

The Insolvency Act 1986

Administrator's progress report

Name of Company
BlueStream Aviation Limited

Company number
~~040894188~~
04094188

In the
High Court of Justice, Chancery Division

Court case number
11304 of 2009

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

We, Andrew Lawrence Hosking and Nicholas Stewart Wood of Grant Thornton UK LLP,
30 Finsbury Square, London EC2P 2YU

joint administrators of the above company attach a progress report for the period

from

to

26 February 2009

25 August 2009

(b) Insert dates

Signed

Joint Administrators

Dated

22 September 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 anyone who searches the public register.

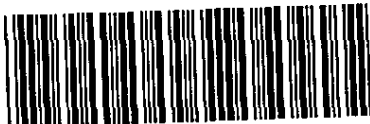
Victoria Urrestarazu

Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU

Tel 0207 728 2279

DX Number

DX Exchange



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A14 26/10/2009 59
COMPANIES HOUSE

A51 26/09/2009 108
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/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

SA MONDAY



Our Ref VSU/SDO/MTL/ALH/B49759/PF7/090901

TO THE CREDITORS

Recovery and Reorganisation
Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

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23 September 2009

Dear Sirs

BLUESTREAM AVIATION LIMITED - IN ADMINISTRATION (THE COMPANY)

**In the High Court of Justice, Chancery Division, Companies Court
No 11304 of 2009**

1 INTRODUCTION

- 1.1. Following the appointment of Nicholas Wood and I as joint administrators of the Company on 26 February 2009, I now report on the progress of the administration to date.
- 1.2. I enclose Form 2.24B together with an account of my receipts and payments, at Appendix A, for the six month period ending 25 August 2009, in accordance with Rule 2.47 of the Insolvency Rules 1986.
- 1.3. In accordance with paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986 the functions of the administrators are to be exercised by any or all of them.

2 STATUTORY INFORMATION

- 2.1. The Company's statutory details are as follows:

Registered number: 04094188

Registered office: Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

Former trading address: Biggin Hill Airport
Kent
TN16 3BN

SATURDAY

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26/09/2009
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3 ASSET REALISATIONS

- 3.1. In my statement of proposals dated 21 April 2009 I advised that I would pursue the objective of realising assets for the benefit of preferential and secured creditors. I detail below the asset realisations to date, together with details of future potential realisations.

Property at 23 Hazelhurst, Langshott, Horley RH6 9XY (Hazelhurst)

- 3.2. Hazelhurst was sold for £290,000 after it was marketed by my agents. As advised in my statement of proposals, there was no equity available for the benefit of the creditors in the administration after the payment of the mortgage and associated costs. Please be advised that the shortfall to Barclays Bank following the sale is an estimated £3,000.

Property at Biggin Hill Airport, Kent TN16 3BN (the Office)

- 3.3. The Office was valued at an estimated £160,000 by our agents if sold in situ, however the value of the Office was reduced when it emerged that the Company only negotiated a short term six month lease with Biggin Hill Airport which expired prior to the date of our appointment. It was not possible to sell the Office in situ and any purchaser would incur significant relocation costs, which were unattractive to a potential purchaser.
- 3.4. Biggin Hill Airport offered to purchase the Offices for £10,000, which was subsequently increased to £23,000. In addition, Biggin Hill Airport repaid the rent deposit of £9,490.81, after costs.

Loan to Highfield Real Limited (Highfield)

- 3.5. According to the Company's accounting records a loan in the sum of £228,155 was made to Highfield, a property investment company. One of Highfield's directors is a former director of the Company. I have been advised by the Company directors that this loan was made in respect of the development of properties in Luton.
- 3.6. I have received an explanation letter for this loan from Highfield, which I do not consider to be satisfactory and I intend to pursue recovery of these monies.

G - NEWR Aircraft

- 3.7. As advised in my statement of proposals a summary judgement had been obtained in the High Court against John Matthews (JM) for £130,000, being the value of a former Company aircraft that was sold by JM.
- 3.8. The majority of this money had already been reclaimed by the Company prior to being placed into administration and I have not identified further assets to cover the shortfall.

International Air Charter (IAC)

- 3.9. The debtor IAC has an outstanding debt to the Company in the sum of £16,543 which I am pursuing through my solicitors.

Further Potential Claims

- 3.10. I have undertaken investigations into the Company's business and affairs and have identified potential claims which I consider can be brought using the powers of the Insolvency Act 1986.
- 3.11. I am currently seeking legal advice from my solicitors with a view to pursuing these claims further. I will be in a position to report on progress made with these claims in my next progress report in six months time.

Other Assets

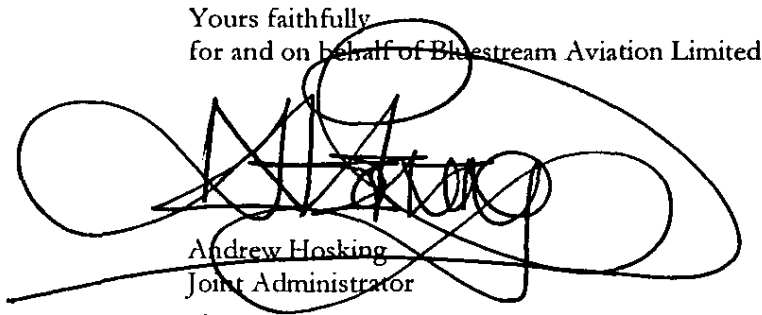
- 3.12. Other asset realisations are set out in my receipts and payments account at Appendix A. It should be noted that book debts included with the Company's management accounts do not appear to be recoverable and I anticipate no further recovery of book debts other than the claim against IAC.

4 ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

- 4.1. In accordance with Statement of Insolvency Practice (SIP 9) I attach a summary of my firm's time costs by grade of staff and type of work, at Appendix B. This shows total time costs of £146,908.17, representing 709.43 hours at an average of £207.08 per hour, against which I have drawn fees of £26,739.13 plus VAT on account. You will note that there are insufficient funds available to cover my firm's time costs.
- 4.2. My cumulative Category 1 disbursements for the period 26 February 2009 to 31 August 2009 are £1,630.62 plus VAT.

If you have any queries please contact Victoria Urrestarazu on 020 7728 2279 or Samuel Ouriach on 020 7865 2294.

Yours faithfully
for and on behalf of Bluestream Aviation Limited



Andrew Hosking
Joint Administrator

The affairs, business and property of Bluestream Aviation Limited are being managed by Andrew Hosking and Nicholas Wood, appointed joint administrators on 26 February 2009.

APPENDIX A**Bluestream Aviation Limited - In Administration****Joint Administrators' Receipts and Payments
from 26 February 2009 to 25 August 2009****RECEIPTS**

Freehold Land & Property - Hazelhurst	290,000.00
Freehold Land & Property - the Offices	23,000.00
EDF Energy Refund	15,714.76
Rent Refund	9,490.81
Motor Vehicle	5,000.00
Book Debts	4,092.08
Miscellaneous Refunds	31.78
Cash at Bank	1.27
	<hr/>
	347,330.70

PAYMENTS

Chargeholder - Barclays Bank	274,394.40
Administrators Fees	25,000.00
Legal Fees	20,008.00
Agents/Valuers Fees	6,993.60
Vat Receivable	6,131.85
Fixed Charge Vat Receivable	1,813.30
Professional Fees	687.60
Advertising	244.62
Legal Expenses	211.35
Committee Expenses	29.70
Bank Charges	3.89
	<hr/>
	335,518.31

Balances in Hand	11,812.39
	<hr/>
	<u>347,330.70</u>

APPENDIX B

Introduction

The following information is provided in connection with the joint administrators' remuneration and disbursements in accordance with SIP9.

An overview of the case

Please see attached report.

Explanation of Grant Thornton UK LLP charging and disbursement recovery policies

Time Costs

All partners and staff are charged out at hourly rates appropriate to their grade, as shown at Appendix B. Details of the hourly charge-out rates are made available to creditors or committees at the time of fixing the basis of our fees. Support staff (i.e. secretaries, cashiers and filing clerks) are charged to the case for the time they work on it.

Disbursements

Out of pocket expenses are charged at cost. Mileage is charged at standard rates which comply with Inland Revenue limits of AA recommended rates. VAT is added to disbursement charges as necessary.

SIP 9 TIME COST ANALYSIS**BLUESTREAM AVIATION LIMITED - IN ADMINISTRATION****JOINT LIQUIDATORS' TIME COSTS FOR THE PERIOD FROM 26 FEBRUARY 2009 TO 31 AUGUST 2009**

Classification of work function	Partner hours	Manager hours	Other senior professionals hours	Assistants and support staff hours	Total hours	Time cost (£)	Average hourly rate (£)
Administration and Planning (inc statutory reporting)	33.60	24.70	92.10	79.91	230.31	53,123.80	230.66
Investigations	2.00	28.20	53.50	51.25	134.95	27,618.25	204.66
Realisation of Assets	2.60	22.10	56.20	34.75	115.65	23,574.00	203.84
Creditors	nil	43.20	103.69	81.63	228.52	42,592.12	186.38
Total hours and cost	38.20	118.20	305.49	247.54	709.43	146,908.17	207.08

Total fees billed to date

26,739.13

Outstanding time costs

120,169.04**Notes****Administration and planning**

Includes: case planning; statutory obligations; case set-up; filing documents; preparing proposal to creditors; correspondence with company's auditors; maintenance of cash and estate records; general correspondence; insurance issues.

Investigations

Includes: correspondence with directors; reviewing directors' questionnaires; interviewing directors, directorship searches; reviewing company books and records and accounting records; obtaining & reviewing bank statements; imaging hard drives.

Realisation of assets

Includes: liaising with solicitors and instructing agents in relation to 23 Hazlehurst, Biggin Hill and the BMW; obtaining and reviewing Biggin Hill's lease; negotiations with Biggin Hill Airport re Biggin Hill lease; resolving aircraft liens; communications with debtors; obtaining legal advice on assets.

Creditors

Includes: correspondence with creditors; corresponding with RPO; dealing with employee redundancy payments; corresponding with employees; providing employees with references; meeting with the creditors' committee; preparing report to creditors; meeting with creditors' committee.

Category 1 Disbursements

Category 1 disbursements total £1,630.62 (plus VAT) as follows:

Type and purpose	£
Courier	42.70
Travel and subsistence	50.58
Statutory Advertising	219.82
Statutory Bonding	1,056.00
Land Registry Searches	105.00
Hard drives for imaging	156.52
Total	1,630.62

Supporting Documentation

A schedule of charge-out rates which have applied during the reporting period is attached as required by SIP9:

Grade of Staff	Hourly rate from 1 July 2008	Hourly rate from 1 July 2009
	(£)	(£)
Partner	480	510
Manager	235	275
Executive	215	230
Administrator	180	190