Rule 2 47

Form 2 24B(CH)

The Insolvency Act 1986

# Administrator's progress report

| Name of Company | Company Number |
|---|---|
| Envirogene Limited | 05126015 |

| In the | Court case number |
|---|---|
| High Court of Justice<br>Cardiff District Registry<br>(full name of court) | 788 of 2010 |

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

We (a) We Roger Gareth Hale and Robert Nicholas Lewis of PricewaterhouseCoopers LLP, One Kingsway, Cardiff, CF10 3PW

administrators of the above company attach a progress report for the period

(b) Insert dates

from (b) 23 December 2010 to (b) 22 June 2011

Signed R. C Hale
Joint Administrator

Dated 4 July 2011

**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

| | |
|---|---|
| Lee Panther | |
| PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP | |
| | Tel 0113 289 4804 |
| DX Number | DX Exchange |

FRIDAY

*AVW78VNY*
A40 08/07/2011 226
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

*To All Known Creditors*

5 July 2011

Our ref: LP AT 050711 Enviro

Dear Sirs

**Envirogene Limited - in administration (the Company")**

Pursuant to Rule 2 47 of the Insolvency Rules 1986, I attach copies of Form 2.24B and the Joint Administrators' report on the progress of the administration for the six months ended 22 June 2011.

Should you have any questions, please do not hesitate to contact my colleague, Lee Panther, on 0113 289 4804

Yours faithfully
For and on behalf of the Company

Alison Trenholme
For Roger Hale
Joint Administrator

Enclosures: Progress report
Form 2 24B

*Roger Gareth Hale and Robert Nicholas Lewis have been appointed as Joint Administrators of the Company to manage its affairs, business and property as its agents, without personal liability Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales*

*PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds LS1 4JP*
*T +44 (0) 113 289 4000, F +44 (0) 113 289 4460, www pwc co.uk*

pwc

# Envirogene Limited– in Administration

## In the High Court of Justice, Chancery Division, Cardiff District Registry No. 788 of 2010

## Joint Administrators' progress report for the period from 23 December 2010 to 22 June 2011

**1 July 2011**

# Contents

# 1. Joint Administrators' progress report for the period from 23 December 2010 to 22 June 2011

## Introduction

In accordance with Rule 2 47 of the Insolvency Rules 1986 ("IR86"), the Joint Administrators ("the Administrators") write to provide creditors with details of the progress of the Administration of Envirogene Limited ("the Company") in the six months since the Administrators' appointment on 23 December 2010

The Administrators are required to provide certain statutory information pursuant to Rule 2 47(1)(a) to (d) IR86, which is included in Section 2

## Background information and initial actions taken by the Administrators

As at the date of the Administrators' appointment on 23 December 2010 the position as regards the Company was as follows: -

- The Company was established for the purpose of research and development and provided molecular diagnostic services to the water, contaminated land, oil and gas industries
- The Administrators' appointment arose as a consequence of a failure to secure funding in the Autumn 2010 and the subsequent cessation of trading
- Following an initial review, the Administrators concluded that the most appropriate strategy was for the Company to cease trading
- Immediately following their appointment, the Administrators took steps to protect and preserve the Company's assets. Assets comprised of plant and equipment, book debts and intellectual property rights

## Realisation of assets

- **Book debts**

  Total book debts on appointment totalled £4,845.00. The realisation of book debts is now complete, and a total of £2,986 85 has been received into the Administration The remaining sums were not recoverable due to insufficient supporting documentation

- **Plant and Equipment**

  Laboratory equipment, soil samples and consumables were sold for £17,199.84 prior to our appointment, the proceeds of which have been received into the Administration estate. The remaining office equipment and computers were sold for £1,850.00

- **Intellectual property portfolio**

  The Company's intellectual property included a portfolio of UK and foreign patents and applications pending together with four trademarks The Administrators conducted a sale process which included assistance from a specialist consultant to identify potential interested parties. Twelve parties were contacted which were based in the USA, Europe and UK Discussions then took place with all interested parties together with providing additional information to assist in order that offers could be formulated for the patents and trademarks. Following the conclusion of this process two offers were received On 23 May 2011 the Company's intellectual property portfolio was sold to DNA Trace Technologies Limited for £15,000

## Other issues

- **Work in Progress**

  There were two projects in progress involving 700 samples at the date of our appointment In order to conclude these projects, third party analysis and interpretation services were required Conwy Valley

Consortium Limited agreed to manage these projects to conclusion These are due to complete in August 2011 and if successful realisations will be in the order of £7,700.

