

The Insolvency Act 1986

Administrator's progress report

Name of Company
BLI Education Limited

Company number
02292950

In the
High Court of Justice, Chancery Division,
Bristol District Registry
[full name of court]

Court case number
1037 of 2011

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

I / We (a) Simon Robert Haskew of Begbies Traynor (Central) LLP, Harbourside House, 4-5 The Grove, Bristol BS1 4QZ and Neil Frank Vinnicombe of Begbies Traynor (Central) LLP, Universal House, 1-2 Queens Parade Place, Bath, BA1 2NN

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

(b) Insert dates

from

to

(b) 24 July 2013

(b) 18 December 2013

Signed


Joint / Administrator(s)

Dated

18/12/2013

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.

Begbies Traynor (Central) LLP

Harbourside House, 4-5 The Grove, Bristol, BS1 4QZ

Tel Number 0117 937 7130

Fax Number 0117 937 7131

DX Number

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

THURSDAY



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19/12/2013

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COMPANIES HOUSE

Simon Robert Haskew and Neil Frank Vinnicombe were appointed joint administrators on 26 August 2011

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability

BLI Education Limited (In Administration)

Progress report of the joint administrators pursuant to Rule 2.47 and 2.112 of The Insolvency Rules 1986

Period: 24 July 2013 to 18 December 2013

Important Notice

This progress report has been produced by the administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever

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1. INTERPRETATION

| <u>Expression</u> | <u>Meaning</u> |
|---|--|
| "the Company" | BLI Education Limited (In Administration) |
| "the administration" | The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 26 August 2011 |
| "the administrators", "we", "our", "us" | Simon Robert Haskew of Begbies Traynor (Central) LLP, Harbourside House, 4-5 The Grove, Bristol, BS1 4QZ and Neil Frank Vinnicombe of Begbies Traynor (Central) LLP, Universal House, 1-2 Queens Parade Place, Bath, BA1 2NN |
| "the Act" | The Insolvency Act 1986 (as amended) |
| "the Rules" | The Insolvency Rules 1986 (as amended) |
| "secured creditor" and "unsecured creditor" | Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act) |
| "security" | (i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act) |
| "preferential creditor" | Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act |

2. STATUTORY INFORMATION

| | |
|---------------------------|--|
| Name of Company | BLI Education Limited |
| Trading name(s) | BLI Education, TAG Learning |
| Date of Incorporation | 5 September 1988 |
| Company registered number | 02292950 |
| Company registered office | Harbourside House, 4-5 The Grove, Bristol, BS1 4QZ |

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

| | |
|--|--|
| Names of the administrators | Simon Robert Haskew, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Harbourside House, 4-5 The Grove, Bristol, BS1 4QZ and Neil Frank Vinnicombe, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Universal House, 1-2 Queens Parade Place, Bath, BA1 2NN |
| Date of appointment | 26 August 2011 |
| Court | High Court of Justice, Chancery Division, Bristol District Registry |
| Court Case Number | 1037 of 2011 |
| Person(s) making appointment / application | Bank of Scotland PLC ("BOS"), The Mound, Edinburgh, EG1 1YZ |
| Acts of the administrators | The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time. |
| EC Regulation on Insolvency Proceedings | The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation. |
| Extensions of the administration period | The administration period was extended with the consent of creditors for a period of 6 months until 25 February 2013 and for a further period of 12 months by order of the court until 25 February 2014. |

4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 24 July 2013 to 18 December 2013.

RECEIPTS

Sale of Business and Assets – Goodwill & Intellectual Property ("IPR")

Following the sale of the Company's business and assets to Sherston Software Limited ("Software") a further £20,664.93 was received by way of deferred consideration bringing the total to date to £364,842.03.

