

The Insolvency Act 1986

Administrator's progress report**R2.38**

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company
Direct Sharedeal Limited

Company number
SC188017

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

I/We (a)
Paul Howard Finn
Finn Associates
Tong Hall
Tong
West Yorkshire
BD4 0RR

Michael Field
Finn Associates
Tong Hall
Tong
West Yorkshire
BD4 0RR

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

from

to

(b) Insert date(s)

(b) 12 October 2011

(b) 11 April 2012

Signed



Joint / Administrator(s)

Dated

17 May 2012

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

Paul Howard Finn
Finn Associates
Tong Hall
Tong
West Yorkshire
BD4 0RR

DX Number

0113 287 9097
DX Exchange

SATURDAY



SCT *S1990CQR* #17
19/05/2012
COMPANIES HOUSE

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

Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF
DXED235 Edinburgh 1 / LP- 4 Edinburgh 2

In the
Edinburgh Court of Session
No. P431 of 2011

DIRECT SHAREDEAL LIMITED

in Administration

JOINT ADMINISTRATORS' FINAL REPORT TO CREDITORS

PURSUANT TO RULE 2.38 OF THE INSOLVENCY (SCOTLAND) RULES 1986
AS AMENDED BY THE INSOLVENCY AMENDMENT RULES 2010

FinnAssociates

Names of Joint Administrators:	Paul H Finn Michael Field
Date of Appointment:	12 April 2011
Date of Report:	17 May 2012
Appointed by:	The Directors of the Company
Court Reference:	Edinburgh Court of Session No. P431 of 2011

1. Introduction

- 1.1 The Joint Administrators were appointed by the directors of Direct Sharedeal Limited ('the company' or 'DSL') on 12 April 2011 pursuant to filing of statutory notice in due form with the Court of Session in Edinburgh. The EC Regulation on Insolvency Proceedings applies in these proceedings which are main proceedings as defined by the Regulation.
- 1.2 Paul Howard Finn is an Insolvency Practitioner licensed by the Institute of Chartered Accountants in England and Wales (licence number 5367), Michael Field is an Insolvency Practitioner licensed by the Insolvency Practitioners' Association (licence number 1586).
- 1.3 Neither the Joint Administrators nor any member of Finn Associates had any previous professional relationship with the company or any of its directors or officers.
- 1.4 In accordance with Paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 the Joint Administrators may exercise any or all of the functions of the Joint Administrators jointly or severally.
- 1.5 This document provides information to creditors pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986 (as amended).
- 1.6 A summary of the Joint Administrators' original proposals is appended hereto at Appendix 7.

2. Statutory Information

Date of Incorporation	28 July 1998
Company Number	SC188017
Principal Activity	Fund Management & Security Broking
Registered Office	4 West Regent Street Glasgow Strathclyde G2 4RW
Trading Address	52-54 Gracechurch Street London EC3V 0EH

	<i>Name</i>	<i>Ordinary Shares</i>
Shareholders (as filed at Companies House)	Roland Witton	78,600
	Gordon Perry	29,145
	Gary Docherty	24,400
	William Carmichael	14,570
	Andrew Palfreman	13,714
	Enrico Eusebi	12,857
	Worldwide Publications Ltd	8,000
	Clive Witton	8,000
	Jonathan Carswell	7,714
	Duncan White	3,000

*Preference Shares
(non voting)*

Sharewatch Limited	60,000
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Directors

	<i>Appointed</i>
Gordon Climson Perry*	14/08/1998
Roland Witton*	27/11/2005
Daniel Alexander Witton	01/05/2008

* Non - Executive

3. Progress within the administration

- 3.1 Creditors will be aware from our previous report that the trading position of the company proved significantly worse than originally contemplated within the Joint Administrators' circulated Proposals and that on 27 May 2011 the company ceased trading. The Joint Administrators have now filed the appropriate form at Companies House placing the company into Creditors' Voluntary Liquidation; this is further reported on at 8 below.
- 3.2 The Joint Administrators do not intend to reiterate the content of their previous report detailing the various issues coming to light as their investigation into the demise of the company progressed; any creditor requiring a further copy of that report should contact the Joint Administrators' office.
- 3.3 Since the last report, the investigation into the collapse of the company has continued. As a result and having taken legal advice, Joint Administrators do not intend to publish specific details of the investigation or the possibility of the recovery of assets. Creditors should note however that the (now) Joint Liquidators continue to liaise with their advisers with a view to maximising recoveries.
- 3.4 Creditors should be aware that no cash or share accounts were held in individual client names, rather they were held at various institutions in either the name of DSL Nominees Limited or DSL Client Nominees Limited, two wholly owned subsidiaries of DSL. In light of the Lehman Brothers ruling (see paragraph 4 below) the Joint Administrators are advised by solicitors and advising Counsel that it is appropriate to liquidate all known holdings within the DSL 'group', which process has now commenced.