**Approval of the Administrators' proposals**

On 9 February 2011 the Administrators circulated to creditors their proposals for achieving the purpose of the Administration

The Administrators stated in their proposals that they had formed the view that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the Prescribed Part, (section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003 ("PP03")) The Prescribed Part is a proportion of floating charge realisations, net of costs, to be set aside in accordance with Section 176A of the Insolvency Act 1986 ("IA86")

The Administrators' proposals were deemed approved in accordance with Rule 2.33(5), a meeting of creditors not having been requisitioned by creditors in the prescribed manner.

**Receipts and payments account**

An account of the receipts and payments in the Administration for the period from 23 December 2010 to 22 June 2011 is set out in Section 3.

Receipts in the period include.-

- Cash at bank of £89,860 32,
- Plant and machinery sales of £17,199 84,
- Intellectual property sales of £15,000

Payments include: -

- Legal and other professional costs of £9,247.64;
- The cost of protecting intellectual property rights costs of £2,097 52
- Administrators' remuneration and disbursements of £48,775.15 for the period,
- Pre-appointment fees and expenses of £8,900.00
- VAT paid of £9,919.64

**Expenses statement**

A statement of the expenses incurred by the Administrators in the period 23 December to 22 June 2011 is included at Section 4.

The statement excludes any potential tax liabilities that may be payable as an expense of the Administration as amounts due will not be known until the end of the tax accounting period

**Administrators' remuneration**

The Administrators' remuneration has been approved on a on a time costs basis, in addition to 10% of the realisations of the intellectual property, by the secured creditor (Finance Wales). To 22 June 2011, the Administrators have drawn remuneration of £47,980 00

Time cost charges incurred in the period covered by this report are £113,806.89 This amount does not necessarily reflect the amount that will be drawn as remuneration by the Administrators for this period in due course.

In accordance with the requirements of Statement of Insolvency Practice 9, a full analysis of the Administrators' time costs and Category 2 disbursements for the period 23 December 2010 to 22 June 2011 is provided in Section 5

Furthermore, it was agreed that 10% of the realisation of the Company's intellectual property may be taken in fees by the Administrators'. Realisations of the intellectual property in the period are £15,000 and therefore the fee accrued in the period covered by this report is £1,500 00

### Creditors' rights

A statement of creditors' rights in relation to the Administrators' remuneration and expenses is set out at Section 6

### Outcome for creditors

It is still anticipated that the secured creditor will suffer a shortfall under its security.

The Administrators are as yet unable to comment on whether there will be funds available for distribution to the Company's preferential or unsecured creditors by virtue of the Prescribed Part

It may be that the Administrators make an application to the Court under section 176A(5) IA86 on the grounds that the cost of making a distribution to unsecured creditors would be disproportionate to the benefits should the level of net property fall below what is anticipated Creditors will be notified in due course as to whether such an application will be made

***If you have not already submitted your claim, please do so using the form enclosed with this report.***

The Administrators are also considering the most appropriate strategy for bringing the Administration to an end The two proposed course of action are likely to be a creditors' voluntary liquidation, or dissolution Creditors will be advised of the Administrators' decision in due course

### Next report

The Administrators anticipate that they will circulate their next report to creditors at the earlier of the conclusion of the Administration or in approximately six months

Yours faithfully
For and on behalf of the Company

R.G. Hale.