The balance of £199,657.97 remains outstanding. As detailed in our last report a payment to extinguish the balance was due to be made on or before 24 December 2013. Software have advised that this payment is unable to be made by this date and consequently we are making another application to Court to extend the administration beyond 25 February 2014. We have requested revised repayment proposals for settlement of the balance and anticipate this proposal imminently. As detailed in our previous report, if we encountered the need to extend the administration, £5,000 of the contributions received from Software would be utilised to meet the costs of the extension. This money has been set aside accordingly.

Bank Interest Gross

Gross bank interest of £11 14 was received during the period

PAYMENTS**Secured creditor – The Loan Note Holders**

A further £21,500 has been paid to the Loan Note Holders. This brings total payments to date to £136,000. The sum of £114,000 remains outstanding.

Bank charges

The sum of £48 was incurred for the cost of remitting funds to the Loan Note Holders.

Legal Fees

TLT Solicitors were paid £2,245 in connection with the initial application to court to extend the administration to 24 February 2014.

Stationary and Postage

The sum of £121 29 was paid in connection with the circularisation of the last report to creditors.

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our initial progress report for the period 26 February 2012 to 25 August 2012.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

Secured creditor – Bank of Scotland PLC ("BOS")

As at the date of our appointment BOS was owed £160,631 under its fixed charge security dated 4 January 2006. BOS have been repaid in full under their priority fixed charge security following the sale of the Company's business and assets.

Secured creditor – Lloyds TSB Commercial Finance Limited ("LTSBCF")

As at the date of our appointment LTSBCF was owed a total of £49,751 against a ledger of £131,649. LTSBCF have concluded collection of the debtor ledger and have cleared their indebtedness in full. No surplus arose from the collection. The remaining ledger of approximately £80,000 was non collectable due to incomplete contracts, credits due on account and contras against the debts of the Company.

Secured creditor – Loan Note Holders

The loan note holders were due £250,000 as at the date of our appointment. To date they have been paid £136,000. We anticipate that they will receive the balance of £114,000 on the condition that the residual sale consideration is received.

Preferential creditors

As long as the deferred consideration is repaid in full then we consider that there will be sufficient funds available to pay preferential creditors in full.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Following the repayment of the three secured creditors, detailed above, there will be no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

Additionally, once the Loan Note Holders have received payment of £250,000 any surplus after the costs of realisation will be available for unsecured creditors

Unsecured creditors

If the deferred sale consideration is received in full we would anticipate that there will be sufficient funds available to pay a nominal dividend to unsecured creditors. However, any dividend is dependent on the collection of this deferred consideration and the agreement of any capital gains tax liability which may arise following the sale of the goodwill and IPR. Any dividend is estimated to be in the region of only 1 pence in the pound.

6. THE ADMINISTRATORS' REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by a resolution of creditors passed by correspondence in accordance with paragraph 58 of Schedule B1 to the Act and Rule 2.48 of the by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration. We are also authorised to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

Our time costs for the period from 24 July 2013 to 18 December 2013 amount to £7,642.50 which represents 32.60 hours at an average rate of £234.43 per hour.

The following further information in relation to our time costs and disbursements is set out at Appendix 2:

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 24 July 2013 to 18 December 2013
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

To date, we have drawn the total sum of £47,000 plus disbursements of £289.18 on account.

Details of the Category 2 disbursements that have been drawn since the necessary approval was obtained in the total sum of £15 are provided in the narrative summary of time costs incurred which is at Appendix 2.

7. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred by us during the period of this progress report is attached at Appendix 3.

8. ASSETS THAT REMAIN TO BE REALISED

Sale of Business and Assets – Goodwill and Intellectual Property ("IPR")

As detailed in our letter of 1 September 2011 and our previous progress reports, the Company's goodwill and IPR was sold to Software for a total consideration of £568,000 of which initial consideration of £218,000 was paid upon completion of the sale. As per the sale agreement, deferred consideration of a minimum of £350,000

would be satisfied by a 50% share of gross sales receipts from the global revenue from own-branded products. All consideration would be paid within 24 months with guaranteed milestone payments at 12 and 24 months from completion.

