

The Insolvency Act 1986

Statement of administrator's proposals**2.17B**

Name of Company ADVANCED INFORMATION SYSTEMS LIMITED (FORMERLY ADVATEK LIMITED)	Company number 06361124
In the High Court of Justice Manchester District Registry Chancery Division <div style="text-align: right;">[full name of court]</div>	Court case number 7 of 2011

(a) Insert full name(s) and address(es) of administrator(s) I/We (a) A Poxon & J M Titley of Leonard Curtis, Hollins Mount,
Hollins Lane, Bury, Lancashire BL9 8DG

attach a copy of *my / our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

* Delete as applicable

(b) Insert date (b) 9 March 2011

Signed

A Poxon & J M Titley - Joint Administrator(s)

Dated 9 March 2011

Contact Details

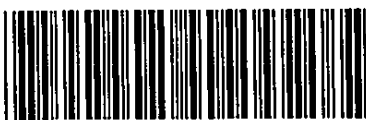
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Leonard Curtis	
Hollins Mount, Hollins Lane, Bury, Lancashire,	
BL9 8DG	Tel 0161 767 1250
DX Number	DX Exchange

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



A50 10/03/2011 288
COMPANIES HOUSE

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THURSDAY



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

**ADVANCED INFORMATION SYSTEMS LIMITED
(FORMERLY ADVATEK LIMITED)
(IN ADMINISTRATION)**

Registered Number. 06361124
Court Ref: 7 of 2011
Manchester District Registry

Joint Administrators' Report and Statement of Proposals

09 March 2011

Leonard Curtis
Hollins Mount, Hollins Lane,
Lancashire BL9 8DG
Tel 0161 767 1250 Fax 0161 767 1240

Ref K/20/MD/SA504K/1040

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TO THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL SHAREHOLDERS

1 INTRODUCTION

- 1.1 I refer to the appointment of J M Titley and myself as Joint Administrators ("the Joint Administrators") of Advanced Information Systems Limited (formerly Advatek Limited) ("the Company") on 14 January 2011 and now write to present our proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 ("the Act")
- 1.2 We do not propose to convene a meeting of creditors in this instance, as we anticipate that the Company will have insufficient property to enable a distribution to be made to unsecured creditors and therefore the requirement to convene a meeting is disapplied by Paragraph 52(1)(b) of Schedule B1 to the Act
- 1.3 Creditors whose debts amount to at least 10% of the total debts of the Company, may request a meeting. Any requests for an initial creditors' meeting must be made in writing to this office using Form 2.21B (available on request) by 23 March 2011. Security for the costs of holding the meeting must also be provided
- 1.4 In the event that no meeting is requested, the Proposals will be deemed to have been approved in accordance with Rule 2.33(5) of the Insolvency Rules 1986. Where this is the case, notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the date given in 1.3 above

2 STATUTORY INFORMATION

- 2.1 The Administration proceedings are under the jurisdiction of the Manchester District Registry under Court reference 7 of 2011
- 2.2 During the period in which the Administration Order is in force, any act or function required or authorised to be done by the Joint Administrators may be exercised by both or either of them
- 2.3 The Company's registered office was changed from Unit 9, Wilkinson Court, Clywedog Road, South Wrexham Industrial Estate, Wrexham, LL13 9XS to Hollins Mount, Hollins Lane Bury Lancashire, BL9 8DG on 24 January 2011. The registered number is 06361124
- 2.4 The Company operated from leasehold premises at Unit 9, Wilkinson Court, Clywedog Road, South Wrexham Industrial Estate, Wrexham, LL13 9XS
- 2.5 The Company's director and secretary are

Name	Role	Date Appointed
Joanna Koscinski	Company secretary	04/09/2007
Simon Koscinski	Director	04/09/2007

- 2.6 The Company's authorised share capital is 5,000 ordinary shares of £1 each. The issued share capital comprises of 5,000 ordinary shares, the shares being owned as follows:

Name	Class of Share	No. of Shares	% of Total Owned
Simon Koscinski	Ordinary	5,000	100
		<u>5,000</u>	<u>100%</u>

- 2.7 According to the information registered at Companies House, the Company has the following registered charges:

Chargeholder	Date created	Description	Amount secured £	Assets Charged
The Royal Bank of Scotland Plc	23/12/2009	Debenture	All monies	All assets
Finance Wales Investments (6) Limited	12/01/2010	Debenture	All monies	All assets

- 2.8 The EC Regulation on Insolvency Proceedings 2000 applies to this Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

- 3.1 The Company was incorporated in September 2007 and was originally named Advanced Information Systems Limited until 24 June 2010 when the name was changed to Advatek Limited. The sole director of the Company since incorporation has been Mr Simon Koscinski.
- 3.2 The Company is IT based, providing high speed business internet and managed security solutions to small and medium sized businesses. Network and hardware are monitored for performance remotely to trading sites. The Company provides services to public and private sector organisations.
- 3.3 The Company operated from leasehold premises in Wrexham and employed 4 staff on our appointment.
- 3.4 The Company was financed by way of an overdraft and loan facility with Royal Bank of Scotland Plc, which was secured by way of a debenture incorporating a fixed and floating charge over the Company's assets, dated 23 December 2009. The Company also was funded by way of a development grant from Finance Wales Investments (6) Limited, which was also secured by way of a debenture incorporating a fixed and floating charge over the Company assets dated 12 January 2010.
- 3.5 As detailed below, the Company has historically traded at a profit with the accounts showing a profit of £54,000 being recorded in the year ended 31 December 2008, and a profit of £51,000 in the year ended 31 December 2009.
- 3.6 However, turnover fell significantly in the period to 6 December 2010 despite growth in the previous year. This drop in turnover can be attributed to a change in the type of work carried out. Historically, the focus had been on consultancy in relation to the supply of internet security products; however, the business shifted its focus to providing customers with fibre optic high speed broadband access across

14 business parks in North Wales which was not as lucrative as anticipated. Draft accounts show the Company incurred estimated losses of £317,000 in the financial year up to 6 December 2010.

- 3.7 Given the significant losses being incurred, the Company fell behind in its obligations to trade creditors, HM Revenue & Customs and repayments on the loans from the secured creditors. A number of trade creditors had also commenced legal action against the Company in respect of sums due.
- 3.8 The director subsequently sought the advice of Leonard Curtis who advised that the Company was insolvent by statutory definition and the director ought to consider the options available.
- 3.9 On 4 January 2011, a Notice of Intention to Appoint Administrators was given by Mr Simon Koscinski and filed in the High Court of Justice, Chancery Division, Manchester District Registry on the same date.
- 3.10 The Notice of Intention to Appoint Administrators was served on Royal Bank of Scotland Plc and Finance Wales Investments (6) Limited as holders of a qualifying floating charge.
- 3.11 In accordance with Paragraph 22(2) of Schedule B1 of the Insolvency Act 1986, following expiration of the relevant notice period, the Notice of Appointment was given by Mr Simon Koscinski on 14 January 2011 and filed in the High Court of Justice, Chancery Division, Manchester District Registry on the same date.
- 3.12 My colleague, John Titley, and I are licensed in the UK by the Institute of Chartered Accountants in England and Wales. In accordance with Paragraph 100(2) of the Insolvency Schedule B1 to the Act, the function of the Joint Administrators may be exercised by either or both, acting jointly or alone.

4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

- 4.1 The Company's trading results for the periods ended 31 December 2008, 31 December 2009 and 6 December 2010 are detailed below.

	Mgmt Year ended 06/12/2010 £'000	Signed Year ended 31/12/2009 £'000	Signed Year ended 31/12/2008 £'000
Turnover	267	396	231
Gross Profit	83	300	176
Gross Profit %	31	76	76
Administrative expenses	(400)	(243)	(111)
Operating Profit/(Loss)	(317)	59	65
Interest and charges	-	6	-
Profit/(Loss) before tax	(317)	65	65
Taxation	-	(14)	(11)
Profit for the year	(317)	51	54
Profit brought forward	49	30	-
Dividends	n/k	(32)	(24)
Retained profit	(268)	49	30

- 4.2 The balance sheets as at 31 December 2008, 31 December 2009 and 6 December 2010 are detailed below

	Mgmt 06/12/2010 £'000	Signed 31/12/2009 £'000	Signed 31/12/2008 £'000
Fixed Assets			
Tangible Assets	257	38	43
	<u>257</u>	<u>38</u>	<u>43</u>
Current Assets			
Stocks	33	94	34
Debtors	10	255	67
Cash	-	-	29
	<u>43</u>	<u>349</u>	<u>130</u>
Creditors: Amounts Falling due within one year	<u>(296)</u>	<u>(212)</u>	<u>(128)</u>
Net Current Assets/(Liabilities)	(253)	137	2
Total Assets less Current Liabilities	4	175	45
Creditors: Amounts falling due after more than year	<u>(267)</u>	<u>(121)</u>	<u>(15)</u>
Net Assets	<u>(263)</u>	<u>54</u>	<u>30</u>
Represented by			
Called up share capital (£100)	5	5	-
Profit and Loss account	<u>(268)</u>	<u>49</u>	<u>30</u>
Shareholders' Funds	<u>(263)</u>	<u>54</u>	<u>30</u>

4.3 **Statement of Affairs**

The director is required to lodge a statement of affairs as at 14 January 2011 which has to be filed with the Registrar of Companies. Although the document has not yet been received, I understand that it is in the course of preparation and will be submitted shortly. In the meantime, an estimate of the financial position as at the date of the Joint Administrators' appointment is enclosed at Appendix B, together with a list of creditors including their names, addresses and details of their debts, including any security held.

Please note that no provision has been made for costs and expenses of realisation, costs of the Administration and any corporation tax which may be payable. The following comments are considered to be relevant and should be borne in mind when reading the figures.

4.4 **Secured Creditors**

Royal Bank of Scotland Plc ("RBS")

RBS hold security in the form of a debenture incorporating a fixed and floating charge over the Company's assets created on 23 December 2009.

The Company operated a current account with RBS which at our appointment was overdrawn in the sum of £33,294 RBS also provided funding by way of an Enterprise Finance Guarantee Loan of which £21,500 remained outstanding on our appointment

It is anticipated that RBS will receive a dividend under its fixed charge following a sale of the goodwill of the Company however realisations will be insufficient to repay RBS in full

RBS hold further security by way of a personal guarantee provided by the director

Finance Wales Investments (6) Limited ("FWI")

FWI hold security by way of a debenture incorporating a fixed and floating charge over the Company's assets created on 12 January 2010

FWI provided funding by way of a loan in the sum of £150,000 Interest has since been applied On our appointment, the director advised that a sum of £154,370 remains outstanding to FWI

It is not anticipated that realisations will be sufficient to enable a distribution to FWI However, FWI hold further security by way of a personal guarantee provided by the director

4 5 Prescribed Part

It is not anticipated that there will be sufficient funds to enable a distribution to secured creditors under their floating charge therefore there is no requirement to calculate a prescribed part in this instance

4 6 Preferential Claims

The only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay

I can confirm that employees of the Company have sums outstanding in relation to wages due from 1 December 2010 to the date of our appointment I can confirm that the employees have made the necessary claims to the Redundancy Payments Office

I am yet to receive a proof of debt from the Redundancy Payments Office For the purposes of this report, preferential creditors have been estimated at £5,981

A sale of the business as a going concern was concluded on appointment and all employees were transferred to the purchaser

4 7 Unsecured Claims

At present, it is considered unlikely that there will be sufficient funds available to enable a distribution to unsecured creditors This statement is being made in accordance with paragraph 52(1)(b) of Schedule B1 to the Act Creditors should however continue to submit details of their claims using the statement of claim form attached at Appendix G These claims will be collated and passed to any subsequently appointed Liquidator in due course

4 8 Receipts and Payments

A receipts and payments account for the period of Administration to date is enclosed at Appendix C

5 EVENTS FOLLOWING THE JOINT ADMINISTRATORS' APPOINTMENT

5.1 Sale of Business

Prior to and upon appointment, the administrators investigated the possibility of concluding a sale of what remained of the business and assets as it was considered that a sale of all or part of the business as a going concern would allow the following

- Enhanced asset values,
- The potential of customer continuity and resultant improved debtor collections,
- Minimise preferential creditor claims,
- Mitigate any finance creditor shortfall

An offer of £45,000 for the Company's business and assets was made by Advatek Limited (formerly Advanced Information Systems Limited) (Company Number 07465013) ("the Purchaser") to the proposed Administrators. The Purchaser is a connected party as Mr Simon Koscinski, is a director and shareholder of the Purchaser. The consideration of £45,000, payable on a deferred instalment basis, was apportioned as follows

Category of asset	Value achieved £
Goodwill	25,000
Computer Equipment	19,997
Business Information	1
Contracts	1
Intellectual Property	1
Total	45,000

Following advice from our appointed agents, Charles Taylor, who had carried out valuations of the Company's physical assets, and Cowgill Holloway, who had valued the Company's goodwill, this offer was accepted and the business sale was concluded on 14 January 2011.

To date, £10,000 has been received. The purchaser is currently in arrears with the deferred consideration however we are currently in discussions with the purchaser and the guarantor, Mr Simon Koscinski.

Following the completion of the pre-packaged sale of the Company's business and assets, the Joint Administrators sent a letter to creditors on 26 January 2011 to provide further information on the sale pursuant to the requirements of Statement of Insolvency Practice 16. A copy of the information provided is attached at Appendix D.

5.2 Book Debts

The Company records show that a sum of £8,485 was due to the company from a number of debtors. However, the director has advised that all debtors paid shortly before our appointment.

We are currently awaiting further information from the director along with up to date bank statements in order to confirm the position therefore any future recoveries are uncertain.

5.3 Professional Advisors Used

On this assignment the Joint Administrators have used the professional advisors listed below

Name of Professional Advisor	Service Provided	Basis of Fees
Turner Parkinson	Legal advice	Time costs
Charles Taylor	Asset valuation advice	Time costs
Cowgill Holloway	Goodwill valuation advice	Time costs
EK Employment Consultants	Employee advice	Time costs

Details of this firm's policy regarding the choice of advisors and the basis for their fees are given in Appendix F

6 ACHIEVING THE PURPOSE OF ADMINISTRATION

6.1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives

- (a) rescuing the Company as a going concern, or (if this cannot be achieved),
- (b) achieving 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 (if (a) and (b) cannot be achieved),
- (c) realising property in order to make a distribution to one or more secured or preferential creditors

6.2 The first objective is not capable of being achieved given the extent of historic liabilities

6.3 The second objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration). It is considered that this objective is unlikely to be achieved as there is little prospect of a dividend to unsecured creditors

6.4 The third objective is to realise property in order to make a distribution to secured or preferential creditors. This objective is likely to be achieved as receipt of the sale consideration in respect of goodwill will allow a distribution to RBS under its fixed charge

7 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE

7.1 The Joint Administrators' Proposals for achieving the objective of Administration are attached at Appendix A

7.2 Ordinarily the Joint Administrators would seek approval of the Proposals at a meeting of the creditors of the Company. However, in this case, as there is little likelihood of a dividend being available for unsecured creditors, the Joint Administrators are dispensing with the requirement to hold such a meeting as allowed by Para 52(1)(b) of Schedule B1 to the Act

7.3 Creditors whose debts amount to at least 10% of the total debts of the Company, may request a meeting. Any requests for an initial creditors' meeting must be made in writing to this office using Form 2.21B (available on request) by 23 March 2011. Security for the costs of holding the meeting must also be provided

- 7.4 If no meeting is requested, the Proposals will be deemed to have been approved
- 7.5 Once approved, the affairs of the Company will be managed in accordance with the Proposals and financed out of asset realisations
- 7.6 Once the Administration has been finalised, and if there are insufficient funds available to allow a distribution to unsecured creditors, the Joint Administrators will file a Notice with the Registrar of Companies that the Company be dissolved. Alternatively, if there are assets still to be realised or investigations concluded but there will be no return to unsecured creditors, the Company may be placed into Compulsory Liquidation

8 EXTENSION OF ADMINISTRATION

- 8.1 The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment
- 8.2 In certain circumstances it may be necessary to extend the Administrators' term of office. In the circumstances of this case, this may be done for a specified period not exceeding six months with the consent of each secured creditor of the Company
- 8.3 The appropriate body of creditors will be contacted in due course should an extension be required

9 PRE-ADMINISTRATION COSTS

- 9.1 Pre-administration costs are defined as

- Fees charged, and
- Expenses incurred

by the Administrator, or another person qualified to act as an insolvency practitioner before the company entered Administration (but with a view to its doing so). "Unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration

- 9.2 In the period immediately prior to the administration, Leonard Curtis provided insolvency advice to secured creditors and the Company and carried out an assessment of its financial position with a view to establishing the appropriate insolvency procedure for the Company
- 9.3 Charles Taylor (physical assets valuation) and Cowgill Holloway (goodwill valuation) were then requested to provide an assessment of the likely realisable value of the Company's assets and goodwill. This information enabled Leonard Curtis to properly gauge the Company's financial position and ensure that at least one of the three statutory purposes of administration could be achieved
- 9.4 Further costs were incurred by Leonard Curtis and Turner Parkinson in dealing with the formalities associated with placing the Company into administration and completing a sale of the business

- 9 5 Pre-appointment fees charged and expenses incurred by the Joint Administrators in the period prior to their appointment are summarised below

Charged by	Services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
Leonard Curtis	Appointment advice & negotiation of the sale	£4,755	Nil	n/a	£4,755
Charles Taylor	Valuation of chattel assets	£1,000	Nil	n/a	£1,000
Cowgill Holloway	Valuation of goodwill	£1,500	Nil	n/a	£1,500
Turner Parkinson	Appointment papers and dealing with sale contract	£3,500	Nil	n/a	£3,500

- 9 6 The payment of unpaid pre-administration costs (set out above) as an expense of the Administration is subject to the approval of the appropriate class of creditors, separately to the approval of the Administrators' Proposals. In this case, the Joint Administrators are required to seek the approval of the secured creditors to this resolution

10 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

- 10 1 As there is little prospect of a dividend being available for unsecured creditors, the Joint Administrators are required to agree the basis of their remuneration with the secured creditors
- 10 2 The remuneration of the Joint Administrators may be fixed either as a percentage of the value of the property with which they have to deal, as a set amount or by reference to the time spent. In this case the Joint Administrators are requesting agreement to the latter
- 10 3 Enclosed at Appendix E is a summary of the Joint Administrators' time costs to date. The summary shows that time costs of £7,124.00 have been incurred which represents 28.10 hours at a rate of £253.52 per hour. Further time has been spent in February and March which has yet to be applied. Further details of my firm's charge-out rates and policy regarding the recharge of disbursements, staff allocation, support staff and the use of subcontractors are attached at Appendix F. Further guidance may be found in "A Creditors' Guide to Administrators' Fees" which may be downloaded from <http://www.leonardcurtis.co.uk/downloads>. For the purposes of this report, the relevant guide is "Administration Guide – company entering administration on or after 6 April 2010 – other offices". If you would prefer this to be sent to you in hard copy please contact Michael Dillon of this office on 0161 767 1250.
- 10 4 The Joint Administrators also require approval in respect of the basis upon which they recharge internal disbursements that include an element of allocated costs. These are known as Category 2 costs and the basis of the calculation of their recharge is also detailed in Appendix E. Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as a "category 1 disbursement". Category 1 disbursements will generally comprise items such as case advertising and travel costs. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and storage of company records.
- 10 5 The outcome of the voting on remuneration will be communicated to creditors in due course.

11 ANTICIPATED OUTCOME AND RELEASE OF ADMINISTRATORS FROM LIABILITY

- 11.1 As soon as all outstanding matters in the Administration have been attended to it is anticipated that we will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically to dissolution
- 11.2 The appointment of the Joint Administrators will cease as soon as this notice is issued
- 11.3 It is ordinarily for the creditors to fix the date upon which the Joint Administrators are discharged from liability in respect of any action of theirs during the Administration. However, as it is considered that there is little prospect of a dividend to unsecured creditors in this case, we are required to obtain approval to this resolution from the secured creditors. The appropriate class of creditor will be contacted directly in this respect


12 CONCLUSION

- 12.1 It is important that you give careful attention to this report and its Appendices
- 12.2 Creditors will be notified of the outcome of voting in due course

Should you have any queries or require any further clarification please contact Michael Dillon at my office, in writing. Electronic communications should also include a full postal address

for and on behalf of

ADVANCED INFORMATION SYSTEMS LIMITED (FORMERLY ADVATEK LIMITED)



A POXON

Joint Administrator

Licensed in the UK by Institute of Chartered Accountants in England and Wales

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

It is proposed that

- 1 The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration
- 2 If appropriate, the Joint Administrators take any action they consider necessary with a view to the approval of a Company Voluntary Arrangement ("CVA") or Scheme of Arrangement in relation to the Company
- 3 If appropriate, the Joint Administrators file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors Voluntary Liquidation. It is further proposed that A Poxon and/or J M Titley be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them. NB Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved.
- 4 In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the Administration have been completed, the Joint Administrators file a Notice with the Registrar of Companies that the Company should be dissolved.
- 5 The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company.
- 6 The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that A Poxon and/or J M Titley be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them.
- 7 The Joint Administrators shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.

APPENDIX B

ESTIMATED FINANCIAL POSITION AS AT 14 JANUARY 2011

	Notes	Book value £	In Administration £
Assets specifically pledged			
Goodwill	1	-	25,000
less Royal Bank of Scotland Plc	2	(54,794)	(54,794)
less Finance Wales Investments (6) Limited	3	(154,370)	(154,370)
Surplus as regards fixed charge holder		<u>(209,164)</u>	<u>(184,164)</u>
Assets not specifically pledged			
Debtors	4	8,485	n/k
Computer Equipment	1	90,000	19,997
Business Information	1	-	1
Contracts	1	-	1
Intellectual Property	1	-	1
		<u>98,485</u>	<u>20,000</u>
Costs of Administration (est)		n/a	(20,000)
Preferential creditors	5	<u>n/a</u>	<u>(5,981)</u>
Net property available for prescribed part		<u>98,485</u>	<u>(5,981)</u>
Prescribed part calculation	6	n/a	n/a
Available for floating charge creditor		98,485	(5,981)
Royal Bank of Scotland Plc	2	(54,794)	(29,794)
Finance Wales Investments (6) Limited	3	(154,370)	(154,370)
Surplus as regards floating charge holder		<u>(110,679)</u>	<u>(190,145)</u>
Add back prescribed part	6	<u>n/a</u>	<u>n/a</u>
Available for unsecured creditors		<u>(110,679)</u>	<u>(190,145)</u>
Unsecured creditors			
H M Revenue & Customs – PAYE / NI	7	(29,098)	(29,098)
H M Revenue & Customs - VAT	7	(2,283)	(2,283)
Trade and expense creditors	8	(273,324)	(273,324)
Total value of unsecured creditors		<u>(304,635)</u>	<u>(304,635)</u>
Estimated deficiency as regards unsecured creditors		<u>(415,314)</u>	<u>(494,780)</u>

NOTES TO THE ESTIMATED FINANCIAL POSITION

All book values have been taken from the Company's latest financial information or from valuations obtained upon administration by independent valuers

1. Sale of Business

I can confirm that the book values have been taken from the Company records and the realisable values have been achieved following the sale

2. RBS

RBS hold security in the form of a debenture incorporating a fixed and floating charge over the Company's assets created on 23 December 2009

The Company operated a current account with RBS which at our appointment was overdrawn in the sum of £33,294 RBS also provided funding by way of an Enterprise Finance Guarantee Loan of which £21,500 remained outstanding on our appointment

3 FWI

FWI hold security by way of a debenture incorporating a fixed and floating charge over the Company's assets created on 12 January 2010

FWI provided funding by way of a loan in the sum of £150,000 Interest has since been applied On our appointment, the director advised that a sum of £154,370 remains outstanding to FWI

4 Debtors

The Company records show that a sum of £8,485 was due to the company from a number of debtors However, the director has advised that all debtors paid shortly before our appointment

We are currently awaiting on further information from the director along with up to date bank statements in order to confirm the position therefore any future recoveries are uncertain

5 Preferential Creditors

The only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay

I can confirm that employees of the Company have sums outstanding in relation to wages due from 1 December 2010 I can confirm that the employees have made the necessary claims to the Redundancy Payments Office

6. Prescribed Part

It is not anticipated that there will be sufficient funds to enable a distribution to secured creditors under their floating charge therefore there is no requirement to calculate a prescribed part in this instance

7 HM Revenue & Customs

The Crown liabilities relate to arrears of unpaid VAT, PAYE, National Insurance contributions

8 Trade and Expense Creditors

The trade and expense creditors have been taken from the Company records and should not be taken as agreed amounts

APPENDIX B (continued)

CREDITORS LIST FOR THE ESTIMATED FINANCIAL POSITION

Name	Address --	Shrivenham Hundred Business Park Hightown	Majors Road Wrexham	Watchfield	Swindon SN6 8TY	Per Statement of affairs	Creditors Claim	See Note
Avnet Technology Solutions	Unit 68-69					6,326 77	0 00	1
Benjamin Williams	13 Thomas Court				LL13 8QN	46 30	0 00	
British Telecom	Business Accounts		Phoenix House	Elder Gate	Milton Keynes MK9 1BE	193 20	0 00	
BT	Business Accounts		Durham		DH98 1BT	50 31	0 00	
BT Openreach	1 City Place		Gatwick		RH6 0PA	224 94	0 00	
Celtic Fire Security	Bakers Cottage		Commonwood	Holt	Wrexham LL13 9TF	109 28	0 00	
Cogent Communications	2 Temple Back Industrial Estate		Bristol		BS1 6EG	1,410 00	0 00	
Comstor	Merchants House		Crencester	Gloucester	GL7 1YG	10,387 47	0 00	
De Lage Landen Leasing	PO Box 430		Hertfordshire		WD18 8EZ	11,860 56	0 00	
DELL Corporation	Dell House		Can Road	Bracknell	Berkshire, RG12 1LF	4,187 41	0 00	
DLA Piper UK	1 St Pauls Place				S1 2JX	0 00	94,557 86	
DS Group	Greenfield Road		Congleton	Cheshire	CW12 4TR	28,679 58	0 00	
Eazipay	Richmond House		Ely	Cambridgeshire	CB7 4AH	29 61	0 00	
ESET UK	Sovereign House		Bournemouth		BH8 9RP	440 63	0 00	
ETAC Solutions	35 Saltwells Drive		Telford	Shropshire	TF2 8RJ	4,177 13	4,177 13	
Exclusive-Networks Limited	Barley House		Midland Way	Barlborough	Chesterfield S43 4FD	6,419 65	6,419 65	
Fibrespeed	4th Floor< Hamsworth House		London		EC4Y 8DP	86,862 51	100,962 73	
Finance Wales Investments (6) Limited	Oakleigh House		Cardiff	CF10 3DQ		154,370 87	0 00	
Flintshire Council	County Hall		Flintshire		CH7 6NA	100 00	0 00	
GHP Legal	26-30 Grosvenor Road		Congleton Business Park		LL11 1BU	1,806 71	262 50	
Gladman Commercial Properties	Gladman House		Cymru		CW12 1LB	999 55	0 00	
Glynder University Wrexham	Ffordd yr Wyddgrug				LL11 2AW	0 00	0 00	
Gradwell Limited	26 Cheltenham Street				BA2 3EX	233 83	0 00	
HM Revenue & Customs	Durrington Bridge House		Worthing	West Sussex	BN12 4SE	31,381 71	0 00	
Howard Jackson Ltd	Block 4, Crossford Court		Sale	Cheshire	M33 7BZ	4,375 00	0 00	

Advanced Information Systems Limited (formerly Advatek Limited) - In Administration

IFL	Reynolds House	Manchester Technology Park	4 Archway	Manchester	M15 5RN	28,733.42	0.00
Impact IT	Atlantic House	Imperial Way	Reading	Berkshire	RG2 0TD	6,000.00	0.00
Lloyds TSB Commercial Finance Ltd	Finance House	Beaumont Road	Banbury	Oxon	OX16 1RL	0.00	6,715.44
M6 Toll Expressway	Operations Centre	Expressway	Weeford	Lichfield	Staffordshire WS14 0PQ	30.00	0.00
Marketecture Limited	13-14 School House	Second Avenue	Manchester		M17 1DZ	8,125.13	0.00
Microsoft Technet Plus	Atrium Building Block B	Carmen Hall Road	Sandyford Industrial Estate	Dublin	IRL-Dublin 18	167.10	0.00
NWIX Group Limited	Fence House	Fence Avenue	Macclesfield		SK10 1LT	5,295.08	6,615.08
O2 UK Limited	Correspondance Department	PO Box 202	Houghton Regis		LU6 9AG	0.00	0.00
Paul Thomas	The Bakehouse	Trelogan Farm	Flintshire		CH8 9BE	96.37	0.00
PC-Ware Information Technologies	The Powerhouse	87 West Street	Harrow-on-the-Hill		HA1 3EL	638.42	0.00
Phonenix IT Services Limited	Technology House	Hunsbury Hill Avenue	Northampton		NN4 8QS	3,060.49	0.00
RIPE Network	PO Box 10096	1001 EB Amsterdam	The Netherlands			675.00	0.00
Communications Centre	Credit Management Services	Kendal Court	Ironmasters Way	Telford	TF3 4DT	54,974.00	0.00
Royal Bank of Scotland Plc	141 Hale Road	Hale	Altrincham	Cheshire	WA15 8RT	705.00	0.00
Sally Cooper	PO Box 1036	Doncaster			DN1 9JD	242.57	0.00
Staples Business Account	Cae Derwen	College Road	Bangor	Gwynedd	LL57 2DG	1,908.35	0.00
Technium Cast	15 Yorke Street	Wrexham			LL13 8LW	2,127.21	0.00
The Foundry	1-2 Berkeley Square	99 Berkeley Street	Glasgow		G3 7HR	7,342.58	0.00
THUS Limited	2 Ney Court	Yorke Street	Wrexham		LL13 8LW	3,406.25	0.00
Traval Employment Group	Bryn Bedw	Llangynhaial	Ruthin	Denbighshire	LL15 1RY	7,107.58	0.00
Tumaround Solutions	Alresford House	Mill Lane	Alton	Hampshire	GU34 2QJ	26,527.85	26,527.87
Vadition Limited	Cathays Park	Cardiff			CF10 3NQ	293.75	100,000.00
Welsh Assembly Government	River Court	Albert Drive	Woking	Surrey	GU21 5RP	1,310.48	0.00
Wick Hill Limited	Cartrefle Duke Road	Ponciau	Wrexham		LL14 1SS	23.50	0.00
Wishy Washy Cleaning Services	Trinity House	3-4 Kings Square	York		YO1 8ZH	587.50	587.50
Your Move						514,050.65	346,825.76
Total							

See Note 2

Note 1. Finance Wales Investments (6) Limited hold security by way of a debenture incorporating a fixed and floating charge over the Company's assets created on 12 January 2010

Note 2. Royal Bank of Scotland Plc hold security in the form of a debenture incorporating a fixed and floating charge over the Company's assets created on 23 December 2009

APPENDIX C

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS FROM
14 JANUARY 2011 TO 09 MARCH 2011

	Statement of Affairs £	Received to date £
RECEIPTS		
Goodwill	25,000	-
Computer Equipment	19,997	10,000 00
Business Information	1	-
Contracts	1	-
Intellectual Property	1	-
Book Debts	n/k	-
	<u>45,000</u>	<u>10,000 00</u>
PAYMENTS		
None		-
		<u>-</u>
BALANCE IN HAND		<u>10,000 00</u>

**INFORMATION IN RELATION TO THE PRE-PACKAGED SALE
OF THE BUSINESS AND ASSETS IN ACCORDANCE WITH
THE PROVISIONS OF STATEMENT OF INSOLVENCY PRACTICE 16**

Background

The Company was incorporated in September 2007 and was originally named Advanced Information Systems Limited. The sole director of the Company since incorporation has been Mr Simon Koscinski.

The Company is IT based, providing high speed business internet and managed security solutions to small and medium sized businesses. Network and hardware are monitored for performance remotely to trading sites. The Company provides services to public and private sector organisations.

The Company operates from leasehold premises in Wrexham and employed 4 staff on our appointment.

The Company was financed by way of an overdraft and loan facility with Royal Bank of Scotland Plc, which was secured by way of a debenture incorporating a fixed and floating charge over the Company's assets, dated 23 December 2009. The Company also was funded by way of a development grant from Finance Wales (6) Limited, which was also secured by way of a debenture incorporating a fixed and floating charge over the Company assets dated 12 January 2010.

The Company trading results for the years ending 31 December 2008, 31 December 2009 and the period to 6 December 2010 are detailed below -

	Unaudited Accounts 31/12/2008 £'000	Unaudited Accounts 31/12/2009 £'000	Management Accounts 06/12/2010 £'000
Sales	231	369	267
Gross Profit	176	300	183
Administration Expenses	(101)	(232)	(406)
Exceptional Items	-	-	(52)
Grant Income	-	7	100
EBITDA	76	75	(275)
Depreciation net of profit on disposal	(11)	(10)	(23)
Net interest payable	-	-	(19)
Operating profit/(loss)	65	65	(317)
Taxation	(11)	(14)	-
Profit after taxation	54	51	(317)

Turnover fell significantly in the period to 6 December 2010 despite growth in the previous year. This drop in turnover can be attributed to a change in the type of work carried out. Historically, the focus had been on consultancy in relation to the supply of internet security products however the business shifted its focus to providing customers with fibre optic high speed broadband access across 14 business parks in North Wales which was not as lucrative as anticipated.

Given the significant losses being incurred, the Company fell behind in its obligations to trade creditors, HM Revenue & Customs and repayments on the loans from the secured creditors. A number of trade creditors had also commenced legal action against the Company in respect of sums due.

The director subsequently sought the advice of Leonard Curtis who advised that the Company was insolvent by statutory definition and the director ought to consider the options available

Source of Joint Administrators' initial introduction

The Joint Administrators were contacted by the Company's advisors, Turnaround Solutions

Extent of Joint Administrators' involvement prior to appointment

The directors initially met with representatives from this office at the end of November 2010

The options available to the business were discussed. It was agreed that administration was the most suitable insolvency procedure for the Company as it would best allow the business to be preserved whilst the possibility of selling the business as a going concern was explored

Marketing activities conducted by Company and / or Administrators

Independent valuations of the Company's goodwill and tangible assets were obtained and discussions were held with a view to marketing the business for sale

These discussions concluded that there was little or no benefit to marketing the business for sale on the open market as the likelihood of finding a third party purchaser for the business was small given that the goodwill of the business was inextricably linked to the skills and personality of the director and his key business relationships with the Company's customers

Management expressed an interest in acquiring the business and assets out of administration by way of a pre-packaged sale and submitted an offer of £45,000 to the proposed Administrators

A number of benefits of a pre-packaged sale were identified by the proposed Administrators

- management's continued involvement in the business via the Purchasing company would allow a realisation to be made in respect of goodwill,
- claims from hire purchase / lease creditors would be mitigated as the Purchaser would be able to renegotiate these contracts with the relevant parties,
- the employment of staff would be preserved,
- there would be no need for ongoing trading in Administration, the cost of which could have been prohibitive, given the nominal assets available to fund ongoing trading losses, and the professional costs associated with trading

Following consideration of the above, the proposed Administrators agreed to proceed with the pre-packaged sale, subject to the offer received being in line with independent valuations of the Company's assets

Valuations obtained

Category of asset	Note	Book value £	High £	Low £	Realised £
Goodwill	1	-	10,000	Nil	25,000
Computer Equipment	2	90,000	20,500	7,000	19,997
Business Information	3	-	-	-	1
Contracts	3	-	-	-	1
Intellectual Property	3	-	-	-	1
Total		90,000	30,500	7,000	45,000

1. Goodwill

Cowgill Holloway Accountants ("Cowgills") provided the valuation in respect of the Company's goodwill

In valuing the goodwill, Cowgills considered

- Unaudited accounts for the years ended 31 December 2008 and 31 December 2009, and
- Management accounts for the period from 1 January 2010 to 6 December 2010, and
- Discussions with the director of the Company

Cowgills concluded that the Company had little, if any, goodwill in the business therefore considered that only a nominal amount of between £NIL and £10,000 could be attributed £25,000 of the offer received was attributed to the goodwill of the business Cowgills recommended that this offer be accepted

2 Computer Equipment

Independent agents, Charles Taylor, provided a valuation of the physical assets including certain items of equipment and stock The values attributed to the assets are shown in the above table £19,997 of the purchaser's offer was attributed to the Company's tangible assets Charles Taylor recommended that this offer be accepted

3 Business Information

Nominal values were attributed to the business information, contracts and intellectual property

Alternative courses of action considered by the Joint Administrators

- Liquidation

The director could have placed the Company into voluntary liquidation which would have resulted in the closure of the business and realisation of the assets on a piecemeal basis This would have resulted in reduced asset realisations, particularly with regard to the computer equipment and goodwill All employment contracts would have terminated which would have given rise to preferential claims in respect of arrears of wages and holiday pay, in addition to an increase in unsecured creditors in respect of pay in lieu of notice and redundancy pay All financed equipment would have been returned to the relevant finance customers resulting in increased creditor claims In addition liquidation would have resulted in claims from the landlord of the property The above would have resulted in a worse overall position for creditors

- Company Voluntary Arrangement ("CVA")

The director could have put a proposal to the Company's creditors for the implementation of a CVA This option was not considered viable, as there were unlikely to be sufficient profits going forward, and cash being generated, to allow a CVA for a 3 to 5 year period to be successfully achieved

- Administration

It was considered that administration would prevent enforcement action being commenced / continued against the Company Furthermore, administration would allow a sale of the business to be negotiated which would result in improved realisations with particular regard to the computer equipment and goodwill Administration would also mitigate claims from employees, the landlord and finance companies resulting in an overall better position for creditors

Why it was not appropriate to trade the business and offer it for sale as a going concern during the Administration

Trading whilst in administration was not viable for the following reasons

- the business had minimal assets with which to cover any trading losses in administration and as the costs of trading the site and realising the assets could have been prohibitive, trading would have had a significant adverse impact on the position of creditors
- the business was heavily dependent upon the personal contacts of the director. Any period of trading in administration would have been likely to damage these relationships thus reducing the value of the business
- trading the business would not have guaranteed an improved offer for the purchase of the assets and may, conversely, have devalued the goodwill
- trading the business would have resulted in increased professional costs in addition to overheads associated with trading. These costs would be paid as an expense of the administration. The proposed administrators did not consider that trading the Company would result in an increase in realisations sufficient to outweigh the costs associated with trading. It was considered that trading the Company would result in less funds being available to creditors

Requests made to potential funders to fund working capital requirements

The Company's funders were not prepared to extend the existing facilities to the Company. The director was not prepared to invest in the current business with its historic creditors.

Efforts made to consult with major creditors

The sale of the business was discussed in detail with Royal Bank of Scotland Plc and Finance Wales (6) Limited as secured creditors.

The Company was experiencing significant creditor pressure and it was considered that to consult with unsecured creditors prior to the administration would have had an adverse impact on the likelihood of a going concern sale being achieved, as it would have resulted in suppliers and finance companies seeking to recover equipment, and putting the Company on stop for critical supplies and services.

Provide the date of the transaction

The business and assets of the Company were sold on 14 January 2011, immediately following the appointment of the Joint Administrators.

Details of the assets involved and the nature of the transaction

Category of asset	Value achieved £
Goodwill	25,000
Computer Equipment	19,997
Business Information	1
Contracts	1
Intellectual Property	1
Total	<u>45,000</u>

Consideration paid, terms of payment and any condition of the contract that could materially affect the consideration

Payment date	£
On Transfer Date	10,000
On or before 20 February 2011	5,000
On or before 20 March 2011	5,000
On or before 20 April 2011	5,000
On or before 20 May 2011	5,000
On or before 20 June 2011	5,000
On or before 20 July 2011	5,000
On or before 20 August 2011	5,000
Total	45,000

A personal guarantee was provided by Mr Simon Koscinski in respect of the deferred consideration

Description of the other aspects of the transaction if the sale is part of a wider transaction

The sale is not part of a wider transaction

Identity of the purchaser

The Purchaser of the business and assets is Advanced Information Systems Limited (CRN 07465013)

Provide details of any connection between the purchaser and the directors, shareholders or secured creditors of the company

The Purchaser is an associated company as defined by section 435 Insolvency Act 1986 (as amended) by virtue of having common directors and shareholders

Names of directors (or former directors) who are involved in the management or ownership of the purchaser, or of any other entity into which any of the assets are transferred

Mr Simon Koscinski

Detail whether the directors had given guarantees for amounts due from the company to a prior financier, and whether that financier is financing the new business

Personal guarantees had been provided by Mr Simon Koscinski to Royal Bank of Scotland Plc and Finance Wales (6) Limited. Royal Bank of Scotland Plc or Finance Wales (6) Limited are not funding the new business

Options, buy-back arrangements or similar conditions attached to the contract of sale

None

APPENDIX E

SUMMARY OF JOINT ADMINISTRATORS TIME COSTS FROM 14 JANUARY 2011 TO 31 JANUARY 2011

	Director		Senior Manager		Manager 2		Administrator 1		Administrator 4		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
Statutory & Review	-	-	-	-	-	-	-	-	10	120 00	10	120 00	120 00
Assets	10	395 00	63	2,205 00	30	780 00	-	-	-	-	103	3,380 00	328 16
Liabilities	-	-	40	1,400 00	5	130 00	-	-	16	192 00	61	1,722 00	282 30
General Administration	-	-	-	-	-	-	9	189 00	3	36 00	12	225 00	187 50
Appointment	6	237 00	4	140 00	20	520 00	-	-	65	780 00	95	1,677 00	176 53

Total	16	632 00	107	3,745 00	55	1,430 00	9	189 00	94	1,128 00	281	7,124 00
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Average Hourly Rate (£)	395 00	350 00	260 00	210 00	120 00	253 52
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All Units are 6 minutes

APPENDIX F

LEONARD CURTIS CHARGE OUT RATES AND POLICY REGARDING STAFF ALLOCATION, SUPPORT STAFF, THE USE OF SUBCONTRACTORS AND THE RECHARGE OF DISBURSEMENTS

The following information relating to the policy of Leonard Curtis is considered to be relevant to creditors

Staff Allocation, Support Staff and the Use of Subcontractors

We take an objective and practical approach to each assignment which includes active partner involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case.

Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution of the secured creditors, a creditors' committee or creditors generally, that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters arising in the appointment, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below.

With effect from 1 January 2010 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

	Standard £
Partner	395
Senior Manager	350
Manager 1	300
Manager 2	260
Administrator 1	210
Administrator 2	190
Administrator 3	170
Administrator 4	120
Support	0

Details of any subcontractor(s) used will be given in subsequent reports to creditors.

Professional Advisors

Details of any professional advisor(s) used are given in the report which accompanies this Guide. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Disbursements

Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as a "category 1 disbursement". Category 1 disbursements will generally comprise supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses, including car mileage at 40p a mile, incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Where we propose 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, documents storage or communication facilities provided by us) they must be disclosed and be authorised by those responsible for approving the administrator's remuneration. Such expenditure is referred to as a "category 2 disbursement". The following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Storage of office files (six years)	£66.09 per box

STATEMENT OF CLAIM FORM

Date of administration order 14 January 2011

Name of creditor:

Address of creditor:

Gross amount of claim
(ie including VAT)

Amount of VAT

Details of any document by
reference to which the debt can be
substantiated.
(eg invoices)

Particulars of how and when debt
incurred.

Particulars of any security held, the
value of the security and the date it
was given:

Signature of creditor or person
authorised to act on his behalf.

Name in BLOCK CAPITALS:

Position with or relation to creditor:
