

**2.17B**

The Insolvency Act 1986

**Statement of administrator's proposals**

Name of Company Oxford Biosensors Ltd	Company number 03573970
In the High Court of Justice Companies Court (Chancery Division) (full name of court)	Court case number 14565/2009

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

I/We (a)  
A J Pear  
Tenon Recovery  
3rd Floor, Lyndean House,  
43/46 Queens Road,  
Brighton,  
East Sussex, BN1 3XB

I Cadlock  
Tenon Recovery  
3rd Floor Lyndean House  
43-46 Queens Road  
Brighton  
East Sussex BN1 3XB

\*Delete as  
applicable

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

(b) 8 June 2009

Signed

  
Joint / Administrator(s)

Dated

23 June 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.

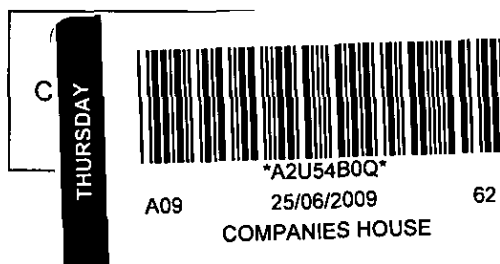
The contact information that you give will be visible to researchers of the public record

A J Pear  
Tenon Recovery  
3rd Floor, Lyndean House,  
43/46 Queens Road,  
Brighton,  
East Sussex, BN1 3XB

DX Number

+44 (0) 1273 725 566  
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**



# Tenon recovery

## **STRICTLY PRIVATE & CONFIDENTIAL**

To All Known Creditors

Email           andrew.simpson@tenongroup.com  
Our ref        AS/21  
Your ref  
Date           8 June 2009

Dear Sirs

### **OXFORD BIOSENSORS LIMITED ("the Company") – IN ADMINISTRATION**

This report to creditors and the proposals enclosed, together set out the information required by and to discharge the Joint Administrators' duty pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 ("the Act") and Rule 2.33(1) and (2) of the Insolvency Rules 1986 (as amended) ("the Rules").

#### **1. Joint Administrators Appointment**

Andrew Pear and Ian Cadlock of Tenon Recovery, 3<sup>rd</sup> Floor Lyndean House, 43-46 Queens Road, Brighton, East Sussex BN1 3XB were appointed Joint Administrators on 27 May 2009 by the Directors of the Company.

The notice of appointment in Form 2.09B was filed at the High Court of Justice under Court reference 14565 of 2009.

#### **2. Statutory Details**

Attached as **Appendix 1** are the statutory details of the Company and information regarding the appointment of the Joint Administrators.

#### **3. Events leading to the appointment of Joint Administrators**

The Company was incorporated on 2 June 1998 for the purposes of conducting research and experimental development on natural sciences and engineering. The business has been developing a lipid diagnostic panel for use initially in GP clinics and hospitals as a means to offering faster and more convenient diagnosis at a lower overall cost to healthcare providers.

3rd Floor, Lyndean House, 43/46 Queens Road, Brighton, East Sussex, BN1 3XB  
Tel: +44 (0) 1273 725 566 Fax: +44 (0) 1273 724 502  
Email: Brighton@tenongroup.com  
www.tenongroup.com

Tenon Recovery is a trading name of Tenon Limited.  
Registered Office 66 Chiltern Street, London, W1U 4GB. Registered no: 04066924 England  
A member of Tenon Group PLC  
Directors and staff acting as Administrators act as agents of the Company over which they are appointed and contract without personal liability.

 Morison International

In 2003 the Company moved into leasehold premises in Oxford Industrial Park which had been specially adapted by the Company to provide a "clean" production area, laboratories and administrative offices over two floors.

Funding of approximately £19million was obtained by the Company for the research and development of the lead product. This was raised through various equity stakes, grants and corporate partnership revenues. In addition £8million was raised through corporate development partnership funding.

During 2007 the Company sought additional funds and held over 70 meetings with various venture capital funds in the UK and across Europe. An equity stake or takeover with other corporate partners was also sought although from these discussions only two parties advanced beyond the initial meetings. Of these only Quest Diagnostics/Hemocue AB ("Quest") progressed and continued throughout 2008 and 2009.