4. Default Declaration and Claim Process

- 4.1 On 03 April 2012 the Joint Administrators met with Queen's Counsel and were advised that the recently handed down Supreme Court ruling *In the matter of Lehman Brothers International (Europe) Limited (In Administration) [2012] UKSC 6* applies to all regulated businesses irrespective of any difference in operational circumstances.
- 4.2 In summary:
- The statutory trust that applies to client money under CASS 7 (chapter 7 of the Financial Services Authority's Client Assets Sourcebook) arises upon receipt of the client money by the institution, and is not dependent on the institution actually segregating the money
 - The client money pool available for distribution on an insolvency event is comprised of all funds being identifiable as client money, irrespective of which account the money resides in or was received by
 - The client money pool is to be distributed among all clients having a contractual entitlement to client money, and such entitlements are to be dependent on their respective contractual claims
- 4.3 Effectively this means that the Joint Administrators must aggregate all client funds irrespective of whether or not they were kept in segregated accounts and these funds will form part of the distribution towards all accepted claims.
- 4.4 The Financial Services Compensation Scheme (FSCS) has now declared DSL 'in default'. This means FSCS is satisfied that the company is not in a position to meet claims brought against it in full and that it is likely there will be a claims liability in relation to investment business conducted by the company. The Joint Administrators have

provided the FSCS with a schedule detailing all presently known complainants along with a draft communication that will update those claimants of the position and provide the necessary contact details at FSCS for those who wish to make a claim for compensation; it is anticipated that this communication will be finalised and issued within the next 4 weeks.

- 4.5 FSCS have advised that a maximum payment of £50,000 can be made to an eligible claimant in respect of a valid investment claim against the company. Upon payment of compensation, FSCS will take an assignment of the investor's entire claim in the estate. FSCS will then hold the entitlement to the appropriate share of any dividend payment declared by the Joint Liquidators. FSCS will distribute any such dividend on a pro-rata basis to claimants whose losses exceed £50,000.
- 4.6 Essentially there are two ways that investor creditors can elect to be compensated; namely
- (i)
 - A claim can be made by an eligible claimant through FSCS up to the statutory maximum
 - FSCS make payment and subsequently stand in the creditor's shoes for dividend
 - FSCS will then be entitled to any distribution made by the liquidators which they will distribute proportionately amongst claimants whose losses exceed the scheme limit, or
 - (ii)
 - Creditors can elect to participate in the liquidation dividend process and thereafter claim for any outstanding balance from FSCS
 - The balance of the claim can be up to the statutory maximum of £50,000
 - Creditors electing for this option will be subject to the liquidation process and payment of claims will inevitably take longer than option (i)

NOTE The FSCS approach described in sub-section (i) means that initial payments to claimants up to the limit of the scheme will be made more quickly than under the process described in sub-section (ii). The FSCS process aims to ensure that no creditor is worse off as a result of claiming compensation from FSCS than they would have been had they followed the process detailed in sub-section (ii). ***Additional information can be found in the letter attached to this report at Appendix 6.***

5. Receipts and Payments Account

- 5.1 A detailed Receipts and Payments Account (RPA) appears at Appendix 1 to this report. Where figures remain as per our previous report our comments are not reiterated; additional receipts and payments are summarised as follows:

Receipts

5.1.1 Net Commissions Receivable

These represent additional commissions received from share trading within the month prior to initial appointment up until cessation of trading on 27 May 2011.

5.1.2 MF Global/Kasbank NV

This represents a global figure of identified client cash and share funds together with unidentified miscellaneous receipts.

5.1.3 Shares & Investments

Additional payments of £1,062 have been received since our last report.

5.1.4 Cash at Bank/Cash at Bank Clients' Funds

Cash at bank represents funds held in the company's current account and client accounts as at the date of administration together with subsequent funds credited to the respective accounts.

