

The Insolvency Act 1986

Notice of result of meeting of creditors

2.23B

Name of Company
BI Proceed Limited (in Administration)

Company number
05167519

In the
High Court of Justice

[full name of court]

Court case number
7831 of 2008

(a) Insert full name(s) and
address(es) of the
administrator(s)
I / ~~We~~ (a) Lane Bednash of Valentine & Co, 4 Dancastle Court, 14 Arcadia Avenue, London, N3 2HS

*Delete as applicable

hereby report that *a meeting / ~~an adjourned meeting~~ of the creditors of the above company was held at

(b) Insert place of meeting

(b) 4 Dancastle Court, 14 Arcadia Avenue, London, N3 2HS

(c) Insert date of meeting

on (c) 24 November 2008 at which:

*1. Proposals / ~~revised proposals~~ were approved.

*Delete as applicable

~~*2. Proposals / revised proposals were modified and approved.~~

The modifications made to the proposals are as follows:

(d) Give details of the
modifications (if any)

(d) _____

~~*3. The proposals were rejected.~~
(e) Insert time and date of
adjourned meeting
~~*4. The meeting was adjourned to (e) _____~~

*5. Other resolutions: (f)

(f) Details of other resolutions
passed

Under Rule 2.106 of the Insolvency (Amendment) Rules 2003 and in the absence of a Creditors' Committee, the remuneration of the Administrator be fixed by reference to time properly spent by him and his staff in attending to matters arising from the Administration.

In accordance with Statement of Insolvency Practice No 9, issued by the Association of Business Recovery Professionals, the Administrator be authorised to draw remuneration as and when funds are available on account of his time costs.

The Administrator will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon his appointment as Administrator ceasing to have effect.

WEDNESDAY



A35DT5JC

AIQ

10/12/2008

13

COMPANIES HOUSE

The revised date for automatic end to administration is _____

*Delete as applicable

A creditors' committee ~~*was~~ / was not formed.

Signed
Joint / Administrator(s)

Dated 25/11/08

*Delete as applicable

A copy of the *original proposals / ~~modified proposals~~ / ~~revised proposals~~ is attached for those who did not receive such documents prior to the meeting.

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.

Tel	
DX Number	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

COMPANIES HOUSE

**Administrator's Report and
Statement of Proposals**

**BI Proceed Limited
- In Administration**

7 November 2008

BI Proceed Limited - In Administration

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THE ADMINISTRATOR'S REPORT AND STATEMENT OF PROPOSALS

1 Statutory information

- 1.1 The Administration commenced on 15 September 2008 by appointment of the directors.
- 1.2 The Court reference number is High Court of Justice, 7831/2008.
- 1.3 The Company's registered number is 05167519.
- 1.4 The trading address of the Company was The Nexus Building, Broadway, Letchworth, SG6 3TE
- 1.5 The registered office of the Company was changed on 8 August 2008 from 25 Manchester Square, London, W1U 3PY to c/o Valentine & Co, 4 Dancastle Court, 14 Arcadia Avenue, London N3 2HS.
- 1.6 Details of the Company's directors and secretary are as follows:

(Excludes registration/formation agency appointments)

Director	Date appointed	Date resigned	Shares held (%)
Nicholas Parkin	28 June 2007	-	-
Richard Troth	28 June 2007	-	-
Ian Moria	30 June 2004	20 June 2007	-
Secretary	Date appointed	Date resigned	Shares held
Nicholas Parkin	30 June 2004	-	-

- 1.7 According to Companies House, Proceed Holdings Limited hold the 1 issued share. On 15 June 2004, a shareholders agreement was signed whereby 999 new ordinary £1 shares were to be issued and were to be held as follows:-

124 for Proceed Holdings Limited and 875 for Business Intelligence Group LLC, a company registered in the USA.

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- 1.8 On 30 June 2004 a Deceleration of trust was made between Business Intelligence Group LLC and Ian Moria and Harmanjit Gill, whereby the 875 shares granted to Business Intelligence Group LLC were to be held on trust for Mr Moria (438 shares) and Mr Gill (437 shares).
- 1.9 However, it appears that the 999 new shares were not issued and Proceed Holdings Ltd continue to hold the single share.

2 Background to the Administration

- 2.1 The Company was incorporated on 20 June 2004 and commenced to trade shortly after. The Company provided consultancy and software services in relation to specialist computer programs created by SAP, one of the largest commercial application providers in the world
- 2.2 Prior to incorporating the Company, Mr Moria worked as a consultant for SAP as well as contracting work for other firms.
- 2.3 Nicholas Parkin, who became a Company director on 28 June 2007, is an experienced IT specialist and has worked in a number of sales management roles related to the SAP product for some twelve years.
- 2.4 Richard Troth, who also became a Company director on 28 June 2007, has for the last 5 years been a managing director of Proceed Holdings Limited, a company specialising in SAP. Prior to this, Mr Troth held a number of consulting positions in firms specialising in computer aided design.
- 2.5 The Company was initially funded by an unsecured advance from Proceed Holdings Limited. The Company has since been largely self funding. The Company traded from the offices of Proceed Holdings Limited at The Nexus Building, Broadway, Letchworth, SG6 3TE. No rent was payable.
- 2.6 Mr Moria had great ambitions for the Company to not only be the predominate supplier of these services in the UK, but also in the USA. In the second half of 2004 and for the whole of 2005, the Company invested considerable sums in marketing and creating a number of software products for sale.

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- 2.7 For the period ended 31 December 204, the Company's turnover was £388,000. Despite this, only £8,927 net profit (2.3%) was achieved which was far below the anticipated 15%. In 2005, the decision was taken to employ more management staff along with a sales team. Further funds were spent on marketing and product development.
- 2.8 By this stage, the vast majority of the Company's revenue was coming from a single customer, a major UK bank. By the year ended 31 December 2005, turnover had increased to £901,528. However, net profits were £8,599, being less than 1% of revenue.
- 2.9 With 95% of the Company's business still coming from a single client, 2006 proved to be a difficult year with turnover falling back down to £369,069 with a loss of £39,573 being made.
- 2.10 In mid-2007, the sole shareholder, Proceed Holdings Limited, decided to appoint two new directors to the Company's board, in an effort to improve its trading performance. A number of board meetings were called and were only attended by Mr Parkin and Mr Troth.
- 2.11 In June 2007, Mr Moria resigned from the board of directors, claiming constructive dismissal. Mr Moria left the Company and began contracting his services directly to the principle customer.
- 2.12 The following month, the only other remaining employee, Harmanjit Singh Gill, also resigned, claiming constructive dismissal. Both employee cases have been defended by the Company and an employment tribunal was scheduled for the middle of September 2008.
- 2.13 In the meantime, Mr Parkin arranged for a new website to be developed and published in July 2007. That bought in some limited work. A telemarketing agency was employed towards the end of 2007 in an effort to generate new business. Unfortunately, this bought in no new work and a second agency was employed in January 2008, also to avail. In March 2008, the Company effectively ceased trading and existed solely to defend the employment claims of Messrs Moria and Gill.

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- 2.14 The Company continued to instruct marketing firms in both the UK and the USA, in a effort to attract further clients. Unfortunately, by July 2008 it became clear to the Director that with the down turn in the economy and the lack of sufficient turnover, the Company was no longer viable. The Company was therefore no longer in a position to spend time and resources on defending the employee actions. The Directors make it clear that this does not constitute an admission of liability for the employee claims.
- 2.15 Following a review of the Company's financial position, and advice received from the Company's accountants, the Directors were referred to Valentine & Co.
- 2.16 The initial advice given by valentine & Co was that the Company should be placed in Voluntary Liquidation. A meeting of shareholders and creditors was called for 21 August 2008. Valentine & Co were paid £5,000 plus VAT by Proceed Engineering Solutions Limited for the work carried out prior to the meeting of shareholders and creditors.
- 2.17 However, due to the disputed claims over the ownership of the share(s), it was decided not to pass the Special Resolution at the shareholders meeting. Instead, the Director resolved that placing the Company into Administration would give a better result for creditors. Valentine & Co charged a further £1,500 plus VAT for dealing with the pre Administration matters. This fee was also paid by Proceed Engineering Solutions Limited.
- 2.18 Lane Bednash, a licensed insolvency practitioner, was appointed Administrator of the Company by the directors on 15 September 2008. Lane Bednash is licensed by the Institute of Chartered Accountants in England and Wales.
- 2.19 The Company's main centre of operations is based in the United Kingdom. The EC Regulation on Insolvency Proceedings 2000 apply to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation.

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2.20 The Administrator must perform his functions with the purpose of achieving one of the following objectives:

- (a) Rescuing the Company as a going concern; or
- (b) 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
- (c) Realising property in order to make a distribution to one or more secured or preferential creditors.

Further information on the pursuance of the above objectives is detailed in the next section.

3 Administration strategy

- 3.1 The Administrator's objective in this case was to seek to achieve 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).
- 3.2 An offer has been received in the sum of £36,000 plus VAT for the Company's assets, being two software packages. The Administrator is currently in negotiations with the interested party and payment terms are being agreed. The assets have been valued by independent valuation agents, Nikla Limited, members of the National Association of Valuers and Agents.
- 3.3 The sale will represent a higher realisation than would have been achieved in the event of the Company entering into Creditors Voluntary Liquidation. Some of the offers for the assets are time bound and will therefore create a better to return to creditors than would be achievable in liquidation.
- 3.4 There is cash at bank totalling £1,059.65 which is being transferred to the Administrator.
- 3.5 The Administrator has been in correspondence and has held a meeting with Ashminder Kaur, a lawyer representing Mr Moria, a former director and employee, and Mr Gill, a former employee. A number of concerns were raised at the meeting, regarding transactions entered into, both during and following their employment with the Company. Due to the sensitive nature of the allegations, the Administrator does not propose to disclose any further information within this report.
- 3.6 The Administrator will be investigating these matters and will be discussing them further with the relevant parties before any conclusions are drawn. The Administrator will appropriately fulfil his duties in filing a director's conduct report with the Department for Business Enterprise and Regulatory Reform, in accordance with the provisions of the CDDA 1986.

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4 Administrator's receipts and payments

- 4.1 To date, there have been no receipts and payments. A summary of the anticipated receipts and payments for the remainder of the Administration is attached as Appendix A.

5 Financial position of the Company as at 15 September 2008

- 5.1 Attached as Appendix B is a summary of the Directors' Estimated Statement of Affairs of the Company as at the date of the appointment of the Administrator.
- 5.2 This report was prepared by Nicolas Parkin, but the figures contained therein are disputed by Mr Moria and Mr Gill. They maintain that they have employee claims in the region of £170,000. Currently, there is no liability shown in the Directors' Estimated Statement of Affairs.

6 Proposals

- 6.1 The Administrator continues to manage the affairs of the Company. In order to achieve the intended objective(s) outlined above, it is not necessary for him to continue to trade the Company.
- 6.2 The Administrator do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.
- 6.3 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction any proposed act on the part of the Administrator without the need to report back to a further meeting of creditors generally, to include making any decision about the most appropriate exit route from the Administration.
- 6.4 Under Rule 2.106 of the Insolvency (Amendment) Rules 2003 and in the absence of a Creditors' Committee, the remuneration of the Administrator be fixed by reference to time properly spent by them and his staff in attending to matters arising from the Administration.

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- 6.5 In accordance with Statement of Insolvency Practice No 9, issued by the Association of Business Recovery Professionals, the Administrator be authorised to draw remuneration as and when funds are available on account of his time costs. A creditors' guide to fees is attached as Appendix D.
- 6.6 The Administrator anticipates that a dividend will become payable to the unsecured creditors. In this situation, the Administrators will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL). It is proposed that the Administrator will also become the Liquidator of the CVL.
- 6.7 Under Paragraph 83(7) of Schedule B1 to the Insolvency Act 1986, creditors have the right to nominate an alternative liquidator of their choice. To do this, creditors must make their nomination in writing to the Administrators prior to these proposals being approved. Where this occurs, the Administrator will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Administrator will automatically become the Liquidator of the subsequent CVL.
- 6.8 The Administrator be authorised to be paid for disbursements properly incurred in the course of the Administration in accordance with Appendix F.
- 6.9 The Administrator will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrator ceasing to have effect.

7 Administrator's remuneration

- 7.1 It is proposed that the remuneration of the Administrator will be fixed by reference to time spent by them and their staff in managing the Administration, in accordance with the Statement of Insolvency Practice No.9 issued by the Association of Business Recovery Professionals. A copy of the 'Creditors' Guide to Administrators' Fees' is attached as Appendix D.

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7.2 The Administrator's time costs at 7 November 2008 are £7,050. This represents 33.5 hours at an average hourly rate of £210.45. Attached as Appendix E is a Time Analysis in accordance with the provisions of SIP9, which provides details of the activity costs incurred by staff grade to the above date. I propose to draw fees in accordance with the proposals outlined above.

7.3 Attached as Appendix F is additional information in relation to our policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade.

8 Estimated outcome

8.1 An estimate of the outcome of the Administration as at 7 November 2008 is attached as Appendix C. This indicates that a dividend of 3.72 pence in the pound will be achieved. This represents a higher dividend than would be achieved in a creditor's voluntary liquidation.

9 Next report

9.1 As Administrator I am required to provide a progress report within one month of the end of the first six months of the Administration.

10 Meeting of creditors

10.1 An initial meeting of the Company's creditors is being convened to approve the Administrator's proposals. The meeting will be held on 24 November 2008 at 12.00 noon at Valentine & Co, 4 Dancastle Court, 14 Arcadia Avenue, London, N3 2HS.

For and on behalf of
BI Proceed Limited



Lane Bednash
Administrator

Receipts and Payments Account - 15 September 2007 to 7 November 2008

	Book Value £	Realised / Paid to Date £	Anticipated Movement £	Balance Outcome £
Receipts				
Software	25,000.00	0.00	25,000.00	25,000.00
Cash at bank	1,059.65	0.00	1,059.65	1,059.65
Value of Assets Available to Creditors	26,059.65	0.00	26,059.65	26,059.65
Payments				
Administrator's Remuneration		0.00	7,500.00	7,500.00
Administrator's Disbursements		0.00	750.00	750.00
Liquidator's Fees		0.00	5,000.00	5,000.00
Specific Bond		0.00	25.00	25.00
Agents and Valuers fees		0.00	3,000.00	3,000.00
Statutory Advertising		0.00	718.00	718.00
Total Costs		0.00	16,993.00	16,993.00
Balance Available to Distribute		0.00	9,066.65	9,066.65

Appendix B

SUMMARY OF THE DIRECTORS ESTIMATED STATEMENT OF AFFAIRS AS AT 15 SEPTEMBER 2008

	BV £	ETR £
Assets		
Software	25,000	Uncertain
		<u>0</u>
Preferential creditors		<u>0</u>
		0
Trade & Expense Creditors	(270,044)	
	<u> </u>	(270,044)
		<u> </u>
Deficit to unsecured creditors		(270,044)
Issued & Called Up Capital Ordinary Shareholders		1
		<u> </u>
		(270,045)
		<u> </u>

BI Proceed Limited

Appendix C

Estimated Comparison Statement as at 7 November 2008

Assets	<u>Book Value</u>		<u>Administration Estimated to Realise</u>		<u>Liquidation Estimated to Realise Without prior Administration</u>	
	£	£	£	£	£	£
Software		25,000		25,000		Uncertain
Cash at Bank		1,060		1,060		1,060
Total Funds Available For Distribution		26,060		26,060		1,060
Less: Preferential Creditors - Holiday Pay				0		0
Total Balance Available for Unsecured Creditors				26,060		1,060
Estimated Unsecured Creditors						
Trade & Expense Creditors				(270,044)		(270,044)
Deficiency As Regards Unsecured Creditors				(243,984)		(268,984)
Shareholders				(1)		(1)
TOTAL ESTIMATED DEFICIENCY				(243,985)		(268,985)

	<u>Administration Estimated Outcome</u>		<u>Liquidation Estimated Outcome Without prior Administration</u>	
	£	£	£	£
Total Funds Available for Dividend to Unsecured Creditors		26,060		1,060
Statutory Advertising & Formal Notices	718		718	
Bond Fees	25		25	
Liquidator's Fees	5,000		10,000	
Liquidator's Disbursements	0		750	
Administrator's Fees	7,500		N/A	
Administrator's Disbursements	750		N/A	
Agent's/Legal Fees	3,000	(16,993)	3,000	(14,493)
Estimated Net Sum Available to Distribute		9,067		(13,433)
Unsecured Creditors		(243,985)		(268,985)
Dividend to Unsecured Creditors - pence in the £		3.72		0.00

Appendix D

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

Where Petition Presented or Appointment Made On or After 15 September 2003 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.

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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, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by 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, having regard to the same matters as the committee would. 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 rates 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:

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- _ 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 subcontractors, 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.

5.1.4 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), they 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.

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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.

9. Provision of information – additional requirements

In any case where the administrator is appointed on or after 1 April 2005 he must provide certain

information about time spent on a case, free of charge, upon request by any creditor, director or

shareholder of the company. The information which must be provided is –

_ the total number of hours spent on the case by the administrator or staff assigned to the case;

_ for each grade of staff, the average hourly rate at which they are charged out;

_ the number of hours spent by each grade of staff in the relevant period.

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office. The information must be provided within 28 days of receipt of the request by the administrator, and requests must be made within two years from vacation of office.

10. Rates and Disbursement Charges - The charge and time rates of Valentine & Co are calculated per five minute minimum unit with hourly charge rates as follows:- Senior Partner / Consultant £285-£325, Manager £250-£285, Senior Administrator £175, Administrator £100-£150, Junior/Support £50. No charge rate is applied for general office administration staff and the above rates take those costs, where applicable, into account. Disbursements are charged as follows:- Post appointment creditors circulars including proposal, creditor questionnaire and claims forms £2.25 each, Meeting circulars £1.75 each, Periodic Reports/circulars £1.75 each. Other letters are charged at £1.00 each to include print, postage and stationery. Where postage costs exceed 75p per letter, a charge per letter of £1.00 plus the postage shall be applied. Meetings room hire, where applicable £50.00 per meeting. Insurance and bonding is recharged to the company/insolvent estate at 100% of sum billed to the office holder from the provider of the surety or broker, Travel charges, where any staff or the office holder utilises their own vehicle, a charged of 40 pence per mile may be applied. Other travel charges are recharged at 100% of the fare/cost incurred by the office holder or his staff. Subsistence and any other miscellaneous disbursements, are charged/recharged at 100% of the cost incurred by the office holder or his staff. All of the above costs and rates are exclusive of VAT. Valentine & Co reserve the right to alter their charge-out and disbursement rates without notice from time to time.

BI Proceed Limited - In Administration

Appendix E

TIME ANALYSIS - 15 SEPTEMBER 2008 TO 7 NOVEMBER 2008

Valentine & Co**TIME & CHARGEOUT SUMMARIES**

BI Proceed Limited

From 15 Sep 2008 to 7 Nov 2008

HOURS

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	8.00	0.00	12.50	0.00	20.50	3,530.00	172.20
Investigations	7.00	0.00	1.00	0.00	8.00	2,095.00	261.88
Creditors	5.00	0.00	0.00	0.00	5.00	1,425.00	285.00
Realisation of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Fees Claimed £	5,700.00	0.00	1,350.00	0.00		7,050.00	
Total Hours	20.00	0.00	13.50	0.00	33.50		
Average Rate	285.00	0.00	100.00	0.00			

Appendix F

ADDITIONAL INFORMATION IN RELATION TO ADMINISTRATORS' FEES PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9

1 Policy

Detailed below is Valentine & Co policy regarding:

- Staff allocation and the use of subcontractors
- Professional advisors
- Disbursements

1.1 Staff allocation and the use of subcontractors

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

The team will usually consist of a Partner, Manager, Senior and Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment.

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

We have not utilised the services of any subcontractors in this case.

BI Proceed Limited - In Administration

1.2 Professional advisors

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

Name of Professional Advisor	Basis of Fee Arrangement
Nikla Limited (valuations)	Hourly rate & disbursements
Locktons (insurance)	Set scale on estimated realisations

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

1.3 Disbursements

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

Category 2 disbursements do require approval from creditors. These disbursements include an element of shared overhead. These are charged as follows: Disbursements are charged as follows:- Post appointment creditors circulars including proposal, creditor questionnaire and claims forms £2.25 each, Meeting circulars £1.75 each, Periodic Reports/circulars £1.75 each. Other letters are charged at £1.00 each to include print, postage and stationery. Where postage costs exceed 75p per letter, a charge per letter of £1.00 plus the postage shall be applied. Meeting room hire, where applicable £50.00 per meeting.