A major contributor of funding to the Company was East Hill Venture Fund LP ("East Hill") which has outstanding loans to the Company of over £10million, part of which has been secured against a fixed and floating charge debenture in March 2009. On 23 March 2009 East Hill confirmed it was not in the position to make any further investment in the Company to bring the product to market.

Following the decision by East Hill to withdraw further funding to the Company the board decided to seek professional advice on the future viability and continued trading of the business and contacted Tenon Recovery on 25 March 2009. Discussions were however continuing with Quest which resulted in an interim provision of funds of £250,000 to assist with ongoing trading to allow for an offer to be finalised, as a result a first ranking debenture was granted by the Company on 20 April 2009.

Conditions for a sale to Quest were drawn up for a consideration of \$2.4million although at the end of April 2009 Quest withdrew from negotiations. As a result Tenon were formally instructed on 29 April 2009 to assist the Company in finding a purchaser for the share capital or alternatively the business and assets within a 4-6 week period, failing which the company would be placed into the appropriate insolvency procedure.

A number of potentially interested parties were consulted and an information memorandum sent out to those signing confidentiality agreements. No formal offers were received and on 22 May 2009 the board of directors filed a notice of intention to appoint administrators at the High Court of Justice with the consent of the floating charge holders.

On 27 May 2009 Andrew Pear and Ian Cadlock of Tenon Recovery were appointed as Joint Administrators pursuant to Paragraph 12(1)(b) of Schedule B1 of the Act. The appointment provided that any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or alone.

### 3.1. Summary of recent performance

A summary of the recent trading position is shown below.

	Mgmt Accounts Seven month to 28 February 2009 (£)	Draft Audited Accounts year ending 31 July 2008 (£)	Audited Account year ending 31 July 2007 (£)
Other Operating Income	-	-	874,667
Administrative Expenses	(3,083,800)	(5,664,152)	(5,895,259)
Operating Loss	(3,083,800)	(5,664,152)	(5,020,592)
Interest Payable	(274,300)	(902,734)	(66,272)
Tax on Loss on ordinary activities	443,600	443,587	-
Loss after tax	(2,914,600)	(6,123,299)	(5,086,864)

### 4. Objectives of administration and strategy for achievement by the Joint Administrators

The objective of the Administration process is to:-

- (a) rescue the company as a going concern; or
- (b) achieve a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration); or
- (c) realise property in order to make a distribution to one or more secured or preferential creditors.

The first objective of an Administration could not be met. Without an immediate injection of funding the Company could not continue or allow negotiations within a time frame sufficient for it to be rescued as a going concern. No such funding was available.

The strategy for the Administration is therefore to achieve a better result for the Company's creditors than would be achieved should the Company be wound up.

### 5. Management of Business by the Joint Administrators following appointment

At the commencement of the Administration, the Company employed 47 people.

The Joint Administrators considered the merits of continuing to trade. It was concluded that there was a benefit to a limited trading period whilst a sale of the business and/or its assets was pursued as a number of discussions were ongoing with various interested parties and such a sale would have ensured that the value of the assets and intellectual property were maximised.

Having considered the minimum number of staff required to enable the company to trade a total of 31 redundancies were made at the date of appointment due to the level of available funding and the costs of retaining such a high cost base. Following a further review a week after the

appointment a further round of 12 redundancies were made bringing the staffing levels to 4 key staff in order to reduce the ongoing trading costs.

Following their appointment, the Joint Administrators have continued to seek to dispose of the business and assets. An information memorandum has been circulated to over 70 parties potentially interested in purchasing the business and/or assets. There have been a number of expressions of interest from various parties for either an acquisition of the business, assets and/or Intellectual Property.

A number of these parties have subsequently withdrawn from the process and should no firm expression of interest be received in short order the Administrators will be implementing a wind down strategy. Agents have been instructed to commence the disposal process of the plant and machinery on site should this be required together with any interest for the Intellectual Property.

## **6. Proposed Exit Route of Administration**

It is proposed that the Administration will end with the Company being placed into either Creditors Voluntary Liquidation ("CVL") pursuant to paragraph 83 of schedule B1 to the Act, or into Compulsory Liquidation pursuant to a petition being presented to the Court by the Joint Administrators.

Enclosed with this report are the Joint Administrators proposals, which include at proposal (c) that, Andrew Pear and Ian Cadlock be the proposed liquidators of the Company.

If the Joint Administrators consider it appropriate to exit into a CVL, then pursuant to paragraph 83(7) of Schedule B1 to the Act and rule 2.117(3) of the Rules, the creditors may nominate a different person(s) as the proposed liquidator(s) provided that the nomination(s) is made after the receipt of the proposals but before the proposals are approved. If the Company exits into compulsory liquidation, the Joint Administrators propose to take the appointment as Joint Liquidators pursuant to section 140(1) of the Act.

## **7. Statement of Affairs**

The directors have yet to submit a sworn statement of affairs although details have been provided. An Estimated Statement of the Financial Position ("ESFP") is attached as **Appendix II**. This records the Company's assets and liabilities at their estimated book value and the market value as a going concern at the date of the Administration Order.

The values at which the creditors' claims are stated in the ESFP are those which are reflected in the Company's books and records and may not be wholly accurate. Please also note that inclusion or exclusion on this list does not imply an acceptance or rejection of any creditors' claims. It is not anticipated that creditors' claims will be adjudicated upon for dividend purposes until the Administration Order ends and the Company is placed into Liquidation.

### **7.1. Leasehold land and buildings**

The Company has operated from a leasehold premises of approximately 10,000 square feet at Unit 15 Oxford Industrial Park, Mead Road, Yarnton, Oxfordshire OX5 1QU since 2003. This property has been adapted by the Company to provide a "clean" production area, laboratories and administrative offices over two floors.

The Company holds a 15 year lease commencing on 15 August 2003 with the current annual rent being £120,000 per annum.

#### **7.2. Plant, Machinery & Tooling**

The plant and equipment comprises of a range of high quality general laboratory and testing equipment with test, storage and production machinery with a high capital cost. The accounts show a historic cost price of £1.8million. The main items include two scientific freeze dryers, a well cutter and laser, a multi purpose test station, screen printer and drying oven, packaging machine, a pick and place machine and a special purpose cold room and four module dispenser.

In addition there are three machines on hire purchase agreements, two of which are in their secondary rental period. The value of these assets will be dependant on whether a sale of the business as a whole is achievable or whether there will be a piecemeal sale.

#### **7.3. Intellectual Property**

The Company has a number of patents that have either been granted, or in the process of being granted with regard to the research undertaken by the Company. A valuation has not yet been undertaken on these intangible assets and discussions are ongoing regarding their sale.

#### **7.4. Stock**

The stock comprises chemicals, enzymes, laminates membranes and consumables for use in research and development with an approximate purchase cost of £176,390 at 31 March 2009.

The agents have advised this stock would have a resalable value of approximately £80,000 on a going concern basis although should the business cease trading these stocks may have no worthwhile realisable value.

#### **7.5. Cash at Bank**

The company held cash reserves of £72,743 as at 27 May 2009. These funds are currently being utilised to facility ongoing trading. To date the Administrators have received £21,485 and are awaiting a further sum of approximately £52,000 from an investment fund held by the Company.

#### **7.6. VAT Refund**

The Company is due a VAT refund of £12,591 for the month of April 2009 following submission of the relevant return and a further refund for May 2009 of approximately £9,554.

### **8. Joint Administrators' Receipts and Payments Account**

I attach at **Appendix IV** a summary of the Joint Administrators' Receipts and Payments account to the date of this report. There have been realisations totalling £21,485 as specified above. Expenses totalling £19,015 for employees' wages have also been incurred, which I trust you will find self explanatory.

## **9. Joint Administrators' Proposals**

Pursuant to Paragraph 49 of Schedule B1 of the Act, enclosed with this report are the Joint Administrators' proposals for achieving the purpose of the Administration as set out in Section 3 of this report.

## **10. The Prescribed Part**

A first ranking debenture was granted in favour of Quest on 20 April 2009 and registered at Companies House on 1 May 2009 in respect of the funds it advanced to the Company during sale negotiations.

East Hill Venture Fund LP series 2008 A and East Hill Venture Fund LP series 2008 B have also been granted fixed and floating charges on 9 March 2009 and registered at Companies House on 17 March 2009 in respect of a convertible secured loan note instrument.

Since both these charges follow the commencement of the provisions of Section 176A of the Act, the Joint Administrators are required to set aside a "Prescribed Part" fund specifically for unsecured creditors. Such a fund will not apply should the Company's net property amount to less than £10,000 and the Joint Administrators consider that the cost of making such a distribution would be disproportionate to the benefits. The prescribed part will be calculated at 50% up to £10,000 and 20% of the property that exceeds this amount.

An estimate of the prescribed part is shown in the statement of affairs but it should be noted that this is based upon the Company's gross assets prior to the costs of the Administration process.

## **11. Joint Administrators' Remuneration**

The Joint Administrators are proposing that they should be remunerated by reference to time properly spent by them and their staff in attending to the matters arising from the Administration of the Company pursuant to rule 2.106(2)(b) of the Rules. The Joint Administrators will be seeking agreement for such remuneration from the Creditors' Committee or, in the event that such a committee is not formed, from the creditors at the forthcoming meeting by way of formal resolution.

Included within this report, as *Appendix III* is a schedule of time costs to date and supporting information as required by Statement of Insolvency Practice number 9. The Joint Administrators have time costs to date of £11,453.50 and disbursements of £1,305.88.

Enclosed with this report is a Creditors' Guide to Administrators' Fees.

## **12. Meeting of Creditors**

A notice convening the first meeting of creditors is enclosed with this report. This meeting is due to be held on 24 June 2009 at 2:30pm at The Oxford Centre 333, 333 Banbury Road, Oxford OX2 7PL.

This meeting is to consider and approve (or otherwise) the Joint Administrators' proposals.

Creditors may either attend the meeting in person or by completing the enclosed proxy form.

### **13. Joint Administrators' Investigations**

Under the insolvency legislation, I have a duty to consider the conduct of those who have been directors of the Company at any time within three years preceding the Administration. I am also required to consider whether any civil proceedings should be taken. Please let me know, using the attached form, if there are any matters which you believe I should be aware of when considering the directors' conduct. I would stress that this request for information forms part of my usual investigation proceedings and is not intended to imply any criticism of the directors or their conduct.

### **14. EC Regulation on Insolvency Proceedings 2000**

For the following reason it is considered that the EC Regulation on Insolvency Proceedings 2000 will apply. If it does apply, these proceedings will be the main proceedings as defined in article 3 of the EC regulation.

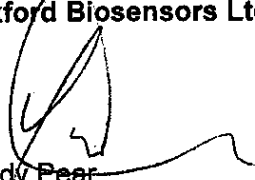
The Company carries on its business from its registered office. Therefore in the absence of proof to the contrary, the Company's centre of main interests is in the United Kingdom.

### **15. Further Information**

Should you require any further information, please do not hesitate to contact Andy Simpson on the telephone number shown at the head of this report.

Yours faithfully

**For and on behalf of  
Oxford Biosensors Ltd**

  
1.1 Andy Pear  
Joint Administrator

*Licensed to act as an Insolvency Practitioner by the Association of Chartered Certified Accountants*

**When telephoning or emailing please contact Andy Simpson as above**



## Appendix I

### Company Information

Company Name: Oxford Biosensors Ltd

Previous Name: None

Company Number: 03573970

Date of Incorporation: 2 June 1998

Trading Address: Unit 15, Mead Road, Yarnton, Oxfordshire OX5 1QU,

Registered Office: 3rd Floor, Lyndean House, 43-46 Queens Road, Brighton, BN1 3XB

Principal Activity: Research & Develop Medical Equipment

### Appointment details

Date of Appointment: 27 May 2009

Appointment made by: Directors

Court Address: High Court of Justice  
Chancery Division (Companies Court)

Court Reference: 14565/2009

Administrators Appointed: A J Pear IP Number: 9016  
I Cadlock IP Number: 8174

### Directors and Shareholders

Company Directors: David George Hawksworth  
Robert Michael Mehalso  
Landon Thomas Clay

Company Secretary: H K Nominees Limited

Shareholders: Ronald Neil Butler	13,100 Ordinary
Oxford University	300,000 Ordinary
Landon Thomas Clay	491,608 Ordinary
Peter James Dobson	51,050 Ordinary
East Hill University V (B) LP	202,016 Ordinary
East Hill University V LP	332,640 Ordinary
East Hill University III LLC	1,171,580 Ordinary
East Hill University IV LLC	614,364 Ordinary
Hugh Allen Oliver	56,413 Ordinary
The Isis College No.1	84,867 Ordinary
The Isis College No.2	697 Ordinary
The Isis College No.2	706 Ordinary
Peter Alexander Leigh	51,101 Ordinary
Mitsu & Co	56,391 Ordinary
Michael John Peagram	56,973 Ordinary
Luet Lok Wong	<u>52,127</u> Ordinary
	<u>3,535,633</u> Ordinary

