

The Insolvency Act 1986

Administrator's progress report**2.24B**

Name of Company Bioganix Composting Limited	Company number 04291678
In the High Court of Justice Chancery Division Companies Court	<i>For court use only</i> 10941 of 2009

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

We Geoffrey Wayne Bouchier and David John Whitehouse of MCR, 43-45 Portman Square, London, W1H 6LY

Joint Administrators of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 10 February 2009

(b) 9 August 2009

Signed


Joint Administrator

Dated

8-9-09

Contact Details:

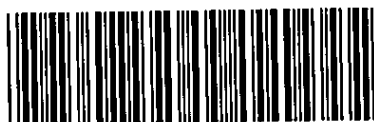
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give

MCR
43-45 Portman Square
London
W1H 6LY
Tel: 020 7487 7240

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

use, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff



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COMPANIES HOUSE

FRIDAY

**Bioganix Composting Limited & Bioganix Research Limited
(Both In Administration)**

**Joint Administrators' Progress Report to Creditors
For the period from 10 February 2009 to 9 August 2009
pursuant to Rule 2.47(1) of the Insolvency Rules 1986 as amended**

8 September 2009

DEFINITIONS

"Appointment Date"	means 10 February 2009, being the date of appointment of the Joint Administrators;
"the Joint Administrators"	means Geoffrey Wayne Bouchier and David John Whitehouse of MCR, 43-45 Portman Square, London, W1H 6LY;
"the Companies"	means Bioganix Composting Limited (In Administration) (Company Number - 04291678) and Bioganix Research Limited (In Administration) (Company Number - 05515809);
"BCL"	means Bioganix Composting Limited (In Administration) Company Number - 04291678);
"BRL"	means Bioganix Research Limited (In Administration) (Company Number 05515809);
"BOS"	means Bank of Scotland plc, the secured creditor of BCL;
"RPO"	means the Redundancy Payments Office;
"Countrystyle"	means Countrystyle Holdings Limited (Company Number - 05675092), a purchaser of certain business and assets of the Company;
"New Earth"	means New Earth Solutions Group Limited (Company Number - 04368018), a purchaser of certain business and assets of the Company;
"the Agents"	means King Sturge LLP, the Joint Administrators' agents;
"DBIS"	means the UK Department for Business, Innovation and Skills;
"the Directors"	means Nicholas Thomas Helme and Julian Morgan, the directors of the Companies;
"SOA"	means Statement of Affairs, documentation supplied by the Directors outlining the Company's position on the appointment date;
"CVL"	means Creditors' Voluntary Liquidation;
"Category 2 Disbursements"	means the Joint Administrators firm's internal costs and expenses in dealing with the Administration;
"the Act"	means the Insolvency Act 1986;
"the Rules"	means the Insolvency Rules 1986, as amended; and
"HMRC"	means HM Revenue and Customs.

Names of Joint Administrators: Geoffrey Wayne Bouchier
David John Whitehouse

Date of appointment: 10 February 2009

Date of report: 8 September 2009

Appointed by: The Directors of the Companies

Court reference: High Court of Justice
Chancery Division
The Strand
London

Bioganix Composting Limited: 10941 of 2009
Bioganix Research Limited: 10944 of 2009

MCR
43-45 Portman Square
London
W1H 6LY



**CORPORATE
RESTRUCTURING**

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1. INTRODUCTION

- 1.1 Geoffrey Wayne Bouchier and David John Whitehouse of MCR were appointed Joint Administrators of the Companies on 10 February 2009 by the Directors of the Companies pursuant to paragraph 22 of Schedule B1 to the Act.
- 1.2 The purpose of this report is to detail the Joint Administrators' acts and dealings together with the conduct of the Administrations since that date.
- 1.3 In accordance with Paragraph 100(2) of Schedule B1 to the Act the functions of the Joint Administrators are being exercised by any of the Administrators.
- 1.4 This report is intended to cover both of the Companies. The Joint Administrators believe that this is appropriate as the Companies' business strategies were centralised, and BRL being a wholly owned subsidiary of BCL.
- 1.5 The purpose of this report is to provide creditors with details of the progress of the Administrations, in accordance with Rule 2.47(1) of the Rules, for the six month period to 9 August 2009.
- 1.6 Statutory information on the Companies and a summary of their financial position is included within Appendix 1.
- 1.7 For information relating to the Companies' background and events leading up to the appointment of the Joint Administrators, please refer to the Joint Administrators' previous report dated 12 March 2009.