Software fell behind with repayments but secured new funding which allowed further repayments to be made. A new repayment schedule was subsequently agreed which aimed to pay the deferred consideration in full by 24 December 2013. As detailed at Section 4, Software have been unable to finalise repayments within this deadline but anticipate still being able to make repayments over a longer period. We are consequently applying to court for a further extension in order to recover these funds. We are anticipating revised repayment proposals from Software shortly.

Rent Deposit

The small refund in respect of a rent deposit has been paid to Software. We are liaising with Software to ensure that this is paid into the administration.

9. OTHER RELEVANT INFORMATION

Report on Directors conduct

As detailed in our statement of proposals, we have a duty to submit a report to the Department for Business, Innovation and Skills on the conduct of the directors. We have complied with their duties in this respect.

Connected party transactions

Details of the sale of the business and assets of the Company to Software were detailed in our letter to creditors dated 1 September 2011.

Extension of administration

The administration has been extended by order of the Court to 25 February 2014. As the balance of the deferred consideration will not be paid by 24 December 2013 we are submitting an application to court to extend the administration for a further 12 months. We have secured funds of £5,000 from Software to cover the costs of extending the administration.

Proposed exit route from Administration

As soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 83 of Schedule B1 to the Act whereby on the registration of a notice sent to the Registrar of Companies, our appointment as administrators shall cease to have effect and the Company will automatically be placed into creditors' voluntary liquidation. A distribution can then be made to unsecured creditors.

However, if it transpires that a dividend will not be available to unsecured creditors, we will review our exit strategy.

10. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 2.48A of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court), may request in writing that the administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been detailed in this progress report.

Right to make an application to court

Pursuant to Rule 2.109 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor (or any unsecured creditors with less than

10% in value of the unsecured creditors, but with the permission of the court), may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred by the administrators as set out in this progress report are excessive or, in relation to the basis fixed for the administrators' remuneration, inappropriate

11. CONCLUSION

We will report again in approximately six months time or at the conclusion of the administration, whichever is the sooner

A handwritten signature in black ink, appearing to read 'Neil Vinnicombe', with a large, stylized loop at the end.

Neil Vinnicombe
Joint Administrator

Dated 18 December 2013

ACCOUNT OF RECEIPTS AND PAYMENTS

Period. 24 July 2013 to 18 December 2013

| Statement of Affairs | | From 24/07/2013 To 18/12/2013 | From 26/08/2011 To 18/12/2013 |
|-------------------------|---------------------------------------|-------------------------------------|-------------------------------------|
| | SECURED ASSETS | | |
| 568,000 00 | Goodwill & Intellectual Property | 20,664 93 | 364,842 03 |
| | Contribution to Extension Costs | 0 00 | 5,000 00 |
| (160,631 64) | Bank of Scotland plc | NIL | (160 631 64) |
| 80,000 00 | Book Debts | NIL | NIL |
| | | <u>20,664 93</u> | <u>209,210 39</u> |
| | COSTS OF REALISATION | | |
| | Office Holders Fees | NIL | 47,000 00 |
| | Pre Appointment Fees | NIL | 18,000 00 |
| | | <u>NIL</u> | <u>(65 000 00)</u> |
| | SECURED CREDITORS | | |
| (49,751 42) | Lloyds TSB Commercial Finance Limited | NIL | NIL |
| (250,000 00) | The Loan Note Holders | 21,500 00 | 136,000 00 |
| | Bank Charges | 48 00 | 144 00 |
| | | <u>(21 548 00)</u> | <u>(136 144 00)</u> |
| | ASSET REALISATIONS | | |
| 7,000 00 | Equipment | NIL | 7,000 00 |
| 25,000 00 | Stock | NIL | 25,000 00 |
| | Rent | NIL | 19,735 00 |
| | Bank Interest Gross | 11 14 | 77 56 |
| | | <u>11 14</u> | <u>51,812 56</u> |
| | COST OF REALISATIONS | | |
| | Pre Appointment Fees per Rule 2 67 | NIL | 4,720 25 |
| | Pre Appointment Disbursements | NIL | 33 67 |
| | Office Holders Expenses | NIL | 289 18 |
| | Rent | NIL | 19,735 00 |
| | Agents/Valuers Fees | NIL | 3,000 00 |
| | Legal Fees | 2,245 00 | 22,545 00 |
| | Legal Disbursements | NIL | 45 00 |
| | Corporation Tax | NIL | 8 09 |
| | Stationery & Postage | 121 29 | 433 01 |
| | | <u>(2 366 29)</u> | <u>(50 809 20)</u> |
| | PREFERENTIAL CREDITORS | | |
| (7,406 69) | Employees re Arrears & Hol Pay | NIL | NIL |
| | | <u>NIL</u> | <u>NIL</u> |
| | UNSECURED CREDITORS | | |
| (992 105 20) | Trade Creditors | NIL | NIL |
| (43 856 70) | Employees - Redundancy & Notice Pa | NIL | NIL |
| (205,983 96) | HMRC (non VAT) | NIL | NIL |
| (222,099 98) | HMRC (VAT) | NIL | NIL |
| (15 215 00) | Sherston Software Limited | NIL | NIL |
| (48,924 00) | Black Lion Investments Limited | NIL | NIL |
| (488,143 00) | The Loan Note Holders | NIL | NIL |
| | | <u>NIL</u> | <u>NIL</u> |