**Share Capital****Authorised****Allotted, called up and fully paid**

3,353,633 ordinary shares 1p each

3,353,633 ordinary shares of 1p each

**Charges**

Debenture &amp; legal Charge dated 20 April 2009 in favour of Hemocue AB

Debenture dated 9 March 2009 in favour of East Hill Venture Fund LP – Series 2008 A and  
East Hill Venture Fund LP – Series 2008 B

## Oxford Biosensors Limited

## Estimated Statement Of Financial Position as at 27 May 2009

	Book Value	Estimated to Realise on a Going Concern Basis	
	£	£	£
<b>ASSETS SUBJECT TO A FIXED CHARGE</b>			
Leasehold Land & Property	377,141	-	
Intellectual Property	-	TBA	
Hemocue AB	( 250,000)	( 250,000)	
Surplus/(Deficiency) c/d to Floating Charge		( 250,000)	
		<u>( 4,746,567)</u>	
East Hill Venture Capital LLP			<u>( 4,746,567)</u>
<b>ASSETS SUBJECT TO A FLOATING CHARGE</b>			
Net Plant & Machinery	310,038		705,000
Furniture & Equipment	31,858		13,800
Tooling	75,780		50,000
Stock	-		80,000
Surplus c/d			<u>848,800</u>
<b>PREFERENTIAL CREDITORS:-</b>	777	( 777)	<u>848,023</u>
Estimated prescribed part of net property (to carry forward)		( 172,605)	<u>675,418</u>
<b>DEBTS SECURED BY FLOATING CHARGE</b>			
Deficiency b/d Hemocue AB		( 250,000)	
Deficiency b/d East Hill Venture Capital LLP		( 4,746,567)	( 4,996,567)
			<u>( 4,321,149)</u>
Estimated prescribed part of net property where applicable (brought down)			<u>172,605</u>
Total Assets available for unsecured creditors			<u>172,605</u>
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Trade & Expense Creditors		( 262,905)	
East Hill Venture Capital Unsecured Loans		( 5,271,687)	
Inland Revenue		( 98,312)	( 5,632,904)
Deficiency to Unsecured Creditors			( 5,460,299)
Issued and called up capital			
Ordinary Shareholders		( 35,356)	( 35,356)
<b>TOTAL SURPLUS/(DEFICIENCY)</b>			<u>( 5,495,655)</u>

**Office Holder Remuneration**

Case Name	Oxford Biosensors Ltd	
Court	High Court of Justice Chancery Division Companies Court	
Court reference	14565/2009	
Office Holders	A J Pear	IP Number: 9016
	I Cadlock	IP Number: 8174
Firm	Tenon Recovery	
Address	3rd Floor, Lyndean House, 43/46 Queens Road, Brighton, East Sussex, BN1 3XB	
Type of Appointment	Administration	
Date of Appointment	27 May 2009	

**1. Overview of Case****1.1. Appointment**

We were appointed Joint Administrators on 27 May 2009 following an application by the Directors

**2. Explanation of office-holders charging and disbursement recovery policies****2.1. Time recording**

Time properly incurred on cases is charged to the assignment at the hourly rate prevailing at the time. The current hourly charge out rates are outlined below:

	£
Director and licensed Insolvency Practitioner	350-370
Senior Manager	255
Manager	195
Administrator	145-160
Junior Administrator and Cashier	105
Secretarial	55

**2.2. Disbursement recovery**

Certain costs may be incurred in relation to a case and in the first instance, paid by Tenon Recovery, and then recharged to the case. The amount recharged is the exact amount incurred. Examples are statutory bond, statutory advertising, land registry searches, insurance, travel and subsistence, archiving and storage costs.

Other costs which may be charged to the case are room hire for meetings held at the offices of Tenon Recovery and the cost of sending out reports to creditors, if material. The costs recharged are based

upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally.

The current level of costs recharged are detailed below:

### **3. Description of work carried out**

Section 4 of this appendix outlines the time costs to date in relation to activities undertaken during this matter. These matters can be summarised as follows:

#### **3.1. Pre-appointment**

Time spent in this category comprises the activities required to obtain an Administration Order, a site visit and meetings with various parties regarding the impending administration order.

#### **3.2. Administration and planning**

The following activities have been undertaken:

- > Statutory duties associated with the appointment including the filing of relevant notices;
- > Notification of the appointment to creditors, members, employees and other interested parties;
- > Setting up case files;
- > Reviewing available information to determine appropriate strategy;
- > Setting up and maintaining bank accounts;
- > 6 monthly progress review of the case.

Staff of different levels were involved in the above activities depending upon the experience required.

#### **3.3. Investigations**

The time spent comprises:

- > Corresponding with the former directors and management;
- > Review of questionnaires and comments provided by interested parties;
- > Review of company documentation;
- > Liaising with the creditors' committee on such matters; and
- > Completion of statutory returns to the Department of Trade and Industry.

Due to the complex nature and importance of the investigations, the staff utilised to conduct such work involved experienced members of staff.

#### **3.4. Realisation of assets**

I would refer creditors to main body of report on the realisations of assets.

#### **3.5. Trading**

The business is continuing to trade for a short period of time in order to enable a possible sale as a going concern as this would achieve a higher realisation than that of a sale of the assets only.

Trading activities included;

- > Planning appropriate trading strategy;
- > Liaison with employees;
- > Dealing with suppliers;
- > Contact and negotiation with customers;
- > Authorisation of commitments;
- > Review of trading position;
- > Paying suppliers

Staff were chosen depending upon the appropriate level of experience required for the activity they were required to undertake.

### 3.6. Creditors

The time spent includes the following matters

- > Recording and maintaining the list of creditors;
- > Dealing with employee related matters;
- > Dealing with reservation of title claims;
- > Recording creditor claims
- > Reporting to creditors;
- > Meetings of creditors;
- > Dealing with creditor queries;
- > Reviewing and evaluating creditor claims;

### 3.7. Employees

A number of employees have been made redundant since the date of the administration and are entitled to submit claims for unpaid wages, holiday pay, payment in lieu of notice and redundancy pay. Time spent in this category includes liaising with employees and the redundancy payments office regarding employees calculations of claims and queries.

## 4. Time and chargeout summary

To date a total of 55.20 hours have been spent at an average charge out rate of £207.49 bringing the total cost to date to £11,453.50 excluding pre-appointment time costs.

A summary table is shown below:

Classification of work function	Insolvency Practitioner/ Director/ Associate Director	Manager	Hours Other senior professionals	Assistants and support staff	Total	Time cost £	Average Hourly rate £
Pre-appointment	14.30	8.50	2.70	-	25.50	5,959.50	233.71
Administration and Planning	6.50	3.10	4.20	3.70	17.50	4,047.50	231.29
Investigations	-	-	-	-	-	-	-
Realisation of assets	0.50	0.30	2.00	-	2.80	563.50	201.25
Trading	2.30	0.30	14.90	-	17.50	3,293.50	188.20
Creditors	-	0.30	2.60	-	2.90	462.50	159.48
Employees	3.50	0.90	10.10	-	14.50	3086.50	212.86
Total hours	12.80	4.90	33.80	3.70	55.20		
Total fees claimed £	12.80	955.50	5,338.50	373.50		11,453.50	207.49

The above costs exclude VAT.

**5. Disbursements**

**5.1. Category 1**

Category 1 disbursements incurred are outlined below:

	Incurring	Paid
	£	£
Mileage & Travel	247.60	-
Specific penalty bond	528.00	-
Company Search	15.00	-
Subsistence	15.28	-
Petty Cash for Trading	500.00	-
Total	<u>1,305.88</u>	<u>-</u>

The above costs exclude VAT.

**5.2. Category 2 disbursements**

No Category 2 disbursements have been charged to this matter to date.

**Oxford Biosensors Ltd**  
**(In Administration)**

**Joint Administrators' Abstract Of Receipts And Payments**  
**To 08 June 2009**

**RECEIPTS**

**Total (£)**

Cash at Bank

21,484.64

21,484.64

**PAYMENTS**

Direct Labour

19,015.82

19,015.82

Balance

2,468.82

**MADE UP AS FOLLOWS**

Administration Current Account

2,468.82

2,468.82



## **Oxford Biosensors Ltd – In Administration**

### **Statement of Joint Administrators' proposals Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986**

In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 ("the Act") and The Insolvency Rules 1986 ("the Rules"), A J Pear and I Cadlock the Joint Administrators ("Administrators") of Oxford Biosensors Ltd ("the Company"), make the following proposals for achieving the purpose of the Administration.