Roger Hale
Joint Administrator
Envirogene Limited

*Roger Gareth Hale and Robert Nicholas Lewis* have been *appointed as joint administrators of Envirogene Limited to manage its affairs, business and property as its agents and act without personal liability Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales*

## 2. Statutory and other information

| | |
|---|---|
| **Court details for the Administration:** | High Court of Justice, Chancery Division, Cardiff District Registry<br>No 788 of 2010 |
| **Full name:** | Envirogene Limited |
| **Trading name:** | Envirogene Limited |
| **Registered number:** | 05126015 |
| **Registered address:** | Tredomen Innovation & Technology Centre<br>Tredomen Business Park<br>Ystrad Mynach<br>CF82 7FN |
| **Company directors:** | Dr Robert Sleat<br>Mr. Alexander Korda<br>Dr Mark Chadwick<br>Mr Richard Hatton |
| **Company secretary:** | Esther Shackell |
| **Shareholdings held by the directors and secretary:** | Mr Alex Korda – 1,921 ordinary shares and 1,668 "A" ordinary shares<br>Dr Robert Sleat – 1,802 ordinary shares<br>Mr. Richard Hatton – 1,154 "A" ordinary shares |
| **Date of the Administration appointment:** | 23 December 2010 |
| **Administrators' names and addresses:** | Roger Gareth Hale and Robert Nicholas Lewis, both of PricewaterhouseCoopers LLP, One Kingsway, Cardiff, CF10 3PW |
| **Details of any extension(s) to the initial period of appointment** | N/A |
| **Changes in office holder:** | N/A |
| **Appointor's / applicant's name and address:** | The directors of Envirogene Limited, Tredomen Innovation & Technology Centre, Tredomen Business Park, Ystrad Mynach, CF82 7FQ |
| **Objective being pursued by the Administrators:** | Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration) or, failing that, realising the Company's property to enable a distribution to be paid to the Company's secured and preferential creditors. |
| **Division of the Administrators' responsibilities:** | Pursuant to paragraph 100(2) Sch B1 IA86, any act required or authorised under any enactment to be done by either of the Administrators individually or by both of the Administrators jointly |
| **Proposed end of the Administration:** | 22 December 2011 |
| **Estimated dividend for unsecured creditors:** | Prescribed Part only |

## 2. Statutory and other information

| | |
|---|---|
| **Estimated values of the prescribed part and the company's net property:** | Unknown |
| **Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:** | It may be that the Administrators may make an application to the Court under section 176A(5) IA86 on the grounds that the cost of making a distribution to unsecured creditors would be disproportionate to the benefits should the level of net property fall below what is anticipated |
| **The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):** | The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings. |

## 3. Receipts and payments account for the period 23 December 2010 to 22 June 2011

**Envirogene Limited - in Administration**
**Summary of financial information from appointment to 22 June 2011**

| Statement of Affairs | *Floating Charge* Receipts | 23.12.2010 - 22.06.2011 |
|---|---|---|
| 10,291 00 | Plant and Machinery | 17,199 84 |
| | Computers | 1,500 00 |
| | Office Equipment | 350 00 |
| - | Intellectual Property Rights | 15,000 00 |
| 4,845 00 | Book Debts | 2,986 85 |
| - | Sundry Debts | 61 34 |
| 89,826 00 | Cash in Hand | 89,860 32 |
| - | Refunds | 21 34 |
| - | Interest Received Gross | 65 64 |
| **104,962.00** | **Total** | **127,045.33** |
| | **Payments** | |
| | Intellectual Property Rights | 2,097 52 |
| | Agents' Fees | 1,943 64 |
| | Insurance | 159 00 |
| | Professional Fees | 1,518 00 |
| | Office Holders' Fees | 47,980 00 |
| | Office Holders' Expenses | 795 15 |
| | Statutory Advertising | 73 62 |
| | Mail Re-Direction | 51 97 |
| | Prior Appointee Fees and Expenses | 8,900 00 |
| | Legal Fees | 5,750 00 |
| | Legal Disbursements | 36 00 |
| | VAT | 9,616 64 |
| - | **Total** | **78,921.54** |
| - | **Balance at Bank** | **48,123.79** |