2. JOINT ADMINISTRATORS' REPORT AND STATEMENT OF PROPOSALS

- 2.1 The Joint Administrators issued their report to creditors together with their Statement of Proposals on 12 March 2009.
- 2.2 As you will be aware, a meeting of creditors was held on 30 March 2009. The purpose of the meeting was to consider the Joint Administrators' proposals.
- 2.3 The proposals were approved at the meeting and are attached at Appendix 4.

3. PROGRESS OF THE ADMINISTRATION

- 3.1 The manner in which the affairs and business of the Company have been managed since the appointment of Joint Administrators and will continue to be managed and financed are set out below.

Sale of the Business and Assets – BCL

- 3.2 As previously advised the business and assets of BCL were sold via two simultaneous but separate transactions to Countrystyle and New Earth.

3.3 Details of the sales consideration are summarised as follows:

	New Earth (£)	Countrystyle (£)	Total (£)
Sharpness Leasehold	340,000	-	340,000
Parham Freehold	-	390,000	390,000
Plant and Machinery	150,000	100,000	250,000
Stock	9,996	9,996	19,992
Goodwill and IPR	2	2	4
Customer Lists	1	1	2
Information Technology	1	1	2
Total	500,000	500,000	1,000,000

3.4 The entire sales consideration was received upon completion.

Book debts – BCL and BRL

3.5 As at the Appointment Date, the book debts of BCL and BRL totalled £162,222 and £19,999 respectively.

3.6 Collections to date total £152,056 and £19,999 respectively.

3.7 It is not anticipated that there will be any further realisations from this source.

Cash at Bank – BCL and BRL

3.8 As at the Appointment Date, BCL and BRL had cash at bank of £118 and £349 respectively. These balances relate to the accounts held with HSBC Bank plc. These monies have been transferred to the Joint Administrators' estate accounts.

Plant and Machinery – BCL and BRL

3.9 Following consultation with the Agents, the Joint Administrators confirmed that there was no realisable value in the assets located at Leominster and accordingly these assets were disclaimed.

Rates Refund – BCL

3.10 Rates refunds totalling £752 have been received from Suffolk Borough Council.

Research and Development Tax Credits – BRL

3.11 The Joint Administrators are currently investigating the possibility of a tax reclaim in BRL in respect of research and development tax credits and further details will be included in the Joint Administrators' next report to creditors.

Receipts and Payments Account

3.12 Detailed receipts and payments accounts are attached at Appendix 2.

4. INVESTIGATION

4.1 The Joint Administrators have a statutory obligation to file a report with DBIS regarding the conduct of the directors that held office in the three years prior to the appointment.

- 4.2 The directors conduct reports were submitted on 22 July 2009 for both BCL and BRL. The content of these reports is confidential.
- 4.3 Should any creditor have any further information that they consider should be taken into account by the Joint Administrators when considering the management and conduct of the Companies' affairs then the Joint Administrators would ask that you put such information to them in writing.

5. DIVIDEND PROSPECTS / PRESCRIBED PART

Secured Creditors

BCL

- 5.1 In consideration for the monies advanced under BCL's banking facilities and a term loan, BCL granted BOS a mortgage debenture dated 13 July 2007, which confers fixed and floating charges over all of the assets of BCL.
- 5.2 As at the date of the Joint Administrators' appointment, BCL's total indebtedness to BOS was circa £1,380,000, subject to accruing interest and charges.
- 5.3 Following the sale of BCL's business and assets, the sum of £809,493 was distributed to BOS under its fixed charge security. It is expected that a further distribution will be made to BOS under its fixed charge, and also a distribution under its floating charge, although it is anticipated that there will be insufficient realisations to repay BOS' indebtedness in full.

BRL

- 5.4 According to records lodged at Companies House, BRL has no secured creditors.

Preferential Creditors

BCL

- 5.5 The preferential creditors' claims consist of employee claims for arrears of pay and holiday pay, the majority of which have been subrogated to DBIS following payment to the employees by the RPO.
- 5.6 The RPO submitted a preferential claim totalling £6,559 on 21 July 2009 in respect of payments made to the Company's former employees.
- 5.7 Additional preferential claims totalling £14,539 were received from the former employees of the Company.
- 5.8 A first and final distribution of 100 pence in the pound, totalling £21,098, was paid to preferential creditors on 8 September 2009.

BRL

- 5.9 BRL has no preferential creditors.

Prescribed Part

- 5.10 Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a prescribed part of a company's net property shall be made available to unsecured creditors.

- 5.11 There are sufficient realisations to enable a distribution from the prescribed part to the non-preferential unsecured creditors of BCL, however the timing and quantum of the distribution remains uncertain at this time.
- 5.12 BRL has no secured creditors and therefore the prescribed part does not apply.

Non-Preferential Unsecured Creditors

BCL

- 5.13 According to the directors' SOA, non-preferential unsecured creditors total £534,244. The non-preferential unsecured creditors according to the SOA and claims received to date can be summarised as follows:

	Amount (£)	Claims (£)
Trade & Expense Creditors	484,244	547,797
Employee Entitlements	-	49,830
HM Revenue & Customs – PAYE	30,000	24,839
HM Revenue & Customs – VAT	-	54,109
Director's Loan	20,000	20,000
Total	534,244	696,575

- 5.14 There will be insufficient realisations for a distribution to unsecured non-preferential unsecured creditors, other than from the prescribed part.

BRL

- 5.15 According to the directors' SOA, non-preferential unsecured creditors total £42,261. The non-preferential unsecured creditors according to the SOA and claims received to date can be summarised as follows:

	Amount (£)	Claims (£)
Trade & Expense Creditors	12,261	20,474
HM Revenue & Customs – PAYE	30,000	36,388
HM Revenue & Customs – VAT	-	13,074
Total	42,261	69,936

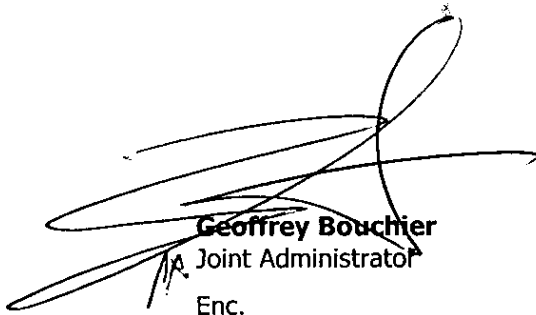
- 5.16 It is currently uncertain if there will be sufficient realisations for a distribution to unsecured non-preferential unsecured creditors. The Joint Administrators will provide an update on the prospect of a distribution once the investigations into the research and development tax reclaim is concluded.

6. JOINT ADMINISTRATORS' REMUNERATION

- 6.1 The time costs of the Joint Administrators and their staff are analysed at Appendix 3 in accordance with SIP 9. The Joint Administrators time costs to 4 September 2009, for BCL and BRL total £57,980 and £11,963 respectively.
- 6.2 To date the Joint Administrator's have drawn fees of £45,000 and £10,000 for BCL and BRL respectively.

7. CONCLUSION AND ENDING THE ADMINISTRATIONS

- 7.1 The Joint Administrators intend to make a distribution to the non-preferential unsecured creditors of BCL from the prescribed part.
- 7.2 Once the prescribed part dividend is paid to the non-preferential unsecured creditors of BCL and all other outstanding matters in relation to the Administrations have been satisfactorily completed by the Joint Administrators, the Joint Administrators will give notice to the Registrar of Companies under Paragraph 84 of Schedule B1 to the Act to the effect that the Companies have no property to realise which might permit a distribution to their non-preferential unsecured creditors, at which stage the Administrations will cease. The Companies will be dissolved three months following the registration of the notice at the Registrar of Companies.
- 7.3 In the event that the Joint Administrators form the view that a distribution can be made to the non-preferential creditors of BRL, then the Joint Administrators, in accordance with their proposals, will move BRL into CVL and the Joint Administrators be appointed as Joint Liquidators of the Company.
- 7.4 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration. This report will be provided no later than 9 March 2010 or earlier if the Administration has been finalised before then.
- 7.5 If you have any queries or require any further assistance, please do not hesitate to contact Laurence Chatwin of this office.



