

Notice of result of meeting of creditors

Pursuant to Rule 2.35 of the Insolvency (Scotland) Rules 1986

Name of Company VIS Entertainment Ltd	Company number SC160499
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I / We (a)

Thomas Campbell MacLennan
Tenon Recovery
1 Royal Terrace
Edinburgh
EH7 5AD

Kenneth Robert Craig
Tenon Recovery
1 Royal Terrace
Edinburgh
EH7 5AD

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

*Delete as applicable

(b) Insert place of
meeting

(c) Insert date of meeting
*Delete as applicable

(d) Give details of the
modifications (if any)

(e) Insert time and date
of adjourned meeting

(f) Details of other
resolutions passed

hereby report that a meeting of the creditors of the above company was held at

(b) The Royal Terrace Hotel, 18 Royal Terrace, Edinburgh

on (c) 16 June 2005 at which:

1. Proposals were approved.

A creditors' committee was not formed.

*Delete as applicable

Signed

Joint / Administrator(s)

Dated

17.6.05

*Delete as applicable

A copy of the *original proposals / modified proposals / revised proposals is attached for those who did not receive such documents prior to the meeting.

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

Thomas Campbell MacLennan

Tenon Recovery, 1 Royal Terrace, Edinburgh, EH7 5AD

Tel 0131 557 4455

DX Number

DX Exchange

Companies House receipt date barcode

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

Companies House, 37 Castle Terrace, Edinburgh EH1 7
DX 235 Edinburgh / LP 4 Edinburgh-2



VIS ENTERTAINMENT LTD
IN ADMINISTRATION

Statement of the Joint Administrator's
proposals pursuant to Paragraph 49 of Schedule B1
of the Insolvency Act 1986

1 June 2005

Tenon Recovery
Edinburgh

1. Introduction

Thomas Campbell MacLennan and Kenneth Robert Craig of Tenon Recovery, 1 Royal Terrace, Edinburgh were appointed Joint Administrators on 7 April 2005 by the directors of the company. Their appointment was subsequently ratified by the Court of Session, Scotland following presentation of Form 4.2B (Scot).

2. Purpose of the Administration

The purpose for which the Administration Order was made was to realise property in order to make a distribution to one or more secured or preferential creditors, pursuant to paragraph 3(1)(c) of Schedule B1 of the Insolvency Act 1986 (Objective (c)).

3. Joint Administrator's Proposals

As required by paragraph 49 of Schedule B1 of the Insolvency Act 1986, the following proposals to creditors for achieving the objective of the administration are made by the Joint Administrators :-

- The administrators will continue to manage the business affairs and property of the Company in such a manner as we consider appropriate with a view to completing the objective of realising the property to make a better distribution to the secured creditors.
- The administrators will investigate and if appropriate pursue any claim that the Company may have under the Companies Act 1985 or the Insolvency Act 1986.
- The administrators will do all other things and generally exercise their powers as administrators to achieve the purpose of the administration.
- It is proposed that once the purpose of the administration is achieved the joint administrators will file notice with the Court and the Registrar of Companies and the administration will be brought to an end at that point.

4. History of the Company

The company has traded as a developer of video games since its incorporation in 1995. In 1992 it developed the successful game State of Emergency which sold over 1 million units.

The company has since that time been developing two major titles State of Emergency 2 "SOE2" and Brave.

Both these titles were subject to considerable increases in the projected completion dates and significant cost overruns. Consequently the company began to experience cash flow difficulties and was unable to raise the funding that would have allowed the completion of the game.

Following unsuccessful attempts to find a purchaser for the company, the directors took the decision to appoint Joint Administrators to the company.

5. Post Administration Events

Following my appointment as Joint Administrator on 7 April 2005 all employees not involved with the SOE2 were made redundant.

Those employees in the SOE2 team were laid off without pay for a short period whilst the game was marketed for sale.

No offers were received within the timescale set for this and the SOE2 team were made redundant on 19 April 2005.

Subsequently agreement has been reached with DC studios to grant a licence to them for the development of the game. All funds generated from this are subject to a standard security held by SOE Development Ltd.

The US rights for the game Brave are also available for sale and offers are currently being considered.

Furniture and equipment has been sold to DC Studios and to Tayforth Ltd.

6. Future Matters in the Administration

I will complete the sale of the US rights for Brave together with any other Intellectual Property associated with the game.

There are some sundry debtors that require to be pursued.

The administration will continue to receive revenue from the sale of SOE2.

I will complete my investigation into the conduct of the directors of the company prior to my appointment and thereafter submit my report to the Department of Trade and Industry in accordance with my statutory obligations. Whilst the contents of this report are confidential, creditors are invited to provide the administrators with any information they believe may be relevant. This request is a standard procedure and does not imply criticism of the directors.

7. Convening of Meeting

Notice is hereby given that a meeting of creditors is to be held on 16 June 2005 at 10.00am at The Royal Terrace Hotel, 18 Royal Terrace, Edinburgh, EH7 5AQ to consider the Joint Administrator's proposals under paragraph 51 of Schedule B1 of the Insolvency Act 1986.

Votes at the meeting are based on creditors' claims and a resolution passed if a majority in value of those voting have voted in favour of it.

If you are not a limited company, you may vote by simply attending the meeting, bringing a statement of your claim. If you do not wish to attend the

VIS Entertainment Ltd – In Administration

meeting, you may complete and return the enclosed proxy so that someone else nominated by you, or the chairman of the meeting, can on your behalf.

