

# Administrator's progress report

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

Name of Company

Vianet Group plc

Company number

SC204140

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

I / We

(a) Colin Peter Dempster and Andrew James Davisonof Ernst & Young LLP, George House, 50 George Square, Glasgow G2 1RR

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

from

to

(b) Insert date

(b)

11 December 2008

(b)

10 June 2009

Signed

Joint / Administrator(s)

Dated

16 July 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 searchers of the public record

Alan McGinlay

Ernst &amp; Young LLP, George House, 50 George Square, Glasgow G2 1RR

Tel: 0141 626 5359

DX Number:

DX Exchange:

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

Companies House, 139 Fountainbridge, Edinburgh, EH3 9FF

DX 235 Edinburgh / LP 4 Edinburgh-2

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COMPANIES HOUSE

TO ALL KNOWN CREDITORS

16 July 2009

Ref: CPD/MAR/EC/AMCG/PF16.1

Alan McGinlay  
Direct line: 0141 626 5359  
Direct Fax: 0141 626 5003

Dear Sirs

**Vianet Group plc (In Administration) ("the Company")**

**Registered office address: George House, 50 George Square, Glasgow G2 1RR**

I write, in accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986, to provide creditors with a report on the progress of the administration. This report covers the period from 11 December 2008 to 10 June 2009 and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 2 February 2009.

Vianet Group plc, registered number SC204140, entered administration on 11 December 2008 and C P Dempster and A J Davison ("the Administrators") were appointed to act as Joint Administrators. The appointment was made by the Company's Directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986. Under the terms of the appointment, any act required or authorised to be done by the Administrators can be done by either of them.

**Summary of progress since Statement of Proposals**

As set out in the Administrators' Proposals, following the sale of the shares in the Company's subsidiary, the only remaining asset is pre-appointment VAT due from HM Revenue and Customs ("HMRC").

A VAT return was submitted by the Company showing a net VAT receivable amount of £34,157.52 relating to transactions prior to the commencement of the Administration. However, HMRC have submitted a non-preferential claim for pre-appointment VAT due from the Company.

The Administrators have been in lengthy discussions with HMRC and hope to have the issue resolved shortly.

As approved at the meeting of creditors held on 18 February 2009, once the VAT issue has been resolved, the Company will move into Creditors' Voluntary Liquidation. The Administrators appointed as Joint Liquidators.



### **Joint Administrators' remuneration and disbursements**

The Administrators' remuneration has been fixed on a time-cost basis by the creditors at the meeting of creditors held on 18 February 2009. To date the Administrators have incurred time costs of £78,249, against which the sum of £52,536 has been drawn. An analysis of the time spent is attached as Appendix 2 to this report. At Appendix 3 there is a statement of the Administrators' policy in relation to charging time and disbursements.

To date, no amount has been drawn in respect of disbursements. There is an analysis of Category 2 disbursements incurred at Appendix 2. The Administrators will seek approval of any Category 2 disbursements incurred at the conclusion of the Administration.

### **Secured creditors**

There is no secured creditor.

### **Preferential creditors**

As the Company did not have any employees there are no preferential creditors.

### **Non-preferential creditors**

Creditors' claims continue to be submitted. It is estimated that total non-preferential claims will now be in the region of £1,565,000.

### **Distributions to creditors**

At this stage, we estimate that there will be a surplus available to the non-preferential creditors of the Company. However, it is not proposed that the claims of non-preferential creditors will be dealt with during the course of the administration. Details of any claims will be held on file and any distribution to unsecured creditors will be made during the CVL.

I will report to you again at the conclusion of the Administration or in 6 months time, whichever is the sooner.

Yours faithfully  
for Vianet Group plc

A handwritten signature in black ink, appearing to be 'C P Dempster', written in a cursive style.

C P Dempster  
Joint Administrator

Enc: Joint Administrators' Receipts and Payments Account  
Summary of Joint Administrators' Time-Costs and Category 2 Disbursements  
Joint Administrators' Policy on Fees and Disbursements

The Institute of Chartered Accountants of Scotland authorises C P Dempster and A J Davison to act as Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986.

The affairs, business and property of the Company are being managed by the Joint Administrators, C P Dempster and A J Davison, who act as agents of the Company only and without personal liability.

## Appendix 1

### Vianet Group plc (In Administration)

#### **Joint Administrators' Abstract of Receipts and Payments from 11 December 2008 to 10 June 2009**

| Estimated to Realise as per Directors' Statement of Affairs | Note                                    |
|---|---|
| £   | £                                       |
| <b>RECEIPTS</b>   |   |
| 450,000   | Sale of Shares in Subsidiary 450,000.00 |
| 9,516   | Pre-appointment Bank Account 9,516.09   |
|   | Bank Interest 577.54                    |
|   | <u>460,093.63</u>                       |
| <b>PAYMENTS</b>   |   |
|   | Administrators' Fees 52,536.00          |
|   | Legal Fees 21,454.97                    |
|   | Public Notices 732.56                   |
|   | Specific Bond 528.00                    |
|   | Storage Charges 141.70                  |
|   | <u>75,393.23</u>                        |
|   | <u>384,700.40</u>                       |
| <b>Represented by:</b>                                      |   |
|   | Current Account 381,504.40              |
|   | Net Vat Receivable 3,196.00             |
|   | <u>384,700.40</u>                       |