5.1.5 Compensation

This represents a sum negotiated with Kasbank NV for compensation in late settlement of share accounts held in the name of DSL Client Nominees Ltd.

5.1.6 Furniture and Equipment

The Joint Administrators' agents have disposed of an amount of office furniture to unconnected third parties in the sum of £650.

5.1.7 Unidentified Receipts/Unidentified EURO/USD Receipts

A total of £17,502 has been received by way of electronic payments into company accounts which cannot be identified to any sub-account or client. In addition the company held Euro and US Dollar accounts the balances on which also cannot be attributed to any specific sub-account or client.

Payments

5.1.8 Rates

A sum of £6,040 has been paid to London City Borough Council in respect of rates due for the period that the Joint Administrators occupied the company's premises.

5.1.9 Specific Bond

The specific bond of £1,300 is the Insolvency Practitioners' statutory bonding (insurance) requirement based upon the level of assets in the particular case. An additional payment of £40 has been expended on bonding in respect of the subsidiary companies.

5.1.10 Administrators' Fees/Disbursements

See detailed explanation at 7 below.

5.1.11 Agents' Fees

A sum of £10,051 (including disbursements) has been paid to KeyAppraisal for their services in negotiating with interested third parties over the (subsequently aborted) potential sale of business and in addition for their advice and assistance in respect of the company's chattel assets/books and records (which has included the uplift, removal and delivery of circa 500 boxes of company records from Glasgow to Finn Associates' Central Administration office in West Yorkshire).

5.1.12 Legal Fees

The Joint Administrators have to date paid a total of £73,558 to Morrison & Foerster for their ongoing legal assistance into the collapse of the company.

5.1.13 Storage Costs

This payment represents costs incurred in storing the company books and records and electronic equipment charged in line with Finn Associates charge-out policy as ratified by the creditors.

All other receipts and payments are as per the Joint Administrators' previous report.

6. Dividend Prospects

6.1 Investor Creditors

Please see section 4 above

6.2 General 'Trade' Creditors

Current information estimates general creditors' claims to be in the order of £1,067,471. To date 22 creditors have submitted claims totalling £949,037; a further proof of debt form is attached to this report at Appendix 2 for use by creditors yet to submit their claim.

The Joint Administrators have requested legal advice as to the treatment of general creditors in the context of the new law relating to the treatment of client funds (see paragraph 4 above). Once that advice is to hand creditors will be advised as to their rights and potential level of dividend.

7. Administrators' Remuneration and Disbursements

Pre Appointment costs

- 7.1 Pre-appointment costs totalling £3,082 as notified in our original proposals to creditors have now been settled.

Post Appointment costs

- 7.2 The Proposals of the Joint Administrators as ratified by the creditors on 31 May 2011 approved that the Joint Administrators' remuneration shall be calculated by reference to the time properly expended by the Administrators and their staff in attending to all matters arising during the course of the Administration. Time costs following appointment, up to 11 April 2012 total £637,166.50, representing 2270.4 hours input at an hourly average rate of £280.64. These costs are further analysed at Appendix 3. It should be noted that any outstanding fees due to the Joint Administrators are payable in priority to the fees and costs of the Joint Liquidators.
- 7.3 A sum of £177,918 has been drawn during the period on account of these costs under creditor sanction received. The total drawn to date on account is £262,918. An explanation of tasks undertaken according to their respective activity analysis is attached at Appendix 4 to this report together with a note detailing how Finn Associates' internal costs and expenses (category 2 disbursements) are charged.
- 7.4 The Joint Administrators consider this case to be of above average complexity and it continues to require significant Principal, Consultant and Manager time input into the investigatory and forensic aspect of the case administration.
- 7.5 In accordance with the Statement of Insolvency Practice No. 9 (SIP9) issued by R3, the Association of Business Recovery Professionals, a copy of the Creditors' Guide to Administrators' Fees can be downloaded from the R3 website at www.r3.org.uk/publications/. Should any creditor require a paper copy of SIP9 please so advise and the Joint Administrators will forward one accordingly.
- 7.6 In accordance with the Joint Administrators' proposals as ratified, the Joint Administrators are to be reimbursed for any expense or necessary disbursements properly charged or incurred. Disbursements charged to date total £9,796 analyse as follows:

CATEGORY 1 (Direct Costs)

