,000 and have been reimbursed rent by the purchaser of £2,000. A substantial payment had to be made to staff as an integral part of the apportionments clause in the sale agreement.
- 5 7 The Joint Administrators were unable to undertake trading of the business for any longer period of time because there was -
- No funding to support trading
 - Staff arrears for the month of August and no funds with which to discharge this liability
 - Considerable staff unrest given the late payroll payments in the previous two months

6 PREFERENTIAL CREDITORS

- 6 1 All employees were transferred to Willow Realisations Limited upon the sale of the business. Therefore the only preferential claims expected to arise are those in respect of liabilities which do not transfer to the purchaser and which are payable by the Redundancy Payments Office.

7. UNSECURED CREDITORS

- 7 1 According to the directors statement of affairs, creditors claims total £2,437,359.
- 7 2 A proof of debt form is enclosed, which should be completed by creditors and returned to us in due course, (Appendix F).

8 FUTURE CONDUCT OF THE ADMINISTRATION

- 8 1 It is proposed that the Joint Administrators will continue to administer the Company's affairs, which will include the following activities
- Establish a Creditors' Committee, should the creditors so wish,
 - Adjudicating on any preferential creditors claims,
 - Conducting our statutory investigation into the conduct of the Directors and Management of the Company and reporting to the relevant authorities

- Finalising the Administration issues, including payment of all Administration liabilities and realising remaining assets
 - Dealing with statutory compliance and statutory reporting issues
 - To deal with the placing of the Company into liquidation
- 8 2 The Joint Administrators' proposals are set out below. One of the proposals made is that the Company should be placed into Liquidation as soon as the Joint Administrators have completed their statutory duties and that the Joint Administrators should become the Liquidators of the Company.
- 9. JOINT ADMINISTRATORS' PROPOSALS AND END OF THE ADMINISTRATION**
- 9 1 In accordance with The Insolvency Act 1986, as amended, we make certain proposals to creditors of the Company for exiting and discharging the Administration. We will seek approval of the proposals below at the meeting of creditors to be held on 12 November 2007.
- 9 2 We will also liaise with the purchaser relating to the payment in relation to the business and assets of Zynap Limited.
- 9 3 If, as expected, there are sufficient funds to allow a small dividend to unsecured creditors, it is our intention to seek to move the administration into a creditors voluntary liquidation ["CVL"] pursuant to paragraph 83 of Schedule B1 of the Insolvency Act 1986. If this route is followed, it is proposed that the Company will move straight into CVL, upon the filing in Court by the Joint Administrators of the relevant notice and that the Liquidators will be Andrew John Tate and Nedim Ailyan of Abbott Fielding.
- 9 4 In accordance with paragraph 83[7] of Schedule B1 to the Insolvency Act 1986 and Rule 2.117[3] of the Insolvency Rules 1986, as amended, creditors may nominate a different person to be the proposed Liquidator, provided that the nomination is made after the receipt of these proposals and prior to their approval. Creditors should note that the person nominated must be authorised to act as an insolvency practitioner in order to be appointed as Liquidator.
- 9 5 The proposals are set out below -
- 9 5 1 The Joint Administrators should continue to realise the assets of the Company upon the terms they consider to be the most beneficial to creditors of the Company.
- 9 5 2 The Joint Administrators should arrange to distribute available funds from the realised assets to those creditors entitled to them in a timely manner.
- 9 5 3 The Joint Administrators be authorised to make such application to Court for directions as they consider appropriate with a view to achieving the objectives set out in this section.
- 9 5 4 That the Joint Administrators' remuneration be taken on a time cost basis according to the complexity of the work undertaken at both Abbott Fielding and Harrison's standard hourly rates and that such fees may be drawn on account from realisations.

- 9 5 5 The Joint Administrators may propose to end the Administration pursuant to Paragraph 83 by moving the Company into creditors' voluntary liquidation
- 9 5 6 Andrew John Tate and Nedim Ailyan of Abbott Fielding be appointed as Joint Liquidators of the Company in the event that the exit route from Administration is by liquidation
- 9 5 7 The Joint Administrators of the Company be discharged from liability, pursuant to paragraph 98 of schedule B1 to the Insolvency Act 1986, in respect of any action of each or both of them as administrators, 28 days after the cessation of their appointment as Administrators

10 JOINT ADMINISTRATORS' REMUNERATION

- 10 1 The statutory provisions relating to remuneration are set out in Rule 2 106 of the Insolvency Rules 1986, as amended by the Insolvency [Amendment] Rules 2003 Further information is given in the Association of Business Recovery Professionals' publication "A Creditors' Guide to Administrators' Fees", a copy of which can be obtained from Abbott Fielding upon request or viewed on our website at <http://www.abbottfielding.co.uk/7.html>
- 10 2 The Joint Administrators propose that our remuneration be fixed on the basis of time properly given by us and our staff in dealing with matters arising in the Administration
- 10 3 As required by Statement of Insolvency Practice 9, the following is attached for your information
- Appendix B – An analysis of time spent by the Administrators and their staff for the period 3 September 2007 to date,
 - Appendix C – Abbott Fielding time charging and disbursement policies
- 10 4 Abbott Fielding incurred time costs of in excess of £4,000 for advice to the Board prior to appointment as Joint Administrators One invoice for £400 was paid in June 2007 in this respect The balance of these costs have been written off and are not to be recovered in the Administration

11 EC REGULATIONS

- 11 1 It is considered that the EC Regulations will apply and that these proceedings will be main proceedings as defined in Article 3 of the EC Regulations as the centre of main interest of the Company is in England and Wales This means that the Administration is to be conducted according to The Insolvency Act 1986

12 OTHER MATTERS

- 12.1 We are required to submit a report to the DTI concerning the conduct of the directors of the Company. The content of this report is confidential, however the creditors are invited to provide the Joint Administrators with any information that they believe is relevant.
- 12.2 A creditors' committee may be formed at the creditors' meeting if between three and five creditor members are willing to serve on it.

If you require any further information then, please, contact us



A J Tate
Joint Administrator

Andrew John Tate and Nedim Aliyan of Abbott Fielding, Nexus House, 2 Cray Road, Sidcup, Kent, DA14 5DB 2QL, respectively were appointed Joint Administrators on 3 September 2007. The Joint Administrators now manage the affairs, business and property of the company. The Joint Administrators act as agents only and without personal liability.

Andrew Tate is licensed to act as an Insolvency practitioner by the Association of Chartered Certified Accountants.

Appendix A

RECEIPTS AND PAYMENTS ACCOUNT

ZYNAP LIMITED
IN ADMINISTRATION

JOINT ADMINISTRATORS PROPOSALS DATED 25 October 2007

Zynap Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments
To 24/10/2007

S of A £		£	£
	SECURED ASSETS		
170,517 00	Book Debts	<u>NIL</u>	NIL
	SECURED CREDITORS		
(170,517.00)	Chargeholder (1)	<u>NIL</u>	NIL
	ASSET REALISATIONS		
11,000 00	Computer Equipment	11,000 00	
34,501 00	Goodwill	24,500 00	
34,499 00	Acquired Intellectual Property Rights	24,500 00	
56,000 00	Developed software	NIL	
	Rent	<u>2,000 00</u>	62,000 00
	COST OF REALISATIONS		
	Legal Fees (1)	4,370 00	
	Statutory Advertising	157 44	
	Rents Payable	4,153 85	
	Wages & Salaries	42,992 28	
	Bank Charges	280 00	
	Employees Expenses	<u>247 37</u>	(52,200 94)
	PREFERENTIAL CREDITORS		
(9,200 00)	Employee Arrears/Hol Pay	<u>NIL</u>	NIL
	UNSECURED CREDITORS		
(944,359 30)	Trade & Expense Creditors	NIL	
(133,577 44)	Employees	NIL	
(536,114 45)	Directors	NIL	
(45,517 00)	Banks/Institutions	NIL	
(251,101 00)	HM Revenue and Customs - PAYE and NIC	NIL	
(4,323 00)	HM Revenue and Customs - VAT	NIL	
(513,167 00)	Loans	<u>NIL</u>	NIL
	DISTRIBUTIONS		
(259 00)	Ordinary shares - 'A' shares	NIL	
(4 00)	Ordinary shares - 'B' shares	NIL	
(9 00)	Ordinary shares - 'C' shares	<u>NIL</u>	NIL
<u>(2,301,631 19)</u>			<u><u>9,799 06</u></u>

REPRESENTED BY

Vat Receivable	1,519 23
Bank 1 Current	8,629 83
Vat Payable	<u>(350 00)</u>
	<u>9,799 06</u>

Appendix B

JOINT ADMINISTRATORS TIME COST REPORTS

**ZYNAP LIMITED
IN ADMINISTRATION**

JOINT ADMINISTRATORS PROPOSALS DATED 25 October 2007

SIP 9 - Time & Cost Summary

Period 03/09/07 24/10/07

Time Summary

Classification of work function	Hours					Time Cost (£)	Average hourly rate (£)
	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	4 60	0 00	0 00	1 70	6 30	1,422 00	225 71
Investigations	1 60	0 00	0 00	0 00	1 60	400 00	250 00
Realisations of assets	29 80	0 00	0 00	0 00	29 80	7,450 00	250 00
Trading	0 00	0 00	0 00	0 20	0 20	32 00	160 00
Creditors	10 60	0 00	0 00	1 20	11 80	2,842 00	240 85
Case specific matters	2 60	0 00	0 00	0 00	2 60	650 00	250 00
Total Hours	49 20	0 00	0 00	3 10	52 30	12,796 00	244 67
Total Fees Claimed						0 00	

**ABBOTT FIELDING CHARGING, EXPENSES AND
DISBURSEMENT POLICY STATEMENT**

**ZYNAP LIMITED
IN ADMINISTRATION**

JOINT ADMINISTRATORS PROPOSALS DATED 25 October 2007

Abbott Fielding

Charge-out Rates

Partners	£250
Managers	£195
Administrators	£160
Support Staff	£120

Disbursements recovered by Abbott Fielding

Insolvency practitioners are required to divide the expenses incurred in an insolvency assignment into two categories. These are described below, together with examples of the type of expenses relating to each category.

Category 1

Category 1 Disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. It will also include services specific to the case where these cannot practicably be provided internally, such as printing, room hire and document storage. Information relating to a specific Category 1 disbursements can be provided where reasonably requested.

Category 2

Category 2 Disbursements are those where costs are recovered which, whilst being in the nature of expenses or disbursements, include elements of shared or allocated costs. These are identified and subject to approval by those approving the Insolvency Practitioner's remuneration. Such expenses should be of an incidental nature and directly incurred on the case. Where Category 2 disbursements are drawn there will be a reasonable method of calculation and allocation, for example a comparison with the cost of external provision of the expenses. The basis for charging Category 2 disbursements will be disclosed to creditors and authorised by those responsible for approving the Insolvency Practitioner's remuneration. Abbott Fielding will not be seeking to recover Category 2 disbursements in this case.

FORMAL NOTICE OF A MEETING OF CREDITORS

**ZYNAP LIMITED
IN ADMINISTRATION**

JOINT ADMINISTRATORS PROPOSALS DATED 25 October 2007

Name of Company Zynap Limited	Company number 04034446
In the High Court of Justice (full name of court)	Court case number 6426

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

Notice is hereby given by (a)

Andrew Tate
Abbott Fielding
Nexus House
2 Cray Road
Sidcup
DA14 5DB

Nedim Ailyan
Abbott Fielding
Nexus House
2 Cray Road
Sidcup, Kent
DA14 5DB

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

that a meeting of creditors of (b)

Zynap Limited
Nexus House
2 Cray Road
Sidcup
DA14 5DB

(c) Insert details of
place of meeting

is to be held at (c)

(c) Nexus House, 2 Cray Road, Sidcup, Kent, DA14 5DB

(d) Insert date and
time
of meeting

on (d) 12 November 2007

at 10 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

*Delete as applicable

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

PROOF OF DEBT FORM AND FORM OF PROXY

**ZYNAP LIMITED
IN ADMINISTRATION**

JOINT ADMINISTRATORS PROPOSALS DATED 25 October 2007

PROOF OF DEBT - GENERAL FORM

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

Date of Administration Order 3 September 2007

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

Administrator

Admitted preferentially for

£

Date

Administrator

Admitted non-preferentially for

£

Date

Administrator

Proxy (Administration)

Zynap 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 12 November 2007, 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

DRAFT STATEMENT OF AFFAIRS AT 3 SEPTEMBER 2007

**ZYNAP LIMITED
IN ADMINISTRATION**

JOINT ADMINISTRATORS PROPOSALS DATED 25 October 2007

STATEMENT OF AFFAIRS

Name of Company Zynap Limited	Company Number 04034446
In the High Court of Justice	Court case number 6426 / 2007

Statement as to the affairs of

Zynap Limited

Nexus House

2 Cray Road

Sidcup

DA14 5DB

on the 3 September 2007, the date that the company entered administration

Statement of Truth

I believe the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at 3 September 2007 the date that the company entered administration

Full Name _____

Signed _____

Dated _____

Zynap Limited
Statement Of Affairs as at 3 September 2007

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £	
Assets subject to fixed charge:			
Book Debts	170,517 00	170,517 00	
Chargeholder (1)		(170,517 00)	
		NIL	NIL
Assets subject to floating charge:			
Uncharged assets:			
Fixtures and fittings	169 00		
Computer Equipment	3,835 00		11,000 00
Goodwill			34,501 00
Advance royalty due	189,522 00		
AZ structured finance receivable	4,325 00		
Book Debts	19,225 00		
Acquired Intellectual Property Rights	128,502 00		34,499 00
Developed software	2,856,865 00		56,000 00
Prepayments	13,492 00		
Estimated total assets available for preferential creditors			136,000 00

Signature _____ Date _____

Zynap Limited
Statement Of Affairs as at 3 September 2007

A1 - Summary of Liabilities

	Estimated to Realise £
Estimated total assets available for preferential creditors (Carried from Page A)	136,000 00
Liabilities	
Preferential Creditors -	
Employee Arrears/Hol Pay	9,200 00
	9,200 00
Estimated deficiency/surplus as regards preferential creditors	126,800 00
Estimated prescribed part of net property where applicable (to carry forward)	NIL
Estimated total assets available for floating charge holders	126,800 00
Debts secured by floating charges	
	NIL
Estimated deficiency/surplus of assets after floating charges	126,800 00
Estimated prescribed part of net property where applicable (brought down)	NIL
Total assets available to unsecured creditors	126,800 00
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	
Shortfall to preferential creditors (brought down)	NIL
Trade & Expense Creditors	944,359 30
Employees	133,577 44
Directors	536,114 45
Banks/Institutions	45,517 00
HM Revenue and Customs - PAYE and NIC	251,101 00
HM Revenue and Customs - VAT	4,323 00
Loans	513,167 00
	2,428,159 19
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	(2,301,359 19)
Estimated deficiency/surplus as regards creditors	(2,301,359 19)
Issued and called up capital	
Ordinary shares - 'A' shares	259 00
Ordinary shares - 'B' shares	4 00
Ordinary shares - 'C' shares	9 00
	272 00
Estimated total deficiency/surplus as regards members	(2,301,631 19)

