

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

| | |
|---|------------------------------------|
| Name of Company Telrock Plc | Company number 05824921 |
| In the High Court of Justice (full name of court) | Court case number 19200 of 2009 |

We
Paul H Finn & Michael Field
Businesscare Solutions Limited
Tong Hall
Tong
West Yorkshire
BD4 0RR

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

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

23 November 2009



Signed

Joint Administrator

Dated

24 November 2009

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form.

The contact information that you give will be visible to researchers of the public record

Paul H Finn
Businesscare Solutions Limited
Tong Hall
Tong
West Yorkshire
BD4 0RR

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



A13
A262PFG4
02/12/2009
COMPANIES HOUSE
221

WEDNESDAY

TELROCK PLC
in Administration

Administrators' Report and Proposals

*business***care**

In the High Court of Justice

No 19200 of 2009

TELROCK PLC

in Administration

REPORT AND PROPOSALS OF THE JOINT ADMINISTRATORS

**Pursuant to Paragraph 49 Schedule B1
of the Insolvency Act 1986**

23 November 2009

ABBREVIATIONS USED WITHIN THIS DOCUMENT

| | |
|----------------------------------|---|
| 'the Act' | the Insolvency Act 1986 as amended |
| 'the administrators' | Paul Howard Finn (licensed as an Insolvency Practitioner by the Institute of Chartered Accountants in England and Wales – licence number 1615) and Michael Field (licensed by the Insolvency Practitioners Association licence number -1586) both of <i>businesscare</i> , Four the Chandlery, 40 Gowers Walk, London E1 8BH |
| ' <i>businesscare</i> ' | Businesscare Solutions Limited, registered office Tong Hall, Tong, West Yorkshire, BD4 0RR |
| 'the company' | Telrock Plc – in administration |
| 'the company's solicitors' | Morrison & Foerster (UK) LLP, CityPoint, One Ropemaker Street, London, EC2Y 9AW |
| 'the directors' | the directors of the company as set out within the Statutory Information at appendix A |
| 'the Rules' or 'Rule' | the Insolvency Rules 1986 as amended |
| 'Schedule B1' | Schedule B1 to the Insolvency Act 1986 |
| 'subsidiary' or 'Communications' | Telrock Communications being a 100% subsidiary company of Telrock Plc, also in administration under the control of the administrators |

CONTENTS

| Section | | Pages |
|---------------------|---|--------------|
| 1 | Introduction | 4 |
| 2 | Statutory and financial information | 4 |
| 3 | Events leading to administration | 4–5 |
| 4 | Objective of the administration | 5 |
| 5 | The affairs and business of the company within the administration | 5–6 |
| 6 | Receipts and Payments Account | 6 |
| 7 | Statement of Affairs | 6 |
| 8 | Dividend prospects | 6–7 |
| 9 | Administrators' remuneration and disbursements | 7–8 |
| 10 | End of administration | 8-9 |
| 11 | Administrators' proposals | 9–10 |
| 12 | Meeting of Creditors | 10 |
| 13 | Other matters | 10–11 |
| Appendix | | |
| A | Statutory Information | 12-14 |
| B | Summarised filed Financial Statements | 15–16 |
| C | Receipts and Payments Account | 17 |
| D | Statement of Affairs | 18 |
| E | Unsecured Creditors | 19 |
| F | Creditors' Guide to Administrators' Fees | 20-24 |
| G | Notice of Meeting, Proxy and Proof of Debt | 25-27 |

1 INTRODUCTION

- 1.1 The administrators were appointed by the directors of the company on 01 October 2009 pursuant to the filing of statutory notice in due form with the High Court of Justice. 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 1615), Michael Field is an Insolvency Practitioner licensed by the Insolvency Practitioners' Association (licence number 1586).
- 1.3 Neither the administrators nor any member of *businesscare* had any previous professional relationship with the company or any of its directors or officers.
- 1.4 This document provides detailed information to creditors, including the available options and the administrators' proposals in respect of the way forward.

2 STATUTORY AND FINANCIAL INFORMATION

- 2.1 The company was incorporated on 22 May 2006. Statutory information is set out at pages 12-14 within appendix A.
- 2.2 The company's last Financial Statements cover the 12 month period to 31 December 2007. Summarised extracts from those Statements are set out at pages 15-16 within appendix B.