	Paid £	Outstanding £
Travel, Hotel & Subsistence	8,190	
Postage	220	148

CATEGORY 2 (Internal Costs/Expenses)

Motor / Travel	671	99
Facsimile	74	9
Photocopying / print	566	138
Company Search / ID Checks	75	
Courier		8
Total	9796	402

8. Completion of the Administration and Exit into Creditors' Voluntary Liquidation

- 8.1 Liquidation has proved the most appropriate exit from Administration, which option was detailed in the Joint Administrators' previous report and put into effect on 12 April 2012. A copy of form 2.25B (Scot)- Notice of move from administration to creditors' voluntary liquidation - is attached at Appendix 5 for your information.
- 8.2 In accordance with Paragraph 83 of Schedule B1 to the Insolvency Act 1986, the Liquidators are Paul Howard Finn and Michael Field of Finn Associates (Businesscare) Limited as detailed within the Joint Administrators' proposals.
- 8.3 As a result of the company having proceeded into Creditors' Voluntary Liquidation on 12 April 2012 the Joint Administrators are now discharged from liability pursuant to Paragraph 98 of Schedule B1 which took effect upon the passing of the resolution winding-up the company

9. Other Matters

- 9.1 A report under Section 7(3) of the Company Directors' Disqualification Act 1986 and rule 4(4) of the Insolvent Companies (Reports on Conduct of Directors) Rules 1996 has been submitted to the Insolvency Service. The contents of this report are confidential and privileged.
- 9.2 Any secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of all unsecured creditors, has a period of 21 days from the date of receipt of this report, to request further information in respect of the Joint Administrators' remuneration and expenses.
- 9.3 Any secured creditor, or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors or with permission of the Court may make an application to the Court on the grounds that the remuneration or expenses charged by the joint administrators are excessive, or the basis on which they are determined is inappropriate; any such application must be made within eight weeks of the date of receipt of this report.


P H Finn
Joint Administrator
DATED THIS 17 May 2012

Direct Sharedeal Limited
(In Administration)

Joint Administrators' Abstract Of Receipts And Payments

	From 12/04/2011 To 11/10/2011	From 12/10/2011 to 11/04/2012			Total
	£	£	EURO €	USD \$	GBP £
RECEIPTS					
Unidentified Euro Receipts			10,345		
Unidentified US Dollar Receipts				2,750	
Net Commissions Receivable	138,618	17,409			156,027
MF Global/Kasbank NV	1,167,684	596,812			1,764,496
Book Debts	163	-			163
Shares & Investments	24,920	1,062			25,982
Cash at Bank	46,515	28,630			75,145
Cash at Bank Clients' Funds	6,161	38,569			44,730
Funds held by Solicitors	709	-			709
Refund of Deposit	9,999	-			9,999
Bank Interest Gross	601	1,816			2,417
Compensation	-	22,689			22,689
Furniture & Equipment	-	650			650
Unidentified Receipts	-	17,502			17,502
	<u>1,395,370</u>	<u>725,139</u>	<u>10,345</u>	<u>2,750</u>	<u>2,120,509</u>
PAYMENTS					
Traders/Sub Contractors	48,043	-			48,043
Cleaning	325	-			325
Rents	5,166	-			5,166
Rates	-	6,040			6,040
Telephone	1,717	-			1,717
Specific Bond	1,300	40			1,340
Pre Appointment Fees	-	3,082			3,082
Administrators' Fees	85,000	177,918			262,918
Administrators' Disbursements	5,398	4,399			9,797
Consultancy Services	3,388	-			3,388
Creditor Web Hosting	10	40			50
Agents/Valuers	-	10,051			10,051
Legal Fees	-	73,558			73,558
Corporation Tax	117	357			474
Mail Redirection	218	245			463
Storage Costs	1,702	5,105			6,807
Statutory Advertising	245	995			1,240
Bank Charges	1,053	-9			1,044
Vat Irrecoverable	18,661	54,401			73,062
Unauthorised Bank Payments	23,137	-			23,137
	<u>195,479</u>	<u>336,222</u>	<u>NIL</u>	<u>NIL</u>	<u>531,701</u>
BALANCE - 11 April 2012	<u>1,199,891</u>	<u>388,917</u>	<u>10,345</u>	<u>2,750</u>	<u>1,588,808</u>

Note:

Figures are shown net of VAT

Funds are held in an interest bearing account at The Royal Bank of Scotland

Rule 4.73

Form 4.25

PROOF OF DEBT - GENERAL FORM

**In the matter of Direct Sharedeal Limited
In Liquidation
and in the matter of The Insolvency Act 1986**

Date of Winding Up 12 April 2012

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 Administration (see note)	£
4.	Details of any document by reference to which the debt can be substantiated. [Note the administrator/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	

APPENDIX 3

DIRECT SHAREDEAL LIMITED

SIP 9 Analysis Post Administration to 11 April 2012

Activity Analysis	Hours			Total	Total	Average per hour	
	Fee Earner	Principals/ Consultants	Managers		Administrators/ SupportStaff	£	£
Administration and Planning		155.5	570.8	322.4	1048.7	241,997.50	230.76
Realisation of Assets		60.3	35.4	8.6	104.3	34,375.50	329.58
Trading			41.0		41.0	10,875.00	265.24
Creditors		77.7	132.2	30.0	239.9	64,840.00	270.28
Forensic		64.3			64.3	29,723.50	462.26
Investigations		597.1	55.3	15.6	668.0	250,401.00	374.85
Secretarial/Cashier				104.2	104.2	4,954.00	47.54
TOTAL HOURS		954.9	834.7	480.8	2270.4		
TOTAL TIME COSTS £		364,478.50	209,539.50	63,148.50		637,166.50	280.64

APPENDIX 4

Notes to the time and charge-out summary

Classification of work function

The headlines provided in the analysis are as set out in best practice guidelines and include but are not limited to the following:

1. Administration & Planning

- Case planning
- Case set up routines
- Companies House Searches
- Periodic partner/manager reviews
- Correspondence with solicitors
- Dealing with customer/client/investor queries
- Securing the premises/liasing with advising agents
- File maintenance
- Client identity checks
- Ethical/compliance checks
- Filing documents at Companies House
- Advertising
- Preparing & issuing notices as required by the Insolvency Act 1986
- Case closure

Creditors should note that also included under Administration & Planning is work undertaken towards realising, collating and identifying client funds which, in this case, forms the majority part of this work classification

2. Trading

- Oversight of trading activities
- Handling Receipts and Payments
- Agreeing continued service provision
- Supervision of Consultant Traders and associated Staff
- Supervision of Bank Accounts

3. Creditors

- Ongoing correspondence with company's unsecured creditors
- Agreeing claims of unsecured creditors
- Liaising with Landlords
- Reporting to unsecured creditors
- Liaising with and scheduling of investor creditor claims
- Meetings with representatives of major unsecured creditors
- Liaising with the Financial Services Compensation Scheme

4. Asset Realisation

- Negotiations in respect of a sale of the business
- All correspondence with associated parties relating thereto
- Action regarding recovery of other monies owed
- General correspondence with Banks/Institutions

5. Forensic

- Tracing company Bank Accounts
- Analysis of company Bank Accounts
- Analysis of company 'SPARK' (accounting) system

6. Investigation

- Analysis of computer records and physical documentation
- Asset tracing
- Liaising with the Financial Services Authority
- Liaising with Solicitors and Queens Counsel
- Meetings with representatives of associated former business-partner companies

Creditors' Guide to the Fees, Expenses and Disbursements charged by Finn Associates
Rates applicable from 01 January 2012

Insolvency Practitioners' Licensing Bodies

Paul Howard Finn (no. 5367) is licensed by The Institute of Chartered Accountants in England and Wales, Chartered Accountants' Hall Moorgate Place, PO box 433, London, EC2R 6EA

Michael Field (no. 1586) is licensed by the Insolvency Practitioner's Association, Valiant House, 4 – 10 Heneage Lane, London, EC3A 5DQ.

Insolvency Practitioners' Fees

Where it has been agreed by resolution of the creditors or the creditor's committee that the office holder's remuneration will be calculated by reference to the time properly given by the insolvency practitioner and his staff in attending to matters arising in the administration, then such remuneration will be calculated in units of 6 minutes at the following hourly rates:

<i>Grade</i>	<i>Hourly Rate Standard £</i>	<i>Hourly Rate Complex £</i>
Principals/Consultants	300 – 435	490 – 585
Managers	200 – 295	310 – 415
Administrators	160 – 190	
Assistants / Support Staff	50 – 135	

Charge out rates are exclusive of valued added tax and subject to an annual review. Creditors will be advised of any alteration thereto.

For remuneration purposes the insolvency practitioner's staff includes other directors and consultants within Finn Associates together with Finn Associates employees.

Expenses and Disbursements*Category 1 – Disbursements charged at actual cost.*

The payment of Category 1 disbursements will be a charge against the estate to recover the costs of the actual disbursement, including insolvency bonds, oath fees, company searches, redirection of mail, accommodation and subsistence, hire of meeting rooms or any other miscellaneous item paid out in respect of the administration of the estate. A separate amount will be charged by way of an expense to recover the cost of Category 2 disbursements provided by the insolvency practitioner's firm.

Category 2 – Disbursements involving a service provided by the Insolvency Practitioner's firm.

Category 2 disbursements will include storage of company's books and records at the insolvency practitioner's own storage facility. The books and records will be stored in archive boxes and a storage fee will be charged at the rate of £3.75 per box per month for the first 20 boxes and £2.50 per month for all additional boxes. The charge covers the cost of provision of the box, transport to and from the storage facility, storage charges and removal and destruction of the stored books and records. Where boxes are held at the firm's offices (for example to facilitate forensic/general investigation) a fixed charge of £2.50 per box per month will be charged in respect of each box irrespective of number.

An annual fee of £180 will be charged for the maintenance of a company's registered office at Finn Associates' Central Administration address.

The charge for the use of in-house meeting rooms will be a flat rate of £100 per meeting. This includes where requested, the use of computer and media facilities and refreshments.

Travelling by motor vehicle on business for the administration of the insolvency will be charged to the estate per mile at the appropriate rate currently published by the "AA" for the type of vehicle and engine size used.

All circulars will be sent out by first class post, with the actual cost of postage charged as a Category 1 disbursement. Stationery and photocopying will be charged out at a flat rate per sheet depending upon the size of the circular run; viz

<i>No. of Sheets</i>	<i>Pence per Sheet</i>
1 - 25	28
26 - 50	14
51 plus	7

Telephone, mobile, email and facsimile costs are recovered by way of an annual charge comprising a fixed fee of £10 plus a charge of £3.20 per creditor proving in the case

Identity checks are carried out on (amongst others) all instructing directors. These form part of our obligations under the Money Laundering Regulations and are charged at £35 per identity check. Company searches are charged at £65 per company.

All 'Category 2' charges are subject to periodic review, notice of which will be provided to creditors as part of the normal reporting procedure.

Professional Indemnity

Finn Associates hold Professional Indemnity cover with CNA Insurance Company Limited. The limit of each claim is £1.25m and the cover holds worldwide jurisdiction excluding USA and Canada.

Complaints Procedure

In the first instance any complaints should be addressed in writing to Finn Associates, Tong Hall, Tong, West Yorkshire, BD4 0RR. In the event that any complaint is not rectified to your satisfaction then further representations may be made to the respective Insolvency Practitioner's licensing body, details of which can be found on at the top of this information sheet.

Rule 2.47

Form 2.25B(Scot)

The Insolvency Act 1986

R2.47**Notice of move from
administration to creditors'
voluntary liquidation****Pursuant to paragraph 83(3) of Schedule B1 to the
Insolvency Act 1986 and Rule 2.47 of the Insolvency
(Scotland) Rules 1986**

Name of Company

Direct Sharedeal Limited

Company number

SC188017

(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a) Paul Howard Finn
Finn Associates
Tong Hall
Tong
West Yorkshire
BD4 0RRMichael Field
Finn Associates
Tong Hall
Tong
West Yorkshire
BD4 0RR(b) Insert name and
address of the
registered office of
companyhaving been appointed administrator(s) of (b) Direct Sharedeal Limited
4 West Regent Street Glasgow G2 1RW(c) Insert date of
appointment

on (c) 12 April, 2011

(d) insert name of
appointor/applicantby (d) the directors of the company
hereby give notice that:the provisions of paragraph 83(2) of Schedule B1 to the Insolvency Act 1986 apply, and it is
proposed that (e) Paul Howard Finn & Michael Field
will be the liquidator(s) of the company (IP No(s) 5367 & 1586)

[Signed]

PH Finn & M Field

Joint / Administrator(s)

Dated

05 April 2012

APPENDIX 6

Our Ref: PHF/RF/nsx/DIR
17 May 2012



Central Administration
Tong Hall
Tong
West Yorkshire
BD4 0RR

T: 0870 330 1900
F: 0870 330 1901

solutions@finnassociates.com
www.finnassociates.com

(all calls charged at local rate)

Dear Investor

Direct Sharedeal in Liquidation ('DSL' or 'the company')

This letter outlines the current position in relation to DSL and provides details of Financial Services Compensation Scheme (FSCS)

Paul H Finn and Michael Field, of Finn Associates, were appointed as joint administrators of DSL on 12 April 2011, being subsequently appointed as joint liquidators of the company on 12 April 2012 upon discharge of the administration order.