Signature _____ Date _____

Key	Name	Address	
CA00	Accounts Bureau Ltd	1 Heathcock Court, 415 Strand, London, WC2R 0NT	8 498 94
CA01	Access Storage Solutions	Unit 61 Willow Walk, London, SE1 5SF	162 11
CA02	Miscellaneous Accruals		20 000 00
CA03	Atcom Online Limited		150,000 00
CA04	Autonomy plc	c/o E Thompson	33,333 00
CB00	Beer and Partners	Masters Yard, South Street, Dorking, Surrey, RH4 2ES	1,468 75
CB01	Brannans Chartered Accountants	617/619 London Road, Westcliff-on-Sea, Essex, SS0 9PE	5,875 00
CB02	British Telecommunications Plc	BT Telephone Payment Centre TVTE Newcastle upon Tyne, NE82 6XX	3,039 34
CB03	Buying Time Limited	Folly Cottage Sleepers Hill, Winchester, SO22 4ND	7,361 38
CB04	BT Conferencing	PP M3042X Colindale House, The Hyde, London NW9 6LB	0 00
CC00	Chubb Fire Limited	Unit 3, 307-309 Merton Road Wandsworth London, SW18 5JS	335 47
CC01	CIPD Enterprises Limited	151 The Broadway, London, SW19 1JQ	235 00
CC02	Conchango (UK) plc	Heritage House, Church Road, Egham, Surrey, TW20 9QD	56,488 93
CC03	Consultancy in Action	Pear Tree Cottage, High Street, Ripley, Surrey, GU23 6BE	10,180 82
CC04	CRA General Insurance Services	Suite 1 Associates House 118 East Barnet Road New Barnet, Hertfordshire, EN4 8RE	318 30
CC05	Jeremy Clarke		1,196 57
CD00	Daavar03 Limited	15a Harbour Road, Inverness, IV1 1SY	3,491 25
CD01	Tom Davies		3 621 87
CE00	Elgin Scott Partners Ltd	Parallel House, 32 London Road Guildford Surrey, GU1 2AB	17,468 00
CF00	Field Seymour Parkes	The Old Coroner's Court, No 1 London Street P O Box 174 Reading Berkshire, RG1 4QW	381 88
CG00	Galaxy Transport Services	c/o Aston Rothbury Factors Ltd, Romy House, 159-167 Kings Road, Brentwood Essex CM14 4EG	229 53
CG01	Gibson Creative Ltd	London House, 243-253 Lower Mortlake Road Richmond Surrey TW9 2LL	2,267 75
CG02	GLS Design Ltd	Roundel House, 16 Firgrove Hill, Farnham, Surrey, GU9 8LQ	52 88
CG03	Greenventures	The Peckham Settlement, Goldsmith Road, London, SE15 5TF	37 00
CG04	GTS Ventures Ltd	Lynx House, Lynx Hill, East Horsley, Surrey, KT24 5AX	66,020 59
CG05	Jonathan Goodair	84 Penn Place Northway Rickmansworth, Hertfordshire, WD3 1QG	250 00
CH00	Homehouse	20 Portman Square, London, W1H 6LW	126 13
CH01	H M Revenue and Customs	Durington Bridge House, Barnington Road Worthing W Sussex BN12 4SE	255,424 00
CH02	H Turner & Sons	One Dunstan Court Dunston Road, Chesterfield S41 8NL	43,508 00
CH03	Adrian Houghton		53,024 00
CI00	Intuitive Recruitment Ltd	1 Church Farm, Church Road, Eversley Hants RG27 0PX	8,371 87
CI01	Inventas Business Solutions	2 Norbury Road, Reigate, RH2 9BY	0 00
CK00	Ken Deeks Ltd	144 Westwood Road, Tilehurst, Reading, Berks RG31 6LL	881 25
CK01	Kemp Little		32 31
CL00	Lloyds Bank plc	Customer Debt Department, Springfield House 45 Welsh Back, Bristol, BS1 4AG	45,517 00
CL01	Lloyds TSB	Essex House, Southchurch Avenue, Southend on Sea Essex SS1 2LB	0 00
CM00	Moorhead James	Kildare House 3, Dorset Rise, London EC4Y 8EN	1,188 75
CM00	Michael Gerson (Finance) Plc	2 Downland Close, Whetstone, London, N20 9LZ	364 534 00