3 EVENTS LEADING TO ADMINISTRATION

- 3.1 The company's principal activity is that of a holding company.
- 3.2 On 01 August 2006 the company acquired the issued share capital of Telrock Communications in a share for share exchange since which time the company raised in excess of £5 million in equity funding in order to support the ongoing working capital requirements of Telrock Communications.
- 3.3 The Telrock group has developed a suite of commerce enabling SMS (short message service) technologies, specialising in the design, development and integration of solutions using mobile technology for payment, money transfers and other mobile-based transaction services such as meter readings.
- 3.4 The group successfully contracted to sell its SMS technology to a number of high profile market-brand leaders, but expenditure on software development and sales marketing substantially exceeded budget forecast, necessitating a requirement for additional investment which proved unobtainable in the current economic climate.

- 3.5 In the absence of further investment, as an alternative the directors sought a purchaser for Communications or its business undertaking; all efforts proving unsuccessful, on Tuesday 29 September 2009 the Board of Directors passed a resolution appointing the administrators.

4 OBJECTIVE OF THE ADMINISTRATION

- 4.1 The purpose of an administration order is to achieve the following hierarchic 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
- 4.2 The company's underlying business activity is transacted through its subsidiary. Whilst it will not prove possible to rescue the company as a going concern, the administrators believe objective b) remains achievable (as further detailed within the proposals at section 11 of this report) in respect of group creditors.

5 THE AFFAIRS AND BUSINESS OF THE COMPANY WITHIN THE ADMINISTRATION

- 5.1 Following appointment the administrators have worked closely with their legal advisers and the company's directors and administration staff to ensure a continuity of service whilst seeking a buyer for the company or its subsidiary.
- 5.2 During this period, the company's subsidiary has continued to provide a full ongoing SMS service to its existing customers, entailing a requirement to make essential payments in respect of hosting server provision, details of which are included within the Receipts and Payments account at appendix C.
- 5.3 The administrators sought and received a number of offers subject to contract for its shareholding in and/or the assets and business undertaking of its subsidiary. As part of this process a lock-out period was granted to a non-associated American company to enable three of its representatives to fly over for the purpose of carrying out a due diligence programme.
- 5.4 Towards the end of that period the original offer was withdrawn and best offers were requested from remaining interested parties, leading to agreement subject to contract with two directors of the company under which their nominated company M Systems Limited ("MSL") would acquire the company's entire shareholding in Communications for a nominal sum of £1 as part of an overall agreement under which

the administrators of Communications would propose a company voluntary arrangement with its creditors; pursuant thereto the administrators entered into a share purchase agreement with MSL on Friday 06 November 2009 prior to convening meetings of members and creditors of Communications to consider and vote upon their proposal for a company voluntary arrangement.

5.5 Further details of the proposed terms of the arrangement are detailed within the enclosed document "Proposal of the Joint Administrators for a Company Voluntary Arrangement". The administrators point out that it is Communications and not the company that is seeking a voluntary arrangement with its creditors and it will be the duly authorised representative of the company that will have the right to attend and vote at the meeting of members referred to within the proposal documents.

5.6 Details concerning the meetings to be held to consider and vote upon the administrators' proposals and the proposed company voluntary arrangement can be found within section 11 commencing at page 9.

6 RECEIPTS AND PAYMENTS ACCOUNT

6.1 A Receipts and Payments Account is set out at page 17 within appendix C which details realisations and expenditure within the administration to date, together with funds in hand totalling £12,864

7 STATEMENT OF AFFAIRS

7.1 An estimated Statement of Affairs as at 01 October 2009 is set out at page 18 within appendix D, which discloses an estimated surplus before costs as regards creditors of £24 and an estimated overall deficiency of £3,497,627. This Statement has been prepared by the administrators with the input and assistance of the company's directors and accounting staff. As a consequence and notwithstanding the directors have been requested to prepare a Statement of Affairs, the administrators have exercised their powers pursuant to Paragraph 48(2)(a) Schedule B1 of the Act and Rule 23(1) of the Rules and released the directors from the obligation of producing any further formal Statement.

8 DIVIDEND PROSPECTS

8.1 Secured creditor

8.1.1 There are no known secured creditors.

8.2 Preferential creditors

8.2.1 There are no known preferential creditors.

8.3 Non-preferential creditors

8.3.1 Non-preferential unsecured claims total £12,840.32 as detailed within the Statement of Affairs and scheduled at page 19 within appendix E.

8.3.2 It is anticipated that a dividend may be payable on agreed claims in due course, the level of which will depend upon the success of the proposed company voluntary arrangement of Communications.

9 ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

9.1 Pre Appointment costs

9.1.1 Costs of £1,539.15 representing 7.8 hours at an average hourly rate of £197.32 have been incurred in connection with time spent, prior to appointment, in determining that it would be reasonably likely that the purpose of the administration would be achieved, giving Notice of Intention to Appoint and making the appointment. These costs will be paid as an expense of the administration pursuant to the provisions of Rule 2.67 of the Insolvency Rules 1986.

9.1.2 The administrators' time costs following appointment, up to 06 November 2009 total £4668.50, representing 22.90 hours input at an hourly average rate of £203.86

These costs further analyse as follows

SIP9 Analysis post administration to 06 November 2009

| Activity Analysis | Hours | | | Total | Total £ | Average Per hour £ |
|------------------------------|-------------|------------------------|---------------|---------------|----------------|--------------------------|
| | Fee Earner | Partner/ Consultant | Manager | | | |
| | Rate Band £ | 235 – 415 | 175 – 235 | 95 – 145 | | |
| Administration and Planning | | 1.50 | 0.50 | 5.30 | 7.30 | 1048.50 |
| Creditors | | 5.70 | | 0.40 | 6.10 | 1387.50 |
| Realisation of Assets | | 9.50 | | | 9.50 | 2232.50 |
| TOTAL HOURS | | 16.70 | 0.50 | 5.70 | 22.90 | |
| TOTAL TIME COSTS £ | | 3924.50 | 105.00 | 639.00 | 4668.50 | |
| AVERAGE HOURLY RATE £ | | 235.00 | 210.00 | 112.10 | | 203.86 |

[an explanation of tasks undertaken according to their respective activity analysis together with a note detailing how *businesscare's* internal costs and expenses (category 2 disbursements) are charged is detailed within appendix F]

9.2 Disbursements totalling £195.80 analyse as follows

| | £ |
|-------------------------------------|--------|
| Travel and Subsistence | 68.50 |
| Identity Check/Company Search | 75.00 |
| Telephone and Facsimile | 16.50 |
| Photocopying, Printing & Stationery | 34.30 |
| Postage | 1.50 |
| | <hr/> |
| | 195.80 |

- 9.3 In accordance with rule 2.106 of the Rules, it is proposed (see Section 11) that the basis upon which the administrators' remuneration should be fixed is by reference to the time properly given by them and their staff in attending to matters arising in the administration.

10 END OF ADMINISTRATION

- 10.1 The practical options available to the administrators for exit of the administration are

- company voluntary arrangement; or
- creditors' voluntary liquidation; or
- deregistration of the company (striking off)

- 10.2 Whereas the administrators are proposing a company voluntary arrangement in respect of Communications, they do not consider this route as appropriate in the case of the company.

- 10.3 Once all outstanding administration matters have been finalised and all liabilities incurred during the administration have been discharged, in the event the proposed company voluntary arrangement of Communications as considered within this report is not approved, it may prove that there will be sufficient funds available to enable a distribution to be made to unsecured creditors, in which event, it will be necessary that the company proceeds to creditors' voluntary liquidation in order to permit and facilitate such distribution.

- 10.4 In the event the company voluntary arrangement is not approved and the administrators are without funds sufficient to pay a dividend on unsecured claims, the administrators are of the opinion that the company should be dissolved in due course once all relevant formalities in respect of its subsidiary have been completed.

- 10.5 Accordingly, creditors will note from the proposals at section 11 below, that the exit route has been left open to facilitate the adoption of alternative strategy.

11 ADMINISTRATORS' PROPOSALS

11.1 The administrators propose the following

- 11.1.1 To continue the administration and to deal with such outstanding matters in relation to the company as the administrators consider necessary until such time as the administration ceases to have effect.
- 11.1.2 To do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the administration.
- 11.1.3 To convene the necessary meetings of members and creditors of Communications for the purpose of considering their proposal for a company voluntary arrangement and that the statutory notice period required to be given by the administrators' before holding the members' meeting be deemed to run concurrently with the notice period in respect of the administrators' proposals as set out herein (a similar proposal as regards creditors is made within the administrators' proposals in respect of Communications).
- 11.1.4 That following implementation of a company voluntary arrangement in respect of Communications, the company be placed into creditors' voluntary liquidation in order to facilitate the payment of future dividends.
- 11.1.5 In the event the company is placed into creditors' voluntary liquidation, that the administrators be appointed joint liquidators. In accordance with Paragraph 83(7) of Schedule B1 and rule 2.117(B) of the Rules, creditors may nominate a different person as the proposed liquidator, provided such nomination is made before the proposals are approved.
- 11.1.6 That in the event the administrators form the view that a distribution to unsecured creditors will not be possible, the administrators give notice under s84 of Schedule B1 to the Registrar of Companies and in so doing dissolve the company and end the administration.
- 11.1.7 That the administrators' remuneration be fixed by reference to the time properly spent by the administrators and their staff in attending to matters arising within the administration and specifically that as and when funds permit the administrators be entitled to draw their

- i) pre-appointment time costs
- ii) disbursements
- iii) *businesscare*'s internal costs and expenses ("category 2 disbursements") in dealing with the administration.

as further detailed at section 9 above.

11.1.8 That the administrators be authorised to instruct agents and continue to instruct the company solicitors as they deem necessary to discharge their duties within the administration.

11.1.9 That the administrators be discharged from all liability pursuant to paragraph 98 of Schedule B1, upon filing the end of the administration.

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

- i) that the liquidators' remuneration be fixed by reference to the time properly spent by the liquidators and their staff in attending to matters arising in the liquidation
- ii) that the liquidators be authorised to draw their internal disbursements and costs ("category 2 disbursements")

12 MEETING OF CREDITORS

12.1 In accordance with paragraph 51(2) of Sch B1 a creditors' meeting will be held on Tuesday 15 December 2009 at 11.00am at the offices of Morrison & Foerster, CityPoint, One Ropemaker Street, London, EC2Y 9AW.

12.2 Formal notice of the meeting is enclosed at appendix G, together with a form of proxy which, if intended to be used, should be returned to the administrators at *businesscare*, Central Administration Office, Tong Hall, Tong, West Yorkshire, BD4 0RR no later than 12 noon on Tuesday, 14 December 2009.

13 OTHER MATTERS

13.1 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, the administrators are required to file conduct reports with the Secretary of State in respect of the former directors and other officers of the company. Creditors are invited to

Telrock plc

provide the administrators with any information which they believe may be relevant and assist in this process.

- 13.2 If any creditor has any information concerning the company's affairs that they would like to bring to the administrators' attention, these should be submitted in writing to the administrators at *businesscare*, Central Administration, Tong Hall, Tong, West Yorkshire, BD4 0RR.

Dated the 23 day of November 2009

A handwritten signature in black ink, appearing to read 'Paul Howard Finn', with a horizontal line drawn underneath the signature.

Paul Howard Finn FCA FFB
Joint Administrator

Statutory Information

| | |
|-----------------------|---|
| Date of Incorporation | 22 May 2006 |
| Company Number | 05824921 |
| Principal Activity | Holding Company |
| Registered Office | c/o MoFo Notices Limited Citypoint, 1 Ropemaker Street London EC2Y 9AW |
| Trading Address | c/o MoFo Notices Limited Citypoint, 1 Ropemaker Street London EC2Y 9AW |

| Directors | Name | Appointed | Resigned |
|-----------|-------------------------|------------|------------|
| | Mr Graham R Rivers | 23.05.2006 | |
| | Mr Timothy J D Crowley | 22.05.2006 | |
| | Mr Russell S J Robinson | 22.05.2006 | 15.06.2009 |
| | Mr John C Robertson | 28.06.2006 | 22.10.2009 |
| | Mr Gavin D P Breeze | 02.10.2007 | |

| | | |
|-------------------|--------------------------|------------|
| Company Secretary | MoFo Secretaries Limited | 22.05.2006 |
|-------------------|--------------------------|------------|

Telrock Plc – Register of Members

| Name | Share Type | Shareholding |
|---|------------|--------------|
| Mr T Anglim | Ordinary | 17391 |
| Mr M Ashurst | Ordinary | 2500 |
| BWCI Pension Trustees Ltd Ref: 1068/139 | Ordinary | 107863 |
| BWCI Pension Trustees Ltd Ref: 1068/178 | Ordinary | 75000 |
| Mr S Barber | Ordinary | 11613 |
| Mr A Clayton | Ordinary | 1250 |
| Mr E J Clements | Ordinary | 12500 |
| Miss D P Cooper | Ordinary | 1250 |
| Mr T J D Crowley | Ordinary | 9784637 |
| Mr J W P Crowley | Ordinary | 289334 |
| Miss J L I Crowley | Ordinary | 289334 |
| Miss G E A Crowley | Ordinary | 289334 |
| Mrs S J Crowley | Ordinary | 1373454 |
| Mr P A Diamond | Ordinary | 666694 |
| Mr F Donati | Ordinary | 350000 |
| Mr H Downes | Ordinary | 100000 |
| Mr M J T Dudley | Ordinary | 1366667 |
| V Flynn | Ordinary | 347840 |
| Fundamental Association Brokers Ltd | Ordinary | 240000 |
| Mr J Gaunt | Ordinary | 447840 |
| Mr K Gaunt | Ordinary | 213920 |
| Mr D Gilliland | Ordinary | 1000000 |
| Mr Simon Gray | Ordinary | 200000 |
| Mr S Harragan | Ordinary | 1200000 |
| Mrs P Huston | Ordinary | 2250000 |
| Mr R Huston | Ordinary | 10916680 |
| Mr N Little | Ordinary | 250000 |
| Mr R B Little | Ordinary | 50000 |
| Math Engine plc | Ordinary | 250000 |
| Merlin Group Securities Ltd | Ordinary | 1000000 |
| Mrs A L Nabarro | Ordinary | 40000 |
| Nabarro Wells & Co. Ltd | Ordinary | 200000 |
| Mr A Newman | Ordinary | 521760 |
| Mr Q Peacock | Ordinary | 150000 |
| Mr M Purnell | Ordinary | 0 |
| Mr J Robertson | Ordinary | 1590787 |
| Mr R S J Robinson | Ordinary | 12379680 |
| S P Angel (Nominees) Ltd | Ordinary | 150000 |
| Shaliljak Limited | Ordinary | 50000 |
| Mr K Smith | Ordinary | 100000 |
| Mr S Turner | Ordinary | 116680 |
| Mrs B P Turney | Ordinary | 50000 |
| Mr A A Turney | Ordinary | 50000 |
| Mr J Welsh | Ordinary | 300000 |
| Mr R Westmacott | Ordinary | 166920 |
| Mr J White | Ordinary | 250000 |
| Gallardo International Trading Ltd | Ordinary | 8675467 |
| Bethell Codrington | Ordinary | 20000 |
| Keith Chalmers | Ordinary | 80000 |
| Tim Ellis | Ordinary | 123333 |
| Kenan Altunis | Ordinary | 0 |

Telrock plc**APPENDIX A**

| | | |
|---|----------|---------|
| David O'Reilly | Ordinary | 400000 |
| David Tresadern | Ordinary | 814361 |
| P.J.H. Johnson | Ordinary | 16000 |
| Credit Agricole (Suisse) S.A. | Ordinary | 28000 |
| Carl Corbel | Ordinary | 80000 |
| LCT Trading Company | Ordinary | 360000 |
| Michael J Solle | Ordinary | 40000 |
| Nichola J Solle | Ordinary | 40000 |
| Christina M Solle | Ordinary | 40000 |
| Gary Albert Camille | Ordinary | 40000 |
| Arnold Spruit | Ordinary | 16680 |
| Mr. H A Kitchin | Ordinary | 25000 |
| First Equity Nominees Limited | Ordinary | 83320 |
| Reinhard Schu | Ordinary | 16000 |
| Richard Macdonald | Ordinary | 166680 |
| Dennis Rooke | Ordinary | 333360 |
| Mr RCM Treneman | Ordinary | 33320 |
| Gavin Breeze | Ordinary | 0 |
| Travis Allan | Ordinary | 33334 |
| JIM Nominees Limited | Ordinary | 83320 |
| Redmayne Nominees Limited | Ordinary | 150000 |
| Mark Grunnell | Ordinary | 166667 |
| Tim Smalley | Ordinary | 666667 |
| S&F Nominee (IOM) Limited | Ordinary | 0 |
| Mr S. Bennett | Ordinary | 112501 |
| Mrs. S. Bennett | Ordinary | 83333 |
| Mr. J. Schmidt | Ordinary | 33333 |
| Prasad Thaker | Ordinary | 83320 |
| Forest Nominees Limited | Ordinary | 0 |
| NORTRUST NOMINEES LIMITED | Ordinary | 666666 |
| BANK SAL OPPENHEIM JR & CIE (SCHWEIZ) AG | Ordinary | 1000000 |

Balance Sheet at 31 December

| | 7 months 31 December 2007 £ | 31 May 2006 £ |
|--|--------------------------------------|---------------------|
| FIXED ASSETS | | |
| Investments | 74,220 | 74,220 |
| | <hr/> | <hr/> |
| CURRENT ASSETS | | |
| Debtors | 2,082,235 | 710,336 |
| Cash at bank and in hand | 52,086 | 657 |
| | <hr/> | <hr/> |
| | 2,134,321 | 710,993 |
| | <hr/> | <hr/> |
| CREDITORS amounts falling due within one year | (4,000) | (1,458) |
| | <hr/> | <hr/> |
| NET CURRENT LIABILITIES | 2,130,321 | 709,535 |
| | <hr/> | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 2,204,541 | 783,755 |
| | <hr/> <hr/> | <hr/> <hr/> |
| CAPITAL AND RESERVES | | |
| Called up share capital | 83,638 | 77,597 |
| Share premium | 2,163,717 | 720,127 |
| Profit and loss account | (42,814) | (13,969) |
| | <hr/> | <hr/> |
| | 2,204,541 | 783,755 |
| | <hr/> <hr/> | <hr/> <hr/> |

Profit and Loss Account for the year ended 31 December

| | 7 months December 2007 £ | 31 May 2007 £ |
|---|-----------------------------------|---------------------|
| TURNOVER | 0 | 0 |
| Cost of sales | (0) | (0) |
| | <hr/> | <hr/> |
| Gross profit | 0 | 0 |
| Aministrative expenses | (23,245) | (14,199) |
| | <hr/> | <hr/> |
| OPERATING LOSS | (23,245) | (14,199) |
| Interest receivable and similar income | 2,314 | 159 |
| Interest payable and similar charges | (7,914) | (46) |
| | <hr/> | <hr/> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | (28,845) | (14,086) |
| | <hr/> <hr/> | <hr/> <hr/> |

Administrators' Receipts and Payments Account 23 November 2009

| | |
|------------------|-----------------|
| | £ |
| RECEIPTS | |
| Cash at Bank | 12864.00 |
| | 12864.00 |
| PAYMENTS | |
| | 0.00 |
| Balances in Hand | 12864.00 |
| | 12864.00 |

Estimated Statement of Affairs as at 01 October 2009

| | Book Values £ | Estimated to Realise £ |
|--|------------------------------|---------------------------------------|
| Assets not specifically pledged | | |
| Cash at Bank | 12864 | 12,864 |
| Inter-company Debtor | 3263927 | 0 |
| Available for non-preferential creditors | | 12,864 |
| Non-preferential claims | | |
| Trade and Expense | | 12,840 |
| Estimated surplus as regards creditors before costs | | 24 |
| Shareholders | | |
| Share Capital | | 88,847 |
| Share Premium | | 3,408,756 |
| Total Estimated Deficiency | | 3,497,627 |

Company Creditors

| Key | Name | £ |
|-------|--|-----------|
| CB00 | Baker Tilly, 2 Whitehall Quay, Leeds, LS1 4HG | 9,625.00 |
| CI00 | iLaw Legal Services, Hamilton House, 1 Temple Avenue, London, EC4Y 0HA | 215.32 |
| CR00 | Graham R Rivers, 8 The Limes, High Street, Chiselden, SN4 0NG | 3,000.00 |
| Total | | 12,840.32 |

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 8 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's fees

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

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

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage fix the percentage to be applied. Rule

2.106 says that in arriving at its decision the committee shall have regard to the following matters:

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

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

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets. In this case, 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:

- . 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.