| | | | |
|----------------|-----------------------|---------------|-----------------|
| | DISTRIBUTIONS | | |
| (1,297 40) | Ordinary Shareholders | <u>NIL</u> | <u>NIL</u> |
| | | NIL | NIL |
| | | | |
| (1,805,414 99) | | <u>560 78</u> | <u>9,069 75</u> |
| | REPRESENTED BY | | |
| | Vat Receivable | | 435 00 |
| | Bank 1 Current | | 14,146 11 |
| | Suspense Account | | (5,511 36) |
| | | | <u>9,069 75</u> |

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred, and
- d Table of time spent and charge-out value for the period from 24 July 2013 to 18 December 2013, and
- e Cumulative table of time spent and charge-out value for the period from 26 August 2011 to 18 December 2013

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting,
- Car mileage is charged at the rate of 45 pence per mile,
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,,

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Bristol office as at the date of this report are as follows

| | Standard 1 May 2011 – until further notice Regional |
|-----------------------|--|
| Partner | 395 |
| Director | 345 |
| Senior Manager | 310 |
| Manager | 265 |
| Assistant Manager | 205 |
| Senior Administrator | 175 |
| Administrator | 135 |
| Trainee Administrator | 110 |
| Support | 110 |

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in 6 minute units

SUMMARY OF OFFICE HOLDERS' TIME COSTS

| | |
|---------------------|---|
| CASE NAME | BLI Education Limited |
| CASE TYPE | ADMINISTRATION |
| OFFICE HOLDERS | Simon Robert Haskew AND Neil Frank Vinnicombe |
| DATE OF APPOINTMENT | 26 August 2011 |

1 CASE OVERVIEW

1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

1.2 Complexity of the case

The main area of complexity in this case related to the pre packaged sale of the Company's business and assets and dealing with the three secured creditors and their respective solicitors

1.3 Exceptional responsibilities

No exceptional responsibilities but due care and attention exercised throughout in relation to the exercise of powers for the benefit of creditors. The administrators act as agents of the Company and officers of the court. Significant additional time has been incurred in monitoring and liaising with the purchaser regarding payment of the deferred consideration, including extending the administration, and assisting them secure additional funding

1.4 The office holders' effectiveness

The objective of the administration is presently on target for being achieved

1.5 Nature and value of property dealt with by the office holders'

The principal asset in the administration was the Company's intellectual property and goodwill which was sold for a total consideration of £568,000 of which we have received a payment of £364,842.03 to date