On 23 September 2011, Messrs Finn and Field were appointed joint liquidators of DSL Nominees Ltd (DSLNL) and DSL Client Nominees Ltd (DSLCLN).

Having investigated the books and records of the company and taken evidence from a wide range of clients of and institutions associated with the company the joint liquidators have concluded that:

- DSL is not a viable business concern
- The company is unable to meet the demands of its creditors; and
- The level of cash and investments held by DSL falls significantly short of sums owing to clients

As noted, on 12 April 2012, DSL was moved into (creditors' voluntary) liquidation, following which, the joint liquidators are at an advanced stage of liquidating all assets and investments formerly held by DSL, DSLNL, and DSLCLN. Meanwhile under the guidance of advising solicitors and leading counsel, all avenues offering the potential for further recovery for the benefit of investors and creditors continue to be explored.

Creditors and investors should be aware that no cash or shares were held in the name of individual clients, rather they were all held in omnibus accounts at various banks and institutions in either the name of DSLNL or DSLCLN.

On 3 April 2012 the joint liquidators met with Queens Counsel and were advised that the recently handed down supreme court ruling in the matter of *Lehman Brothers International (Europe) Ltd (in administration)* {2012} UKSC6 applies to all regulated business, irrespective of any differences in operating circumstances. The salient points of this ruling are:

1. A statutory trust applies to client money under CASS 7 (Chapter 7 of the FSA's client assets source book), and this arises upon receipt of client money by the regulated institution and is not dependent on the institution actually segregating the money.
2. The client pool available for distribution on an insolvency event is comprised of all funds being identifiable as client money, irrespective of which account money resides in or was received by.
3. The client money pool is to be distributed amongst all clients having a contractual entitlement to client money and such entitlements are dependent on their respective contractual claims.

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Finn Associates and Businesscare are trading names of Finn Associates (Businesscare) Limited
Registered in England No 5579967

A full list of Directors and Executive Consultants is available for inspection at the Registered Office
Paul H. Finn is Licensed to practise as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales – IP No. 5367
Michael Field is Licensed to act as an Insolvency Practitioner in the UK by the Insolvency Practitioners Association – IP No. 1586
When acting as administrators or administrative receivers of a company, they do so as agents of that company and without personal liability

This means that the joint liquidators now have to aggregate all client funds irrespective of where those funds were held or where they were invested, and those funds will form part of the distribution towards all accepted claims.

Given the paucity of DSL systems and records, investors will be asked by the Financial Services Compensation Scheme (FSCS) to supply as much information as possible in support of their claim to help ensure that the claims process moves as quickly as possible. Evidence of investment already submitted to the joint liquidators will be passed by them to FSCS.

The role of the Financial Services Compensation Scheme

FSCS is the UK's statutory fund of last resort for customers of financial services firms. This means that FSCS can pay compensation to consumers if a financial services firm is unable, or likely to be unable, to pay claims against it. FSCS is an independent body, set up under the Financial Services & Markets Act 2000 (FSMA).

The joint liquidators have been liaising with FSCS who, on 29 March 2012, confirmed DSL to be "in default" for the purposes of FSCS. This means that FSCS is satisfied that the company is unable, or likely to be unable, to meet in full, claims brought against it by eligible claimants. This enables FSCS to pay compensation to claimants who have eligible compensation claims under FSCS's rules.

FSCS have advised that a maximum payment of £50,000 can be made to an eligible claimant in respect of a valid investment claim against the company. Upon payment of compensation investors will assign (or transfer) to FSCS their claims in their entirety against DSL and any relevant third parties (such as PI insurers) so that FSCS "stands in the shoes" of the investors to claim in the company's estate. Relying on such rights, FSCS seeks to recover all or part of the cost of compensation. FSCS will then be entitled to receive any distribution declared by the joint administrators that would otherwise have been paid to investors. Dividends received by FSCS from the joint liquidators will be passed on to investors whose losses exceed the compensation limit of FSCS, in accordance with FSCS rules.