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.

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
- 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

2. Creditors

- Ongoing correspondence with company's unsecured creditors
- Agreeing claims of unsecured creditors
- Liaising with unsecured creditors in respect of retention of title claims
- Collation of employee claims
- Ongoing liaison with HM Revenue & Customs
- Reporting to unsecured creditors

3. Asset Realisation

- Negotiations in respect of a sale of the business
- All correspondence with associated parties relating thereto
- Assisting with collection of book debts

4. Trading

- Evaluation of WIP and new orders
- Management of employees / workflow
- Day to day management of all aspects of the business

Creditors' Guide to the Fees, Expenses and Disbursements charged by Businesscare

Insolvency Practitioner's Licensing Body

Paul Howard Finn (no. 1615) 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:

| Grade | To December 2009 £ |
|----------------------------|-----------------------|
| Principals/Consultants | 235 - 415 |
| Managers | 175 - 235 |
| Administrators | 95 - 145 |
| Assistants / Support Staff | 75 - 95 |

Charge out rates are exclusive of valued added tax and are subject to an annual December review.

In cases of exceptional complexity, the insolvency practitioner reserves the right to seek authority from the committee or the creditors that remuneration shall be fixed as a percentage of the value of the assets, which are realised or distributed, or both.

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 £5.50 per box per year. This charge covers the transportation of records from the company's premises, storage and retrieval of books and records in storage for administration purposes. The provision of boxes is charged at £3.10 per box and the destruction of such books and records 15 months after the completion of the insolvency administration is charged at £3.75 per box.

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

| No. of Sheets | Pence per Sheet |
|---------------|-----------------|
| 1 - 25 | 25 |
| 26 - 50 | 12 |
| 51 plus | 7 |

Telephone, mobile, email and facsimile costs are recovered using actual facsimiles received and sent as a cost centre, charged at £1.50 per sheet outgoing and £0.75 per sheet incoming.

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 £25 per identity check.

Company searches are charged at £50 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

Rule 2.35

Notice of a meeting of Creditors

| | |
|---|------------------------------------|
| Name of Company Telrock Plc | Company number 05824921 |
| In the High Court of Justice (full name of court) | Court case number 19200 of 2009 |

Notice is hereby given by

Paul H Finn & Michael Field
Businesscare
Tong Hall, Tong
West Yorkshire BD4 0RR

that a meeting of creditors of

Telrock Plc
c/o MoFo Notices Limited
CityPoint, One Ropemaker Street
London EC2Y 9AW

is to be held at

Morrison & Foerster
CityPoint, One Ropemaker Street
London EC2Y 9AW

on 15 December 2009 at 11.00am

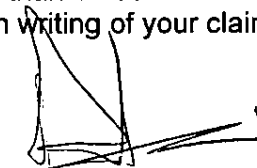
The meeting is
an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency
Act 1986 ('the schedule')

I invite you to attend the above meeting.

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

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

Signed



Paul H Finn
Joint Administrator

Dated 23 November 2009

*Delete as applicable

A copy of the proposals is attached

Rule 8.1

Insolvency Act 1986

Proxy (Administration)

Telrock Plc

Name of Creditor

Address

Name of Proxy Holder

1

2

3

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

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

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on 15 December 2009, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

Voting Instructions for resolutions

*Please delete as appropriate

1. For the acceptance/rejection* of the administrators' proposals as circulated

2. For the appointment of

of

representing

as a member of the creditors' committee

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

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

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

Please return this proxy to Businesscare,
Central Administration,
Tong Hall, Tong, West Yorkshire, BD4 0RR

Rule 4.73

Form 4.25

PROOF OF DEBT - GENERAL FORM

**In the matter of Telrock Plc
In Administration
and in the matter of The Insolvency Act 1986**

Date of Administration Order 30 September 2009

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