# 4. Statement of expenses incurred from 23 December 2010 to 22 June 2011

| Envirogene Limited - in administration<br>Statement of expenses from appointment to 22 June 2011 | | | |
|---|---|---|---|
| | Total Paid from 23 December 2010 to 22 June 2011 | Estimated Accrued and Unpaid Expenses | Total |
| Agents Fees | 1,943 64 | - | 1,943 64 |
| Patent Fees | 2,097 52 | - | |
| Professional Fees | 1,518 00 | | 1,518 00 |
| Office Holders Fees | 47,980 00 | 65,826 89 | 113,806 89 |
| Office Holders Expenses | 795 15 | 200 85 | 996 00 |
| Legal Fees | 5,750 00 | - | 5,750.00 |
| Legal Disbursements | 36 00 | | 36 00 |
| Statutory Advertising | 73.62 | - | 73 62 |
| Mail Re-Direction | 51 97 | | 51 97 |
| Insurance | 159 00 | - | 159 00 |
| Bank charges | | 20 00 | 20 00 |
| | | | |
| Total | 60,404.90 | 66,047.74 | 124,355.12 |

## 5. Analysis of the Administrators' remuneration and Category 2 disbursements for the period 23 December 2010 to 22 June 2011

**Narrative of work carried out for the period 23 December 2010 to 22 June 2011**

The key areas of work have been,-

- Negotiations for the sale of the intellectual property rights ;
- Negotiations for the sale of the business and its assets
- Statutory and compliance work

**Summary of legal and other professional firms instructed in the period 23 December 2010 to 22 June 2011**

| Service provided | Name of firm / organisation | Reason selected | Basis of fees |
|---|---|---|---|
| Legal advice | Morgan Cole LLP | Insolvency and Industry Knowledge | Time costs |
| Patent advice and renewal fees | Marks and Clerk LLP | Industry Knowledge | Application costs |
| Chattels Agents | Hicks Day Jones & Westlake | Industry Knowledge | Time costs |

# 5. Analysis of the Administrators' remuneration and Category 2 disbursements for the period 23 December 2010 to 22 June 2011

**Envırogene Lımıted - ın administratıon**
**Summary of time charged from 23 December 2010 to 22 June 2011**

| Classıficatıon of work | Partner (Hrs) | Dırector (Hrs) | Senıor Manager (Hrs) | Manager (Hrs) | Senıor Associate (Hrs) | Associate (Hrs) | Support (Hrs) | Total Hours (Hrs) | Tıme Cost (£) | Average Hourly Rate (£) |
|---|---|---|---|---|---|---|---|---|---|---|
| Accountıng & Treasury | - | - | 0 35 | 0 20 | 6 13 | 10 95 | 1 90 | 19 53 | 2,958 94 | 151 51 |
| Strategy & Planning | - | 19 50 | 9 50 | 5 30 | 1 25 | 1 30 | - | 35 55 | 13,410 60 | 377 23 |
| Complıance | 0 50 | 4 00 | 2 40 | 21 00 | 7 80 | 58 80 | - | 94 50 | 18,093 85 | 191 47 |
| Investigatıons | - | - | - | 2 00 | - | 9 50 | - | 11 50 | 1,938 60 | 168 57 |
| Reportıng | 0 50 | 15 00 | 4 70 | 6 00 | - | 0 80 | - | 27 00 | 10,199 40 | 377 76 |
| Freehold/Leasehold Property | - | - | - | 3 25 | 1 20 | - | - | 4 45 | 1,118 25 | 251 29 |
| Other Assets | - | - | 13 80 | 105 00 | - | - | - | 118 80 | 35,133 00 | 295 73 |
| Book Debts | - | - | - | 13 50 | - | - | - | 13 50 | 3,847 50 | 285 00 |
| Sale of Busıness | - | 14 50 | 17 20 | 15 50 | - | - | - | 47 20 | 17,054 10 | 361 32 |
| Unsecured Creditors | - | - | - | - | 0 50 | - | 2 15 | 2 65 | 234 80 | 88 60 |
| Employees & Pensıons | - | - | - | - | 33 20 | 0 50 | - | 33 70 | 7,077 65 | 210 02 |
| Distributions | - | - | - | - | - | 0 10 | - | 0 10 | 13 50 | 135 00 |
| Tax & VAT | - | - | 0 30 | 0 60 | 11 55 | 1 35 | - | 13 80 | 2,542 10 | 184 21 |
| **Total to Date** | **1 00** | **53 00** | **48 25** | **172 35** | **61 63** | **83.30** | **4 05** | **423 58** | **113,806 89** | **268 68** |

| The Joınt Lıquıdators' polıcy for chargıng for dısbursements ıs | Costs to date (£) |
|---|---|
| Photocopyıng ıs charged at 4p per sheet for credıtors and bulk copyıng | 317 00 |
| Mıleage ıs charged at a maxımum of 64p per mıle (up to 2000cc) or 81p per mıle (over 2000cc) | 299 00 |
| Postage | 144 00 |
| Insurance | 98 00 |
| Mobıle Phones | 81 00 |
| Other | 57 00 |
| All other dısbursements are charged at cost | |
| **Total to 22 June 2011** | **996 00** |