#### **Notes**

1. Receipts and payments are stated net of VAT.

## Appendix 2

### Vianet Group plc (In Administration)

#### Summary of Joint Administrators' time-costs and category 2 disbursements from 11 December 2008 to 10 June 2009.

| GRADE                          | PARTNER/<br>DIRECTOR | ASSISTANT<br>DIRECTOR | MANAGER       | EXECUTIVE        | OTHER<br>STAFF   | TOTAL<br>HOURS | FEES (£)      | AVERAGE<br>HOURLY<br>RATE (£) |
|--------------------------------|----------------------|-----------------------|---------------|------------------|------------------|----------------|---------------|-------------------------------|
| Accounting and Administration  | 1                    | 5.5                   | 1.3           | 8.5              | 30.1             | 46.4           | 8,033         | 173.11                        |
| Bank & Statutory Reporting     | 6                    | 0.5                   | 0             | 7.5              | 0.6              | 14.6           | 4,705         | 322.26                        |
| Creditors                      | 6                    | 0.0                   | 0             | 4                | 20.2             | 30.2           | 6,445         | 213.39                        |
| Debtors                        | 1                    | 0.0                   | 0             | 0                | 0.0              | 1              | 495           | 495.00                        |
| Employee Matters               | 0                    | 0.0                   | 0             | 1                | 0.0              | 1              | 270           | 270.00                        |
| Immediate Tasks                | 10                   | 30.0                  | 0             | 13               | 5.7              | 58.7           | 18,690        | 318.40                        |
| Legal Issues                   | 0                    | 0.0                   | 0             | 0                | 0.0              | 0              | 0             |                               |
| Members                        | 0                    | 0.0                   | 0             | 1                | 0.2              | 1.2            | 220           | 183.33                        |
| Other Assets                   | 12                   | 40.0                  | 0             | 0                | 0.0              | 52             | 19,940        | 383.46                        |
| Other Matters                  | 5.8                  | 0.0                   | 0.1           | 0.5              | 11.7             | 18.1           | 4,790         | 264.64                        |
| PR Issues                      | 5                    | 0.0                   | 0             | 0                | 0.0              | 5              | 2,475         | 495.00                        |
| Property                       | 0                    | 0.0                   | 0             | 0                | 0.0              | 0              | 0             |                               |
| Retention of Title             | 0                    | 0.0                   | 0             | 0                | 0.0              | 0              | 0             |                               |
| Statutory Duties               | 7                    | 5.0                   | 0             | 11               | 15.0             | 38             | 9,317         | 245.17                        |
| Trading                        | 0                    | 0.0                   | 0             | 0                | 0.0              | 0              | 0             |                               |
| VAT & Taxation                 | 4                    | 0.0                   | 0             | 1.5              | 3.7              | 9.2            | 2,870         | 311.96                        |
| <b>Total Hours</b>             | <b>57.8</b>          | <b>81</b>             | <b>1.4</b>    | <b>48</b>        | <b>87.2</b>      | <b>275.4</b>   |               |                               |
| <b>Total Fees (£)</b>          | <b>28,831.00</b>     | <b>28,350.00</b>      | <b>385.00</b> | <b>10,055.00</b> | <b>11,013.00</b> |                | <b>78,249</b> |                               |
| <b>Average Hourly Rate (£)</b> | <b>498.81</b>        | <b>350.00</b>         | <b>275.00</b> | <b>209.48</b>    | <b>126.30</b>    |                |               | <b>284.13</b>                 |

#### TABLE OF CURRENT CHARGE OUT RATES

| Level              | £       |
|--------------------|---------|
| Partner            | 495     |
| Director           | 405-550 |
| Assistant Director | 350     |
| Manager            | 275     |
| Executive          | 200-270 |
| Analyst            | 100-155 |
| Support Staff      | 100     |

## Appendix 2

### Category 2 Disbursements

The Category 2 disbursements are analysed as follows:

| Type and purpose      | £             |
|-----------------------|---------------|
| Private Car (mileage) | 61.60         |
| Rail Travel           | 73.00         |
| Company Car (mileage) | 174.02        |
| Parking               | 9.57          |
| Mobile Phone Expenses | 19.39         |
| <b>Total</b>          | <b>337.58</b> |

**Vianet Group plc (In Administration)**

**Office Holders' Charging Policy for Fees**

At the meeting of creditors on 18 February 2009 it was determined that the Administrators' remuneration should be fixed on the basis of time properly spent by the Administrators and their staff in attending to matters arising in the Administration.

The Administrators have engaged a manager and other staff to work on the cases. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by Accounting and treasury executive dealing with the company's bank accounts and statutory compliance issues. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown in Appendix 2, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report.

**Office Holders' Charging Policy for Disbursements**

Statement of Insolvency Practice No. 9 ("SIP 9") published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories.

Category 1 disbursements comprise payments made by the office holders' firm, which comprise specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without approval from the Committee. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as the Committee require to support the disbursements drawn.

Category 2 disbursements comprise payments made by the office holders' firm which include elements of shared or overhead costs. Such disbursements are subject to approval from the non-preferential creditors as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn.