

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

| |
|---------------------------|
| Name of Company |
| Abacus Employment Limited |

| |
|----------------|
| Company number |
| 06901941 |

| |
|----------------------------------------------------------|
| In the Royal Court of Justice (full name of court) |
|----------------------------------------------------------|

| |
|-----------------------------------|
| Court case number 6556 of 2011 |
|-----------------------------------|

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

I/We (a)
Paul Boyle
Harrisons Business Recovery and Insolvency
Limited
4 St Giles Court
Southampton Street
Reading
RG1 2QL

John Sallabank
Harrisons Business Recovery and Insolvency
Limited
4 St Giles Court
Southampton Street
Reading
RG1 2QL


*Delete as
applicable

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

(b) 8 August 2011

Signed



Joint / Administrator(s)

Dated

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

Paul Boyle
Harrisons Business Recovery and Insolvency Limited
4 St Giles Court
Southampton Street
Reading
RG1 2QL

DX Number

0118 951 0798
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

WEDNESDAY



ALCRFWKT

A04

10/08/2011

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COMPANIES HOUSE

**Abacus Employment Limited
In Administration**

**Report and Joint Administrators' Proposals
to Creditors Pursuant to Paragraph 49
of Schedule B1 of the Insolvency Act 1986
incorporating a disclosure of sale of assets
under a pre packed sale agreement
Pursuant to Statements of Insolvency
Practice 13 and 16**

Abacus Employment Limited – In Administration

Report and Joint Administrators' Proposals

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-

Abacus Employment Limited – In Administration

Report and Joint Administrators' Proposals

1. GLOSSARY

| | |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Administrators | Paul Boyle and John Salabank of Harrisons Business Recovery and Insolvency Limited ('Harrisons'), 4 St Giles Court, Southampton Street, Reading, RG1 2QL |
| Appointors | SME Invoice Finance Limited ('SME'), Chertsey House, 56-58 Chertsey Street, Guildford, GU1 4HL |
| Administration Application | The Administration documentation was filed at the Royal Court of Justice on 29 July 2011 and allocated Court Number 6556 of 2011. |
| Company | Abacus Employment Limited ('the Company') |

The references in this report to sections, paragraphs or rules are to the Insolvency Act 1986.

2. STATUTORY INFORMATION

| | |
|--------------------------|-----------------------------------------------------------------|
| Date of Incorporation | 11 May 2009 |
| Registration Number | 06901941 |
| Registered Office | 4 St Giles Court Southampton Street Reading RG1 2QL |
| Former Registered Office | 6 Roding Lane South Ilford IG4 5NX |
| Trading Address | Thames Innovation Centre 2 Veridion Way Erith DA18 4AL |
| Nature of Business. | Employment Agency |

| | | Appointed | Resigned |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Company Directors. | Steven White | 5 January 2011 | - |
| | Julie Chisholm | 11 May 2009 | 5 January 2011 |
| Company Secretary: | Julie Chisholm | 14 June 2011 | - |
| Shareholdings | 1 ordinary £1 share issued and fully paid up and held as per the list attached at Appendix III | | |
| Charges Register. | A debenture containing fixed and floating charges over all property and assets in favour of SME was created on 26 June 2011 and registered at Companies House on 1 July 2011 | | |

Abacus Employment Limited – In Administration

Report and Joint Administrators' Proposals

3. INTRODUCTION

Paul Boyle and John Sallabank of Harrisons were appointed as Joint Administrators of the Company on 29 July 2011 upon SME filing a Notice of Appointment of an Administrator at the Royal Court of Justice in accordance with Paragraph 14 of Schedule B1 of the Insolvency Act 1986

We can advise that pursuant to Paragraph 100(2) of Schedule B1 Insolvency Act 1986 the functions of the Joint Administrators are being exercised by either or both of the Administrators

In accordance with Paragraph 49 of Schedule B1 Insolvency Act 1986 we now set out our proposals for achieving the purpose and conduct of the Administration. This report also contains our disclosure to creditors in respect of the sale of assets, pursuant to Statements of Insolvency Practice 13 and 16, and includes certain information for creditors that is a requirement under Rule 2.33 of the Insolvency Rules 1986.

4. BACKGROUND AND EVENTS LEADING TO THE ADMINISTRATION

The Company was incorporated on 11 May 2009 by Steven White ('SW') and Julie Ellen Chisholm ('JEC') and began trading shortly thereafter. JEC was sole shareholder and Director upon incorporation. However SW had a controlling role in the Company.

Upon incorporation SW provided a loan to the Company totalling £6,500. Further finance was provided by Barclays Commercial Finance ('BCF') by way of a factoring facility.

The Company aimed to utilise SW's 12 years' experience in the recruitment industry and provide temporary workers to a number of industries including Driving, Industrial, Technical, Hospitality and Commercial. The Company operated from a leased office space in Kent, paying a monthly rental premium of £791, inclusive of all bills. It employed one further full time and two part time members of staff in addition to SW and JEC.

The Company initially began trading successfully, providing temporary workers for a number of industries including Driving, Industrial, Technical, Hospitality and Commercial.

Between August 2010 and January 2011, the Company invested £7,000 in an associated restaurant business, Rock n Roast Limited ('RNR'), with the view to using the restaurant as a way to market the business and marketing clients. RNR did not prove successful and has now ceased to trade, with the balance of the investment being irrecoverable.

Towards the end of 2010, the Company's biggest customer began delaying payments to the Company and failed to meet its payment terms, sometimes by as much as 90 days, which severely affected cashflow. We have been advised that it was also during this period that the Company started experiencing problems with its facility with BCF, who we understand began enforcing tighter restrictions on the Company's ability to borrow funds.

In January 2011, JEC resigned as Director, with SW being appointed Director.

In 2011, the Company fell behind on its VAT and PAYE payments to HM Revenue & Customs ('HMRC'). In order to address the situation, a payment plan was agreed with HMRC which the Company was initially able to adhere to.

In June 2011, the Company terminated its agreement with BCF due to its dissatisfaction with the service it received and the restrictions placed on it. It subsequently entered into an alternative factoring agreement with SME Invoice Finance Limited ('SME').

Abacus Employment Limited – In Administration

Report and Joint Administrators' Proposals

4. BACKGROUND AND EVENTS LEADING TO THE ADMINISTRATION CONTIUNED

However, even with new financing in place, the Company continued to struggle to meet its obligations to HMRC, who visited the Company in order to discuss the position, whilst SW was not at the premises. Upon hearing of the event, he immediately sought professional advice in respect of the Company's financial position.

SW firstly sought the advice of an independent chartered accountant, who advised him to inform SME of the circumstances. SW contacted SME who sought for Harrisons to undertake a review of the Company's financial position at a meeting on 20 July 2011 and after reviewing the information available Harrisons confirmed that the Company was insolvent within the meaning of Section 123 of the Insolvency Act 1986 since it could not settle its debts as and when they fell due. The Company was also in default of its facility with SME since it was not maintaining its obligations to HMRC. As a result of this, SME took the decision that they were no longer willing to fund the Company. Accordingly, on 29 July 2011 on the filing of a Notice of Appointment of Administrators at the Royal Court of Justice by SME we were appointed Joint Administrators.

5. DISCLOSURE PURSUANT TO STATEMENTS OF INSOLVENCY PRACTICE 13 AND 16

5.1 Sale of Assets / Sale and Purchase Agreement

In the period following our initial meeting with the Director, Abacus Personnel Limited ('APL'), a company owned and managed by SW, indicated it was interested in acquiring the business of the Company by way of a pre-packaged sale. On 28 July 2011, following discussions with APL regarding its interest, an offer was received for the amount of £5,000, made up as follows: -

| | |
|--------------------|---------------|
| | £ |
| Computer Equipment | 1,000 |
| Goodwill | 4,000 |
| | <u>£5,000</u> |

The sale consideration is payable by way of 12 monthly contributions, to be paid by the last business day of the month, with the first payment due on 31 August 2011.

Since SME holds a legal charge over the assets of the Company, it was necessary for us to disclose to it any offers received for the business for its consideration and to obtain its agreement to the sale of the business and consent to release its charge over the assets. On 29 July 2011, consent to the sale was received from SME and a Deed of Release was obtained.

Accordingly, the business and assets as detailed above were sold by way of a Sale Invoice and Side Letter ('SI') to APL and we can confirm that the sale was completed on 29 July 2011. We further confirm that negotiations with APL were conducted by us as proposed Administrators.

The SI incorporated the transfer to APL of the contracts of three full time and two part time employees under the provisions of the Transfer of Undertaking (Protection of Employment) Regulations 2006 ('TUPER').

5.2 The Purchaser

SW, the Director of the Company, is the sole Director and majority shareholder of APL. We are not aware of any parties advising APL.

Abacus Employment Limited – In Administration

Report and Joint Administrators' Proposals

5. DISCLOSURE PURSUANT TO STATEMENTS OF INSOLVENCY PRACTICE 13 AND 16 CONTINUED

5.3 Marketing Activities

It did not prove possible to undertake a lengthy marketing exercise in respect of the sale of the business and or assets because of a lack of funding in order to trade the business during this period

Prior to entering into the sale, marketing of the Company's business has been undertaken. In the period prior to our appointment a bulletin was circulated to parties who have expressed an interest in acquiring insolvent businesses and assets of the Company's nature

The bulletin was distributed on 27 July 2011 with interest to be stated by 5.30pm on 27 July 2011 and best and final offers to be made by 1.00pm on 28 July 2011

We have also consulted with Ashwells Nationwide Services Limited ('the Agent') who are professional agents and valuers governed by FRSA, FNAEA and FNAVA, to seek alternative interested parties who may be known.

Three parties expressed an interest in purchasing the business and assets of the Company, however after reviewing the Company's financial information, no other offers were received before the deadline.

5.4 Valuation

An independent valuation of the whole of the Company's assets was undertaken by the Agent on 22 July 2011. The Agent considered the market value of the Computer Equipment and Goodwill to be between approximately £5,000 to £7,000 on an in situ basis. In the event of a closure and break up situation, the Agent advised that realisations achieved would be negligible.

The realisation achieved is in line with the valuation undertaken.

5.5 Considered in the Sale of the Assets

As detailed earlier, the realisation achieved is in line with the valuation undertaken and we can advise that SME, being the secured creditor in this matter, was consulted in the sale detailed within this disclosure.

We have conducted the sale of the business and assets with due regard to the interests of those affected.

5.6 Options Considered

In order to preserve any value in the Company's assets immediate action had to be taken. Prior to the decision being taken to place the Company into Administration, the following alternative procedures were considered in consultation with the Director -

- a) Liquidation - It was considered that Liquidation offered the weakest possible option for creditors due to the difficulties inherent in trading a business up to the appointment of Liquidators.
- b) Company Voluntary Arrangement ('CVA') - A CVA was considered by the Directors but was subsequently dismissed as the Company would have been unable to produce sufficient profitability to service its debt burden.

Abacus Employment Limited – In Administration

Report and Joint Administrators' Proposals

5. DISCLOSURE PURSUANT TO STATEMENTS OF INSOLVENCY PRACTICE 13 AND 16 CONTINUED

- c) Trading Administration - It was not considered appropriate to continue to trade the business of the Company as there was little or no likelihood that it would be sufficiently profitable in the short term to fund such trading and there was also insufficient working capital available to do so. No alternative forms of funding were identified in the course of deliberations prior to our appointment.

In addition, we did not anticipate that any better offers for the business would have been achieved even if a period of trading had allowed a longer marketing period.

- d) Pre-packed Administration - In the absence of any firm interest other than APL's, a pre packaged sale to VGL was considered to represent the best available option.

5.7 Professional Relationship & Source of Initial Introduction

We were introduced to the Company by SME. No prior professional relationship was in existence between the Company and/or its Director and/or any Director or staff of Harrison's prior to 20 July 2011 when we first met with the Company's Director and it was determined that the Company was insolvent within the meaning of Section 123 of the Insolvency Act 1986.

6. PURPOSE AND PROGRESS OF THE ADMINISTRATION

6.1 Purpose of the Administration

The Company could not be saved as a going concern in accordance with Paragraph 3(1)(a), since there were insufficient funds available to finance trading the Company. Paragraph 3(1)(b) does not apply as the Administration was not entered into to achieve a better result for the Company's creditors as a whole than would be likely if it were wound up (without first being in Administration). The purpose of the Administration, in accordance with Paragraph 3(1)(c) is to realise property in order to make a distribution to one or more secured or preferential creditor.

6.2 Progress of the Administration

6.2.1 Receipts and Payments Account

No receipts or payments have been transacted since the commencement of the proceeding on 29 July 2011.

6.2.2 Book Debts

At the commencement of the proceedings factored book debts outstanding totalled £67,320. SME served notice for £54,639 in respect of sums due under its agreement with the Company and estimates that the ledger will be received in full.

However this does not take into consideration any fees which may be contractually due to SME, which are estimated to amount to £8,000. Therefore it is anticipated that approximately £4,600 will become available to the proceedings.

Collection procedures by SME are ongoing in respect of the remaining debts.

Abacus Employment Limited – In Administration

Report and Joint Administrators' Proposals

6. PURPOSE AND PROGRESS OF THE ADMINISTRATION CONTINUED

6.2.3 Cash at Bank

Upon our appointment a net balance of £250 was held within the Company's bank account at Barclays Bank Plc. This amount will be recovered for the benefit of the proceedings.

6.2.4 Investment in Associated Company

The books and records of the Company show that it had invested a total of £7,000 in an associated restaurant business, RNR. As reported earlier RNR did not prove successful and has subsequently ceased trading. The recoverability of the balance due will be investigated by the Joint Administrators.

6.2.5 Secured Creditor

A debenture containing fixed and floating charges over all tangible and intangible assets of the Company was granted to SME on 23 June 2011 and registered with the Registrar of Companies on 1 July 2011.

Section 176A of the Insolvency Act 1986 provides that, where the Company has created a floating charge after 15 September 2003, the Administrator must make a Prescribed Part of the Company's Net Property available for the unsecured creditors and not distribute it to the floating chargeholder except in so far as it exceeds the amount required for the satisfaction of unsecured claims. Net Property means the amount which would, were it not for this provision, be available to floating chargeholders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realisation). The Prescribed Part is calculated by reference to a sliding scale as follows: -

- 50% of the first £10,000 of Net Property;
- 20% of Net Property thereafter,
- up to a maximum amount to be made available of £600,000.

An Administrator will not be required to set aside the Prescribed Part if: -

- the Net Property is less than £10,000 and he thinks the cost of distributing the Prescribed Part would be disproportionate to the benefit; (Section 176A(3)), or
- he applies to the Court for an order on the grounds that the cost of distributing the Prescribed Part would be disproportionate to the benefit and the Court orders that the provision shall not apply (Section 176A(5)).

In accordance with Rule 2.33 of the Insolvency Rules 1986, we would advise that since the floating charge was created after 15 September 2003 the Prescribed Part will be applied pursuant to Section 176A of the Insolvency Act 1986 and made available to unsecured creditors, as detailed in the attached Statement of Affairs.

On present information we confirm that it is not our intention to make an application to the Court under Section 176A(5). However, we reserve our position generally in this regard should circumstances materially change.

In accordance with Rule 2.33 of the Insolvency Rules 1986, we would advise that, since net property is estimated to be below the prescribed minimum of £10,000 and we consider that the cost of distribution will be disproportionate to the benefit, there will be no Prescribed Part pursuant to Section 176A of the Insolvency Act 1986 available to unsecured creditors. However, we reserve our position generally in this regard should circumstances materially change.

Abacus Employment Limited – In Administration

Report and Joint Administrators' Proposals

6. PURPOSE AND PROGRESS OF THE ADMINISTRATION CONTINUED

6.3 Other Matters

6.3.1 Joint Administrators' Remuneration & Disbursements

In accordance with Rule 2.106(5A) our remuneration and disbursements shall be agreed with the floating chargeholder, SME. However, a schedule of our time costs to date, together with a Creditors' Guide to Administrators' fees and our fee and disbursement policy are attached at Appendix IV for your information.

6.3.2 Pre-Administration Costs

The time costs incurred prior to our appointment in respect of advice given, the drafting and filing of all appointment documentation, and dealing with the sale of the business as outlined earlier, total £1,347.50, a schedule of which is attached at Appendix IV.

Furthermore costs amounting to £1,125 have been incurred to the Agent in respect of the valuation undertaken in this matter.

These costs will be agreed with SME.

6.3.3 EC Regulations

EC Regulations apply. The proceedings are main proceedings as defined by Article 3 of the EC Regulation.

6.3.4 Relevant information pursuant to Rule 2.33 of the Insolvency Rules 1986

No trading has taken place during the Administration as a result of the prompt sale and therefore the terms of Rule 2.33(2)(o)(ii) do not apply.

6.3.5 Dividend Prospects

It is apparent from the information available at this time that there is no possibility of there being sufficient funds available to enable a distribution to the unsecured creditors.

7. STATEMENT OF AFFAIRS

In accordance with Paragraph 47(1) of Schedule B1 of the Insolvency Act 1986 the Directors have been asked to provide us with a Statement of Affairs as at 29 July 2011. At the date of writing this report the Statement of Affairs has not yet been received and no explanation has been given in respect of this non-compliance. We have therefore prepared an estimated Statement of Affairs as at 29 July 2011 for the purposes of this report which is attached at Appendix II.

8. CREDITORS' MEETING

Since there is no possibility of there being sufficient funds available to enable a distribution to the unsecured creditors it is not our intention to call a meeting of creditors at this time, in accordance with Paragraph 52(1)(b) of Schedule B1 of the Insolvency Act 1986.

However, in accordance with Paragraph 52(2) a meeting of creditors shall be held if, within 8 business days of the date of this report, creditors whose debts amount to at least 10% of the total debts of the Company request it. Therefore, should you require a meeting of creditors to be held please contact us upon receipt of this report, providing a statement of the purpose of the proposed meeting.

Abacus Employment Limited – In Administration

Report and Joint Administrators' Proposals

8. CREDITORS' MEETING CONTINUED

If no meeting is requisitioned by creditors, the proposals set out below will be deemed to have been approved by creditors after the expiry of 8 business days of the date of this report

9. JOINT ADMINISTRATORS' PROPOSALS

We the Joint Administrators propose the following -

- 1 Should the Joint Administrators believe that it is appropriate to do so and/or beneficial to realisations and/or in satisfaction of the sums due to the secured creditor, they be authorised to extend the term of office for 6 months from the automatic end date of 28 July 2012, in accordance with Paragraph 76(2) of Schedule B1 of the Insolvency Act 1986
- 2 Since there are insufficient assets available to enable a distribution to the unsecured creditors the Joint Administrators shall conclude the Administration pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986, moving from Administration to dissolution. This will be carried out once all matters have been finalised
- 3 If there are insufficient funds available to make a distribution to unsecured creditors and a creditor indicates its written intention to petition for the winding up of the Company or provides a written request that the Company be placed into compulsory winding up for the purpose of the Official Receiver conducting an investigation, the Joint Administrators are granted authority to exit the Administration under Paragraph 80 of Schedule B1 of the Insolvency Act 1986 thereby creating the opportunity for a creditor to petition for a compulsory winding up order.
4. In accordance with Paragraph 98 of Schedule B1 of the Insolvency Act 1986 the Joint Administrators are discharged from any liability with regards to the Company and granted their release from office when the proceedings come to an end and upon the filing of the appropriate documentation at Companies House.

If you have any questions in relation to this report please do not hesitate to contact our Reading office



Paul Boyle
Joint Administrator

8 August 2011

Insolvency Act 1986

Abacus Employment Limited
Estimated Statement Of Affairs as at 29 July 2011

| | Book Value £ | Estimated to Realise £ | £ |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------------|--------------------|
| ASSETS | | | |
| Book Debts | 67,320 00 | 67,320 00 | |
| SME Invoice Finance Limited | (62,639 00) | (62,639 00) | |
| | | 4,681 00 | 4,681 00 |
| Computer Equipment | 1,599 00 | | 1,000 00 |
| Cash at Bank | 250 00 | | 250 00 |
| Goodwill | NIL | | 4,000 00 |
| Investment in Associated Company | 7,000 00 | | Uncertain |
| | | | 9,931 00 |
| LIABILITIES | | | |
| PREFERENTIAL CREDITORS - | | | |
| | | | NIL |
| | | | 9,931 00 |
| DEBTS SECURED BY FLOATING CHARGE PRE 15 SEPTEMBER 2003 | | | |
| OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS | | | |
| | | | NIL |
| | | | 9,931 00 |
| Estimated prescribed part of net property where applicable (to carry forward) | | | NIL |
| | | | 9,931 00 |
| DEBTS SECURED BY FLOATING CHARGE POST 15 SEPTEMBER 2003 | | | |
| | | | NIL |
| | | | 9,931 00 |
| Estimated prescribed part of net property where applicable (brought down) | | | NIL |
| | | | 9,931 00 |
| Unsecured non-preferential claims (excluding any shortfall to floating charge holders) | | | |
| Trade & Expense Creditors | | 85 00 | |
| HM Revenue & Customs - PAYE | | 21,692 00 | |
| HM Revenue & Customs - VAT | | 18,394 00 | |
| | | | 40,171 00 |
| Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F C's post 14 September 2003) | | | (30,240 00) |
| | | | (30,240 00) |
| Issued and called up capital Ordinary Shareholders | | 1 00 | |
| | | | 1 00 |
| TOTAL SURPLUS/(DEFICIENCY) | | | (30,241 00) |

Abacus Employment Limited
B - Company Creditors

| Key | Name | Address | £ |
|----------------------------|-------------------------|---------------------------------------------------------------------------------------|------------------|
| CH00 | HM Revenue & Customs | National Insolvency Unit, 2NW Queens Dock, Liverpool, L74 4AA | 18,393 90 |
| CH01 | HM Revenue & Customs | Room BP3202, Warkworth House, Benton Park View, Longbenton, Newcastle Upon Tyne NE1ZZ | 21,692 28 |
| RW00 | Mr Steven White | Thames Innovation Centre, 2 Veridion Way, Erith, DA18 4AL | 0 00 |
| RC00 | Ms Julie Ellen Chisholm | 26 Wilmot Road, Dartford, Kent, DA1 3BA | 0 00 |
| CN00 | NICO Office Limited | No1 Old Farm Offices, Farm Buildings, Maiden Lane, Crayford, Kent, DA1 4LX | 83 99 |
| CT00 | T Mobile | 6 Camberwell Way, Doxford Technology Park, Sunderland, SR3 3XN | 1 00 |
| 6 Entries Totalling | | | 40,171.17 |

Harrisons Business Recovery and Insolvency Limited
Abacus Employment Limited
C - Shareholders

| Key | Name | Address | Pref | Ord | Other | Total |
|---------------------|-------------------------|-----------------------------------------|------|-----|-------|-------|
| HC00 | Ms Julie Ellen Chisholm | 26 Wilmot Road, Dartford, Kent, DA1 3BA | 0 | 1 | 0 | 1 |
| 1 Entries Totalling | | | | | | 1 |

APPENDIX III

**SCHEDULE OF TIME COSTS
AND
GUIDE TO ADMINISTRATORS' FEES**

ABACU

Abacus Employment Limited

SIP 9 - Time & Cost Summary

Period 01/07/11 29/07/11

Time Summary

| Hours | | | | | | Time Cost (£) | Average hourly rate (£) |
|---------------------------------|---------|---------|----------------------------|----------------------------|-------------|---------------|-------------------------|
| Classification of work function | Partner | Manager | Other Senior Professionals | Assistants & Support Staff | Total Hours | | |
| Administration & planning | 0 00 | 0 00 | 4 00 | 0 00 | 4 00 | 700 00 | 175 00 |
| Investigations | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 |
| Realisations of assets | 0 00 | 0 00 | 3 70 | 0 00 | 3 70 | 647 50 | 175 00 |
| Trading | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 |
| Creditors | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 |
| Case specific matters | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 |
| Brought forward time | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 |
| In House Legal | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 |
| Total Hours | 0 00 | 0 00 | 7 70 | 0 00 | 7 70 | 1,347 50 | 175 00 |
| Total Fees Claimed | | | | | | 0 00 | |

1. HARRISONS BUSINESS RECOVERY AND INSOLVENCY LIMITED FEE POLICY

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 Harrisons is considered to be relevant -

2. CHARGE OUT RATES

With effect from 1 April 2009 the following hourly charge out rates apply to all assignments undertaken by Harrisons -

| | £ |
|-------------------------|---------|
| Directors | 300-400 |
| Managers | 200-275 |
| Senior Case Supervisors | 175-200 |
| Case Supervisors | 100-160 |
| Assistants | 75-100 |

3. STAFF ALLOCATION, SUPPORT STAFF & THE USE OF SUBCONTRACTORS

We take an objective and practical approach to each assignment which includes active director 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 charged. Details of any subcontractor(s) used are given in the attached report.

4. PROFESSIONAL ADVISORS

Details of any professional advisor(s) used are given in the attached report. Unless otherwise indicated the fee arrangement for each will be 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 will be 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 geographical location.

5. DISBURSEMENTS

Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as a "category 1 disbursements". Category 1 disbursements will generally comprise supplies of incidental services specifically identifiable to the case, typical for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses. 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, document storage or communication facilities provided by us) they must be disclosed and be authorised by those responsible for approving the insolvency practitioners' 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:-

| | |
|-----------------------|------------------------------------------|
| Photocopying | 15p a sheet |
| Letterhead | 12p a sheet |
| Fax | 40p a sheet |
| Mileage | 65p per mile |
| Meeting Room | £50 |
| Registered Office Fee | £60 per annum |
| Document Storage | Storage charge of £3 per box per quarter |

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES ENGLAND AND WALES

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, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

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 remuneration

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:

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

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator.

It is for the creditors' committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied, and where it is a set amount, to determine that amount. 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 (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment.

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 Review of remuneration

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator may request that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.

6 Approval of pre-administration costs

6.1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Details of such costs must be included in the administrator's proposals.

6.2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.

6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

7 What information should be provided by the administrator?

7.1 When seeking remuneration approval

7.1.1 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.

7.1.2 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 principles, which are likely to be involved on the case.

7.1.3 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:

- Manager
- 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.

7.1.4 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.

7.2 After remuneration 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 (see further paragraph 8.1 below). 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 7.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 7.1.4 above regarding work which has been sub-contracted out.

7.3 Disbursements and other expenses

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements, but there is provision for the creditors to challenge them, as described below. 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.

8 Progress reports and requests for further information

8.1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include:

- details of the basis fixed for the remuneration of the administrator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it),

- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report),
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report,
- a statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period,
- the date of approval of any pre-administration costs and the amount approved,
- a statement of the creditors' rights to request further information, as explained in paragraph 8.2, and their right to challenge the administrator's remuneration and expenses

8.2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court

8.3 The administrator must provide the requested information within 14 days, unless he considers that -

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the administration or might be expected to lead to violence against any person, or
- the administrator is subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information. Any creditor may apply to the court within 21 days of the administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information

9 Provision of information – additional requirements

The administrator 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

10 What if a creditor is dissatisfied?

10.1 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.

10.2 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including him) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 above). 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

10.3 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration

11 What if the administrator is dissatisfied?

11.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. 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

12 Other matters relating to remuneration

12.1 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

12.2 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

12.3 If a new administrator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made

12.4 Where the basis of the remuneration is a set amount, and the administrator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them

13 Effective date

This guide applies where a company enters administration on or after 6 April 2010, except where

- the application for an administration order was made before that date, or
- where the administration was preceded by a liquidation which commenced before that date

**In the matter of Abacus Employment Limited
In Administration
and in the matter of The Insolvency Act 1986**

Date of Administration. 29 July 2011

| | | |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| 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 administration (see note) | £ |
| 4 | Details of any document by reference to which the debt can be substantiated. [Note the administrator 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 | |

The Insolvency Act 1986

Notice of administrator's appointment

| | |
|----------------------------------------------------------|-----------------------------------|
| Name of Company Abacus Employment Limited | Company number 06901941 |
| In the Royal Court of Justice (full name of court) | Court case number 6556 of 2011 |

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

I/We (a)
Paul Boyle
Harrisons Business Recovery and Insolvency
Limited
4 St Giles Court
Southampton Street
Reading
RG1 2QL

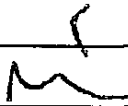
John Sallabank
Harrisons Business Recovery and Insolvency
Limited
4 St Giles Court
Southampton Street
Reading
RG1 2QL

give notice that we were appointed as administrator(s) of the above company on

(b) Insert date

(b) 29 July 2011

Signed



Dated

27/7/11

Joint / Administrator(s) (IP No(s) 008897 008099)