Signature

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Date

Version 2 00



Address

Key Name

CM01	Maya Minimarket	69-71 Union Street, London, SE1 1SG	207 00
CN00	Neutralize	3 The Setons Tolvaddon, Energy Park, Camborne, Cornwall, TR14 OHX	2,643 75
CO00	Osney Media Limited	2 Bath Place Rivington Street, London, EC2A 3DB	195 00
CP00	Panda Computing	2 Norby Road, Reigate, Surrey, RH2 9BY	822 50
CP01	Performance Improvement Solutions	208 East 51st Street, New York, USA	10,058 25
CP02	Plantite	Woodside Nursery, Long Wittenham, Abingdon, OX14 4PT	625 50
CP03	PHS Datashred		15 28
CP04	Premium Credit Ltd	P O Box 350, Epsom, KT17 1WP	0 00
CR00	Rapid Innovation Group Ltd	Gainsborough House 81 Oxford Street London W1D 2EU	16 476 92
CR01	RCS Recycling Ltd	Unit 2 Fairacres Business Park, Windsor, Berkshire, SL4 4LE	300 00
CR02	F Ruttonshaw		313 611 00
CS00	Martin Stockman	The Coach House, 21 Wormersley Road, London, N8 9AE	1,000 00
CS01	Sage UK Ltd	P O Box 4598, Worthing, BN11 9BU	0 00
CS02	Sage Partners Strategic Leadership		24 147 83
CS03	Samphire Consulting Ltd		7,614 00
CS04	Savvis UK Ltd	Finance Department, Eskdale Road, Winkmersh Triangle, Wokingham Berkshire	158,275 82
CS05	Scanplus Limited	133 Great Suffolk Street, London, SE1 1PP	376 00
CS06	Solcrown Stationery Ltd	Unit 1 Orbital Centre, Southend Road, Woodford Essex IG8 8HH	368 45
CS07	Southwark Council	London Borough of Southwark Cashiers Services P O Box 11767, London, SE16 3ZF	10 39
CS08	St Piran	Middle Floor 27 Earlsfield Road, Earlsfield, SW18 3DB	15,487 50
CS09	Tony Shaw	20 Sarum Close, Winchester, SO22 5LY	3,684 29
CS0A	Andrew Scott	Lower Lye East Knoyle Salisbury Wilts SP3 6AQ	51 512 00
CT00	Eudie Thompson		25 000 00
CT01	Terence Rhodes		222,029 00
CU00	UPS Ltd		76 19
CW00	Wincanton Records Management	UPS House, Forest Road, Feltham, Middlesex TW13 7DY	659 99
CW01	Rob Wirszyc	8 Beam Reach Coldharbour Laen Rainham Essex RM13 9YB	4 000 00
CW02	Webex	28 Mount Pleasant Road Ealing London W5 1SQ	705 00
EB00	K Bharatia	20 Garnock Street, London, WC2E 9BT	2,925 00
EC00	B Cassidy		5 027 00
EC01	J Clarke		9 553 00
EC02	N Chan		5 347 00
EC03	N Campbell		4 113 00
ED00	Tony Davenport	3 Dickinson Court, 15 Brewhouse Yard, London, EC1V 4JX	140,268 00
ED01	David Doughty		104,680 84
ED02	T Davies		5 484 00
EG00	M Gasson		5 027 00
EG01	A Greenlees		2,010 00

Signature

Date

Key Name		Address	£
EH00	Leigh Henderson		12 750 00
EH01	B Hentage		5,027 00
EJ00	D Johns		37 535 00
EM00	Chrs Macklin		50,935 00
EM01	P Mayow		3,167 00
ES00	V Smith		3,290 00
ET00	Eudora Thompson		144,210 02
EU00	Unallocated Bonus*		28,627 00
EY00	S Yeoh		1,077 00
EZ00	Leo Zancani		7,000 00
RC00	Rollo Clifford		0 00
RD00	Tony Davenport		0 00
RD01	David Doughty		0 00
RH00	David Houghton		0 00
RR00	Terence Rhodes		0 00
RS00	Grahame Sewell		0 00
RT00	Eudora Thompson		5 000 00
93 Entries Totalling			2 607,876 19

Signature _____

Date _____

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