Geoffrey Bouchier
Joint Administrator
Enc.

APPENDIX 1

STATUTORY INFORMATION – BIOGANIX COMPOSTING LIMITED

Date of incorporation 21 September 2001

Registered number 04291678

Company director Nicholas Thomas Helme
Julian Morgan

Company secretary Wayne Symonds

Shareholders Bioganix plc hold all 11,000 ordinary shares

Main Trading addresses The Docks, Sharpness, Berkeley, Gloucester, GL13 9UX,
Parham Recycling Centre, Parham Airfield, Near Parham,
Woodbridge, Suffolk, IP13 9AF.

Registered Office	Current:	Formerly:
	43-45 Portman Square London W1H 6LY	Wharton Court Wharton Leominster Herefordshire HR6 0NX

Any Other Trading Names N/A

Financial information

	Period Ended 31 December 2007 (Audited) £	Period Ended 31 December 2006 (Audited) £
Turnover	1,603,094	1,340,505
Gross Profit	519,694	745,706
Profit/(loss) for the year	(584,810)	(43,087)



STATUTORY INFORMATION – BIOGANIX RESEARCH LIMITED

Date of incorporation 21 July 2005

Registered number 05515809

Company director Nicholas Thomas Helme
Julian Morgan

Company secretary Wayne Symonds

Shareholders Bioganix Composting Limited hold all 1 ordinary shares

Main Trading addresses Wharton Court, Wharton, Leominster, Herefordshire, HR6 ONX

Registered Office Current: 43-45 Portman Square
London
W1H 6LY
Formerly: Wharton Court
Wharton
Leominster
Herefordshire
HR6 ONX

Any Other Trading Names N/A

Financial information	Period Ended 31 December 2007 (Audited) £	Period Ended 31 December 2006 (Audited) £
Turnover	1,250,347	1,089,511
Gross Profit	176,027	10,870
Profit/(loss) for the year	(376,939)	(51,524)



APPENDIX 2



Bioganix Composting Limited (In Administration)
Joint Administrators' Receipts and Payments Account

Statement of Affairs Estimated to Realise £	Period for 10 February 2009 to 9 August 2009 £	Period for 10 February 2009 to 8 September 2009 £
FIXED ASSET REALISATIONS		
390,000.00 Freehold Premises - Parham	390,000.00	390,000.00
0.00 Plant and Machinery - Parham	80,000.00	80,000.00
340,000.00 Leasehold Premises - Sharpness	340,000.00	340,000.00
0.00 Plant and Machinery - Sharpness	125,000.00	125,000.00
2.00 Goodwill - Parham and Sharpness	2.00	2.00
2.00 Intellectual Property - Parham and Sharpness	2.00	2.00
2.00 Customer List - Parham and Sharpness	0.00	0.00
2.00 Information Technology - Parham and Sharpness	0.00	0.00
730,008.00	935,004.00	935,004.00
COST OF REALISATIONS		
Joint Administrators' Remuneration	(10,000.00)	(10,000.00)
Legal Fees	(30,268.98)	(30,268.98)
Agent Fees	(4,000.00)	(4,000.00)
	(44,268.98)	(44,268.98)
DISTRIBUTIONS TO SECURED CREDITORS		
(649,992.00) Distribution to Bank of Scotland plc - Overdraft and Loan	(809,493.46)	(809,493.46)
(649,992.00)	(809,493.46)	(809,493.46)
FLOATING ASSET REALISATIONS		
0.00 Customer List	2.00	2.00
0.00 Information Technology	2.00	2.00
100,000.00 Plant and Machinery - Parham	20,000.00	20,000.00
150,000.00 Plant and Machinery - Sharpness	25,000.00	25,000.00
150,000.00 Book Debts	152,055.71	152,055.71
0.00 Cash at Bank	117.83	117.83
19,992.00 Stock	19,992.00	19,992.00
0.00 Bank Interest	498.45	517.71
0.00 Rates Refund	751.66	751.66
0.00 Sundry Refund	480.00	480.00
419,992.00	218,899.65	218,918.91
COST OF REALISATIONS		
Joint Administrators' Remuneration	(35,000.00)	(35,000.00)
Joint Administrators' Disbursements	(162.00)	(162.00)
Agents Fees	(326.70)	(326.70)
Stationery & Postage	(584.73)	(584.73)
Storage Costs	(576.58)	(611.79)
Employee Consultant Services	0.00	(450.00)
Statutory Advertising	(702.41)	(702.41)
Bank Charges	(1,305.61)	(1,306.61)
	(38,658.03)	(39,144.24)
DISTRIBUTIONS		
Distribution to Pref Creditors - The National Insurance Fund	0	(6,558.68)
Distribution to Pref Creditors - Employee Arrears and Holiday Pay	0	(10,031.98)
Distribution to Pref Creditors - PAYE and NIC	0	(4,507.12)
	0.00	(21,097.78)
BALANCE OF THE ESTATE		
	261,483.18	239,918.45
REPRESENTED BY		
Fixed Bank Account	75,214.85	75,214.85
Floating Bank account	174,076.14	152,438.63
VAT Receivable	0.00	72.78
General VAT control account	6,165.48	6,165.48
Fixed charge VAT control account	6,026.71	6,026.71
	261,483.18	239,918.45

Bioganix Research Limited (In Administration)
Joint Administrators' Receipts and Payments Account

Statement of Affairs Estimated to Realise £	Period for 10 February 2009 to 9 August 2009 £	Period for 10 February 2009 to 8 September 2009 £
ASSET REALISATIONS		
20,000.00	19,999.17	19,999.17
0.00	348.67	348.67
0.00	2.78	2.78
20,000.00	20,350.62	20,350.62
COST OF REALISATIONS		
Joint Administrators' Remuneration	(5,000.00)	(10,000.00)
Joint Administrators' Disbursements	(132.75)	(132.75)
Stationery & Postage	(44.77)	(44.77)
Storage Costs	(396.91)	(396.91)
Statutory Advertising	(144.18)	(144.18)
Bank Charges	(14.88)	(15.86)
	(5,733.49)	(10,734.47)
BALANCE OF THE ESTATE	14,617.13	9,616.15
REPRESENTED BY		
Floating Bank Account	14,617.13	8,866.15
VAT Receivable	0.00	750.00
	14,617.13	9,616.15

APPENDIX 3

Biogonix Composting Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 10 February 2009 to 4 September 2009

Classification of Work Function	Hours					Total Hours	Time Cost	Average Hourly Rate
	Partner	Manager	Senior	Assistants	Support			
Strategy planning & control	14.90	13.10		47.10		75.10	17,933.00	238.79
Proposals	6.90	3.50		3.20		13.60	4,653.00	342.13
General admin	0.50		10.40	18.00		28.90	4,598.00	159.10
Statutory meetings & reports	1.50	2.20		24.60		28.30	4,466.00	157.81
Unsecured creditors		8.50		10.70		19.20	4,437.00	231.09
Secured Creditors	0.40	8.70		3.60		12.70	3,824.00	301.10
Cashiering & accounting	0.50	2.40	1.70	18.00		22.60	3,705.00	163.94
General correspondence	5.10	0.70		9.30		15.10	3,507.00	232.25
Sale of business	0.50	5.20		1.20		6.90	2,230.00	323.19
Employee matters	0.40		0.40	10.60		11.40	1,691.00	148.33
Book debts				11.70		11.70	1,607.00	137.35
Preferential creditors		0.50		7.20		7.70	1,314.00	170.65
Statement of affairs		1.10		6.50		7.60	1,261.00	165.92
CDDA reports	0.40			4.80		5.20	990.00	190.38
Floating charge assets		1.20		0.40		1.60	496.00	310.00
Meetings				3.30		3.30	297.00	90.00
IPS set up & maintenance		0.10		2.90		3.00	293.50	97.83
Prescribed Part				1.50		1.50	270.00	180.00
Retention of title				1.40		1.40	196.00	140.00
Financial review				1.30		1.30	117.00	90.00
Fixed charge assets				0.70		0.70	95.00	135.71
Total Hours	31.10	47.20	12.50	188.00		278.80	57,980.50	207.96
Total Fees Claimed (£)	13,995.00	16,925.50	3,006.00	24,054.00			57,980.50	

Analysis of category 2 disbursements

Classification of Work Function	Details of Payee	£
No category 2 disbursements		
Total		0.00

Bioganix Research Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 10 February 2009 to 4 September 2009

Classification of Work Function	Hours					Total Hours	Time Cost	Average Hourly Rate
	Partner	Manager	Senior	Assistants	Support			
							£	£
Strategy planning & control	5.10	3.20		6.30		14.60	4,281.00	293.22
Statutory meetings & reports	0.40			13.90		14.30	1,739.00	121.61
Cashiering & accounting		0.80	1.30	7.50		9.60	1,567.00	163.23
General correspondence	0.40	0.20		8.70		9.30	1,116.00	120.00
Book debts		1.00		2.40		3.40	696.00	204.71
CDDA reports	0.20			6.30		6.50	675.00	103.85
General admin				6.10		6.10	615.00	100.82
Employee matters				4.30		4.30	462.00	107.44
Statement of affairs				2.00		2.00	280.00	140.00
Sale of business				1.70		1.70	203.00	119.41
Floating charge assets		0.50				0.50	180.00	360.00
Unsecured creditors				0.30		0.30	41.00	136.67
IPS set up & maintenance				0.40		0.40	36.00	90.00
Meetings				0.40		0.40	36.00	90.00
Trading - operations				0.40		0.40	36.00	90.00
Total Hours	6.10	5.70	1.30	60.70		73.80	11,963.00	162.10
Total Fees Claimed (£)	2,745.00	2,024.00	312.00	6,882.00			11,963.00	

Analysis of category 2 disbursements

Classification of Work Function	Details of Payee	£
No category 2 disbursements		
Total		0.00

APPENDIX 4

JOINT ADMINISTRATORS' PROPOSALS

- The Joint Administrators propose the following for each of the Companies:
 - That the Joint Administrators continue the Administration to deal with such outstanding matters in relation to the company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect.
 - That the Joint Administrators do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they, in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the Administration.
 - That the Joint Administrators seek an extension to the Administration period if deemed necessary.
 - That the Joint Administrators, once all outstanding matters have been satisfactorily completed, will take the necessary steps to give notice under paragraph 84 of Schedule B1 of the Insolvency Act 2006 to the registrar of companies to the effect that the Company has no property which might permit a distribution to its creditors, at which stage the Administration will cease.
 - That the Joint Administrators, in the event that they form the view that a distribution can be made to unsecured creditors, take the necessary steps to put the Company into Creditors' Voluntary Liquidation. It is proposed that Geoffrey Wayne Bouchier and Andrew Gordon Stoneman of MCR would act as Joint Liquidators should the Company be placed into Creditors' Voluntary Liquidation. In accordance with Paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 2.117(3) of the Insolvency Rules 1986 (as amended) the creditors may nominate a different person as the proposed liquidator, provided such nomination is made before these proposals are approved.
 - That the Joint Administrators be discharged from all liability pursuant to paragraph 98 of Schedule B1 to the Insolvency Act 1986, upon filing the end of the Administration or their appointment otherwise ceasing.
 - That the Joint Administrators' remuneration, where no Creditors' Committee is established, be fixed by reference to the time properly incurred by them and their staff in attending matters during the Administration and that they be allowed to draw such remuneration as and when funds permit without further recourse to the creditors of the Company.
 - That the Joint Administrators be authorised to draw their firm's internal costs and expenses in dealing with the administration ("Category 2 Disbursements"), if any.