1.6 Anticipated return to creditors

BOS and LTSBCF have been repaid in full. Following receipt of the deferred consideration from Software, we expect that the Loan Note Holders will be repaid their total secured indebtedness of £250,000. To date they have been paid £136,000. If the deferred consideration is received in full, we consider that there will be sufficient funds to enable discharge of preferential debts and a nominal dividend to unsecured creditors

1.7 Time costs analysis

An analysis of time costs incurred between 26 August 2011 and 18 December 2013 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only

In addition to the post appointment time costs detailed in the time costs analysis, pursuant to rule 2.67(1)(c) of the Insolvency Rules 1986, the office holders consider that the sum of £4,270 plus VAT is also properly recoverable in relation to work undertaken prior to their appointment consisting of determining whether it was reasonably likely that the purpose of administration

would be achieved and completing the required statements of the proposed administrators. The sum is calculated as follows:

| | Partner(s) | Total Hours | Time Cost | Average Hourly Rate |
|----------------------|------------|-------------|-----------|---------------------|
| Hourly Rate | £395 | | | |
| Pre-appointment Time | £4,270.25 | 11.95 | £4,270.25 | £395.00 |

In addition, on 27 October 2011, further pre-administration costs of £18,000 were approved by a resolution of creditors passed by correspondence in accordance with paragraph 58 of Schedule B1 to the Act and Rule 2.48 of the Rules.

1.8 The views of the creditors

No views have been expressed by the creditors thus far.

1.9 Approval of fees

On 27 October 2011, the joint administrators' fees were approved by a resolution of creditors passed by correspondence in accordance with paragraph 58 of Schedule B1 to the Act and Rule 2.48 of the Rules.

1.10 Approval of Expenses and Disbursements

On 27 October 2011, the joint administrators' expenses and disbursements were approved by a resolution of creditors passed by correspondence in accordance with paragraph 58 of Schedule B1 to the Act and Rule 2.48 of the Rules.

1.11 Category 2 Disbursements

In accordance with the resolution obtained in relation to expenses and disbursements, the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements have been charged to the case since the date of our appointment:

| Type and purpose | Amount £ |
|--------------------------|------------|
| Companies House Searches | £15 |
| TOTAL | £15 |

1.12 Other professionals employed & their costs

£3,000 has been paid to Edward Symmons LLP for valuing the Company's chattel assets, intellectual property and goodwill.

£20,000 has been paid to TLT LLP solicitors for their work in preparing the pre-packaged sale agreement, the license to assign the intellectual property rights and the supplemental deed. They also provided advice on the Company's intellectual property, the validity of the charge held by BOS, liaised with the secured creditors solicitors, filing and lodging bank appointment documents and agreeing completion and sale of the business. Their disbursements of £45 in respect of court and search fees have also been discharged.

TLT were also instructed to draft a formal surrender of the leasehold property at a cost of £300.

TLT were also instructed to finalise the extension and amend the sale agreement terms at a cost of £2,245.

Haines Watts Accountants were instructed to review the company's tax position. This matter is on hold pending receipt of the balance of the deferred consideration.

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

- 2.1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached
- 2.2 The rates charged by the various grades of staff who may work on a case are attached

3. SUMMARY OF WORK CARRIED OUT SINCE OUR LAST REPORT

Since the date of our last report, the following work has been carried out

- Preparing progress report,
- Dealing with creditor queries,
- Liaising with Software and with HMRC regarding the reduction of the group VAT liability,
- Significant liaison with Software with regards to the collection of the deferred consideration and assisting them obtain funding,
- Corresponding with the secured creditors,
- Payments to Loan Note holders from fixed asset funds,
- Complying with all statutory and regulatory accounting duties,

[illegible]

[illegible]

STATEMENT OF EXPENSES

| Type of expense | Name of party with whom expense incurred | Amount incurred £ | Amount discharged £ | Balance (to be discharged) £ |
|--------------------------------------|--|----------------------|------------------------|---------------------------------|
| Storage of Company books and records | Archive Solutions | £1 44 | £0 00 | £1 48 |