This approach means that eligible claimants will receive payments up to the maximum of the scheme limits and ensures that no creditor is worse off than they would have been waiting for the liquidators to make a dividend payment.

Finn Associates has supplied details of all known relevant claimants to FSCS and you will receive a claim form from FSCS in due course.

Details of new claims will be forwarded to FSCS on an ongoing basis and Finn Associates will continue to liaise with FSCS throughout the claims process.

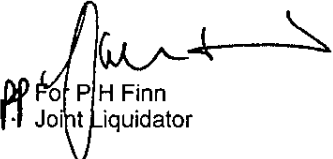
Further information about FSCS is available on its website at www.fscs.org.uk. Investors can also telephone FSCS's helpline on 020 7741 4100 or Freephone 0800 678 1100.

If you require further information about the work of the joint liquidators you may contact:

Roger Finn
Finn Associates
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Tong
Bradford
BD4 0RR

Tel: 0870 3301900
Email roger.finn@finnassociates.com

Yours sincerely
Direct Sharedeal in Liquidation


For P H Finn
Joint Liquidator

APPENDIX 7

Summary of Administrators' Proposals as Approved

To continue the administration and to deal with such outstanding matters in relation to the company as the joint administrators consider necessary until such time as the administration ceases to have effect.

They continue to wind down the business in an orderly manner and realise the assets of the company.

To do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they, in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the administration.

That a creditors' committee be established.

In the event that the joint administrators form the view that a distribution can be made to unsecured creditors, to take the necessary steps to place the company into creditors' voluntary liquidation, and that Paul Howard Finn and Michael Field of Finn Associates (Businesscare) Limited be appointed joint liquidators. In accordance with Paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 2.117(B) of the Insolvency Rules 1986 (as amended) the creditors may nominate a different person as the proposed liquidator, provided such nomination is made before these proposals are approved.

In the event that the joint administrators form the view that a distribution cannot be made to unsecured creditors and once all outstanding matters have been satisfactorily completed by the joint administrators, they shall take the steps necessary to give notice to the Registrar of Companies to the effect that the company has no property which might permit a dividend to the creditors, at which stage the administration will cease.

That the pre administration costs further detailed within this report be confirmed.

That the joint administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising within the administration to be determined by the rates applied by the firm of Finn Associates for work of this nature from time to time.

That the joint administrators be authorised to draw their firm's internal costs and expenses ("category 2 disbursements") [if any] in dealing with the administration.

That the joint administrators be authorised to pay the costs (fees and expenses) of the appointor in connection with the appointment of the administrators, in accordance with the order of priority scheduled in Rule 2.67 of the Insolvency Rules 1986 as amended by the Enterprise Act 2002.

That, upon the company proceeding into creditors' voluntary liquidation, or dissolution as set out above, the joint administrators' discharge from liability, pursuant to Paragraph 98 Schedule B1 shall take effect either upon the passing of the resolution winding up the company or upon the dissolution of the company, as appropriate.

In the event the company is placed into creditors' voluntary liquidation

- i) that the joint liquidators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the liquidation
- ii) that the joint liquidators be authorised to draw their internal disbursements and costs ("category 2 disbursements")
- iii) in accordance with Section 231 of the Insolvency Act 1986 the joint liquidators may exercise any or all of their functions jointly or alone.

Our Ref : PHF/JAWF/nsx/DIR1345
17 May 2012

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(all calls charged at local rate)

TO ALL KNOWN CREDITORS

Dear Sirs

DIRECT SHAREDEAL LIMITED – IN ADMINISTRATION

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986 I write to advise that the Joint Administrators' Final Report is now available for download at:

www.thecreditorgateway.co.uk, password: ds34hf78rt

Investor creditors' attention is specifically drawn to Appendix 6 of the report where you will find a letter providing additional information on the current position regarding client monies and the role of Financial Services Compensation Scheme.

Should any creditor wish to receive a paper copy of the full report or the letter to investor creditors, please do not hesitate to contact this office

Yours faithfully
for and on behalf of Direct Sharedeal Limited

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Paul H Finn
Joint Administrator

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