These proposals and the attached report to creditors together set out the information required by and discharge the Administrators' duty pursuant to Paragraph 49 of Schedule B1 of the Act and Rule 2.33 of the Rules.

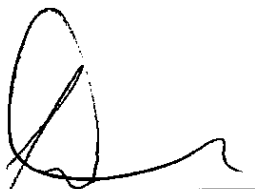
#### **Proposals**

The Administrators propose that:

- (a) they continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration such that:
  - (i) they dispose of the Company's ownership of such assets at such time(s) on such terms as they consider expedient;
  - (ii) they investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company which supplies or has supplied goods or services to the Company.
  - (iii) in addition, they do all such things and generally exercise all their powers as Administrators as they in their discretion consider desirable or expedient in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals; and
- (b) the Administration shall continue (subject to the statutory provisions relating to automatic termination) until the realisable assets of the Company have been realised and all liabilities incurred during the Administration have been discharged or until such a time as deemed appropriate by the Administrators. At this stage the Company shall be dissolved or placed into liquidation as outlined above. If necessary, the Joint Administrators propose to seek an extension of their appointment as Administrators from the creditors and/or the Court pursuant to paragraph 76 of Schedule B1 to the Act.
- (c) In the event that the Administrators are of the view that it is appropriate for the Company to move from Administration into Liquidation, whether compulsory or voluntary, the Joint Administrators be authorised to take steps to place the Company into whichever liquidation process they, at their discretion, deem appropriate. In either circumstance, it is proposed that the Joint Administrators would take the appointment as joint liquidators of the Company and that they will act jointly and severally in

their duties. In relation to moving into creditors' voluntary liquidation, and in accordance with paragraph 83(7) and Rule 2.117 (3), creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the proposals and before those proposals are approved.

- (d) If the Administrators consider that there will be no distribution to creditors who are neither secured nor preferential, and if they also consider that an exit from the Administration into compulsory liquidation is not appropriate, then the Administrators be authorised to take the necessary procedural steps to bring about the end of the Administration and move the Company into dissolution pursuant to paragraph 84 of Schedule B1 to the Act.
- (e) Upon the Company either proceeding into Liquidation or dissolution as set out above, the Joint Administrators discharge from liability, pursuant to paragraph 98 of Schedule B1 shall take effect 14 days following either the Company entering into liquidation or filing the notice of moving from Administration to dissolution.
- (f) They be at liberty to incur and pay such costs and expenses, including professional fees, as considered to be incidental to the achievement of the purpose of the Administration or for the purposes set out herein or to the Joint Administrators' statutory duties.
- (g) The Administrators propose to be remunerated by reference to time properly spent both for their services as Administrators and also for their staff in attending to the matters arising in the Administration of the Company, charged at the charge out rates prevailing at the time the work is undertaken. The Administrators' remuneration will be agreed by the Creditors' Committee or in the event that no Committee is formed by creditors at the first meeting of creditors, by way of resolution for the acceptance of these proposals.
- (h) Tenon's costs and expenses relating to the appointment of Administrators as would fall within the definition of Rule 2.67(1)(c) be treated as an expense of the Administration (albeit incurred prior to the date of appointment) and calculated by reference to the charge out rates prevailing at the time the work is undertaken.
- (i) They be at liberty to recharge disbursements as detailed in the circulated Creditors guide to Administrators' fees.
- (j) They be at liberty to pay costs and remuneration in relation to proposals (g), (h) and (i) above when funds become available.
- (k) They consult with the Creditors' Committee, if formed, at appropriate intervals concerning the conduct of the Administration and the implementation and development of these proposals and where they consider it expedient obtain the sanction of that Committee on behalf of the creditors of the Company (and without further reference to them) to any proposed action on the part of the Administrators.

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a horizontal line and a small flourish.

11

A.J. Pear  
Joint Administrator

08 June 2009

## Rule 2.35

## Notice of a meeting of Creditors

Name of Company

Oxford Biosensors Ltd

Company number

03573970

In the High Court of Justice  
Chancery Division  
Companies CourtCourt case number  
14565/2009(a) Insert full name(s)  
and address(es) of  
administrator(s)

Notice is hereby given by (a)

A J Pear  
Tenon Recovery  
3rd Floor, Lyndean House,  
43/46 Queens Road,  
Brighton,  
East Sussex, BN1 3XBI Cadlock  
3rd Floor Lyndean House  
43-46 Queens Road  
Brighton  
East Sussex BN1 3XB(b) Insert full name and  
address of registered  
office of the company

that a meeting of creditors of (b)

Oxford Biosensors Ltd  
3rd Floor, Lyndean House  
43-46 Queens Road  
Brighton  
BN1 3XB(c) Insert details of place  
of meetingis to be held at The Oxford Centre  
333 Banbury Road  
Oxford OX2 7PL(d) Insert date and time  
of meeting

on (d) 24th June 2009

at 14.30pm

The meeting is:

\*Delete as applicable

- \*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ('the schedule')  
~~\*(2) an initial creditors' meeting requested under paragraph 52(2) of the Schedule~~  
~~\*(3) to consider revisions to my proposals under paragraph 54(2) of the Schedule~~  
~~\*(4) a further creditors' meeting under paragraph 56 of the Schedule~~  
~~\*(5) a creditors' meeting under paragraph 62 of 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

Joint / Administrator(s)

Dated

8<sup>th</sup> June 2009

\*Delete as applicable

A copy of the \*proposals/ ~~revised proposals~~ is attached

## PROOF OF DEBT - GENERAL FORM

In the matter of Oxford Biosensors Ltd  
In Administration  
and in the matter of The Insolvency Act 1986

Appointment Date – 27 May, 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	
	Position with or relation to creditor	
	Date:	

**CREDITORS QUESTIONNAIRE**  
**INVESTIGATION INTO THE AFFAIRS OF**  
**OXFORD BIOSENSORS LTD**

**IN ADMINISTRATION**

Creditor's name and address	
1	Estimated Claim
2	If the estimated claim exceeds the credit limit, on what basis or terms was the additional credit allowed?
3	Please provide details of any comfort, security or assurance given to you to allow continuance of credit.
4	When were you first aware that there were difficulties in getting payment and what was the evidence of this? e.g. extended credit, lump sum payments, dishonoured cheques.

5 Please provide details of any cheques which were dishonoured, including dates and amounts.

6 Please provide details, including dates, of any writs, summons, decrees or other legal action you took to recover your debt.

7 Are there any particular matters you feel should be reviewed? If so, please provide brief details.

Name

Signature

Position

Date

*Should there be insufficient space on this form, please use a separate piece of paper clearly indicating which question the continuation sheet refers to*

## A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

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

### 1. Introduction

1.1. When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

### 2. The nature of administration

2.1. Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:

- > rescuing the company as a going concern, or
- > achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration, or, if the administrator thinks neither of these objectives is reasonably practicable
- > realising property in order to make a distribution to secured or preferential creditors.

### 3. The creditors' committee

3.1. The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

### 4. Fixing the administrator's fees

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

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

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage fix the percentage to be applied. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

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

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

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.

**Oxford Biosensors Ltd**  
In Administration

Name of Creditor \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Name of Proxy Holder

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

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

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 24 June, 2009 at 14.30pm, 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

For Against

\*Please tick as appropriate

1. For the acceptance of the Joint Administrators' proposals/revised proposals as circulated (excluding paragraph (e) as covered by resolution 3 below and paragraphs (g) to (j) as covered by resolution 2 below).

☐ ☐☐ ☐

2. For the acceptance of the Joint Administrators' proposals relating to remuneration and disbursements as outlined in paragraphs (g) to (j).

☐ ☐

3. That upon the Company either proceeding into Liquidation or dissolution, the Joint Administrators discharge from liability, pursuant to paragraph 98 of Schedule B1 shall take effect 14 days following either the Company entering into liquidation or filing the notice of moving from Administration to dissolution.

4. For the appointment of \_\_\_\_\_ (name)  
of \_\_\_\_\_ (firm)

as liquidator of the company.

CONTINUED ON NEXT PAGE

**Oxford Biosensors Ltd**  
**In Administration**

5. If you wish to appoint a member of the creditors committee, please complete the following:-

For the Appointment of \_\_\_\_\_ (name of individual)  
of \_\_\_\_\_ (company/organisation name)  
representing \_\_\_\_\_ (name of creditor)  
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**

\_\_\_\_\_  
\_\_\_\_\_