**Maxımum charge out rates for Busıness Recovery Servıces**

| Staff Grade | £ per hour |
|---|---|
| Partner | 520 |
| Dırector | 436 |
| Senıor Manager | 383 |
| Manager | 299 |
| Senıor Assocıate (unqualıfied) | 226 (168) |
| Assocıate | 142 |
| Support | 76 |

Specıalıst departments wıthın PrıcewaterhouseCoopers LLP, such as Tax, VAT and Pensıons, do sometımes charge a small number of hours should I requıre theır expert advıse Theır rates do vary, however, the figures gıven above ındıcate the maxımum rate per hour

| Staff Grade | £ per hour |
|---|---|
| Partner | 750 |
| Dırector | 600 |
| Senıor Manager | 520 |
| Manager | 395 |
| Senıor Assocıate | 285 |
| Assocıate | 150 |

## 6. Statement of creditors' rights

The IR86 provide for creditors to request further information and challenge the Administrators' remuneration and expenses. The relevant provisions are as follows. -

**Rule 2.48A Creditors' request for further information**

(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 "

## 6. Statement of creditors' rights

**Rule 2.109 Creditors' claim that remuneration is or other expenses are excessive**

(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 sub-paragraph (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 sufficient 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

# 7. Statement of claim form

## Envirogene Limited - in Administration
## Statement of Claim

| | |
|---|---|
| Creditor's name and address | |
| Registered number (if creditor is a company) | |
| Claim amount<br>• Total amount of your claim (including VAT) at the date the administration commenced**[or, if the company was in liquidation when it entered administration, at the date the prior liquidation commence].*<br>• Any payment received by the creditor in relation to the claim after the appointment of the administrators *[or, if applicable, prior liquidators]*<br>• Total value (including VAT) of any monies owed by the creditor to the company<br>• Total value (including VAT) of any retention of title in respect of any goods to which the debt relates | £<br><br>£<br><br>£<br><br>£ |
| Please provide details of any documents that substantiate your claim including where applicable, details of any reservation of title.<br>If available, please attach a statement of account | |
| What goods or services did you provide? | |
| If you have security for your debt, please provide details of the type and value of the security, the date it was given, and provide details of how you have valued your security<br><br>If no security held, leave this section blank | |
| We have a duty as administrators to consider the conduct of the directors prior to our appointment Are there any particular matters relating to the purchase of goods and services from yourselves, or any other matters that you feel should be reviewed?<br><br>If so, please provide brief details on this form, or on a separate sheet if there is insufficient room | |
| Signature of creditor or person authorised to act on behalf of the creditor | Date |
| Name in block capitals | |
| Position with or relation to the creditor (e g director, company secretary, solicitor) | |

* You must deduct any trade or other discounts which would have been available to the company but for its administration, except any discount for immediate, early or cash settlement

Rule 2 47

Form 2 24B

The Insolvency Act 1986

# Administrator's progress report

## 2.24B

| Name of Company | Company Number |
| --- | --- |
| Envirogene Limited | 05126015 |

| In the | Court case number |
| --- | --- |
| High Court of Justice<br>Cardiff District Registry<br>(full name of court) | 788 of 2010 |

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

We (a) We Roger Gareth Hale and Robert Nicholas Lewis of PricewaterhouseCoopers LLP, One Kingsway, Cardiff, CF10 3PW

administrators of the above company attach a progress report for the period

(b) Insert date

| from | to |
| --- | --- |
| (b) 23 December 2010 | (b) 22 June 2011 |

Signed R. G. Hale

Joint Administrator

Dated 4 July 2011