If you are a corporate body, such as a limited company, and wish to attend and vote at the meeting, you should complete and return the proxy form. (Companies can alternatively arrange to be represented by someone authorized by a resolution of their directors under section 375 of the Companies Act 1985).

A creditor will be entitled to vote at the meeting only if a claim has been lodged with me at the meeting or before the meeting at my office and it has been accepted for voting purposes. For the purpose of formulating claims creditors should note that the date of commencement of the administration is 7 April 2005.

Proxies may also be lodged with me at the meeting or before the meeting. The proxy form must be signed.

T C MacLennan
Joint Administrator
1 June 2005

Appendix 1**Statutory Information**

The following information has been obtained from documentation filed with the Registrar of Companies and from the company books and records.

Date of Incorporation 20/09/1995

Company Number SC160499

Registered Office and Trading Address
Seabraes
Perth Road
Dundee
DD1 4LN

Other Trading Address
Eagle Building
19 Rose Street
Edinburgh
EH2 2PR

Directors	Appointed	Resigned
Patrick Burns	26/09/2002	-
Kenneth Lewandowski	21/06/2001	-
Raymond Musci	17/06/2004	-
Ian Ritchie	11/06/1996	-
Chris van der Kuyl	27/09/1995	-
Tony Williams	17/06/2004	-
Stephen Ambler	17/06/2004	01/02/2005
Peter Baillie	11/06/1996	17/06/2004
John Boyle	07/10/1999	23/01/2004
Alex Catto	16/10/1996	17/06/2004
Jane Karwoski	02/05/2003	06/10/2003
Andrew Lapping	23/01/2004	17/06/2004

Secretary

Peter Baillie	06/10/2000	05/02/2004
Laura Calder	05/02/2004	-

Share Capital	Authorised & Issued
Ordinary £1 Shares	1,512,352

Ordinary Shareholders

BAM! Entertainment Inc.	1,512,352
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Appendix 2

Financial information

	Management 30/04/05 £'000's	Draft 30/06/04 £'000's	Final 30/11/03 £'000's
Profit & Loss account			
Turnover	772	(387)	5,807
Cost of sales	<u>(2,796)</u>	<u>(2,417)</u>	<u>(4,385)</u>
Gross Profit	<u>(2,024)</u>	<u>(2,804)</u>	<u>1,422</u>
Administrative expenses	(600)	(1,530)	(3,197)
Capitalised development costs	<u>1,957</u>	<u>3,180</u>	<u>-</u>
Operating Loss	(667)	(1,154)	(1,775)
Interest	(267)	(78)	(136)
Taxation	-	-	283
Profit/(Loss) on ordinary activities	<u>(934)</u>	<u>(1,232)</u>	<u>(1,583)</u>
Balance Sheet			
Fixed Assets			
Tangible assets	784	714	1,118
Development Costs	6,154	3,699	-
Current Assets			
Debtors	445	1,307	3,065
Stock – development WIP	-	-	519
Cash at bank and in hand	<u>8</u>	<u>-</u>	<u>842</u>
	453	1,307	4,426
Creditors:	(7,325)	(4,385)	<u>(2,977)</u>
Total Assets less current liabilities	<u>66</u>	<u>1,335</u>	<u>2,567</u>
Capital and Reserves			
Called up share capital	469	469	469
Share premium account	9,624	9,624	9,624
Profit and loss account	<u>(10,027)</u>	<u>(8,758)</u>	<u>(7,526)</u>
	<u>66</u>	<u>1,335</u>	<u>2,567</u>

**ESTIMATED STATEMENT OF AFFAIRS
AT 7 APRIL 2005**

Prepared by T C MacLennan and K R Craig

	Note	Estimated to realise £'000's
Assets		
State of Emergency 2	2	u/k
Less : Due to Secured Creditor		<u>(2,200)</u>
Brave	3	u/k
NTRA	4	10
Furniture & Equipment	5	37
Loan Debtor	6	<u>50</u>
		u/k
Liabilities		
Preferential Creditors		(100)
Floating Charge Creditor		(2,460)
Ordinary Creditors – per attached schedule		(1,211)
Estimated Deficiency to creditors		<u><u>u/k</u></u>

Appendix 3

**NOTES TO ESTIMATED STATEMENT OF AFFAIRS
AS AT 7 APRIL 2005**

1. The estimated statement of affairs, which should be read in conjunction with the attached notes, indicates there is, subject to the costs of administering the liquidation, the prospect of a partial dividend to unsecured creditors. The figures contained in this statement reflect information obtained to date from company records and creditor representations.
 2. State of Emergency 2 has been licensed to DC Studios. Any receipt to the administration is dependent on the game being successfully completed and published. The receipts are subject to a security held by SOE Development Ltd – In Administration.
 3. We are currently in the process of concluding the sale of the US and Japanese publishing rights for the Brave game.
 4. This relates to the assignation of a contract to develop a game entitled NTRA.
 5. Furniture and equipment has been sold to DC Studios and Tayforth Ltd as part of the agreements relating to State of Emergency 2 and NTRA respectively.
 6. This relates to amounts due from Axis Denied Ltd.
 7. Ordinary creditors are included from claims made available by creditors to date and a schedule of creditors prepared by the director.
 8. The Statement of Affairs does not take account of the expenses of realisation and administration.
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VIS Entertainment Ltd
Creditors With Statement of Affairs Figures

		S of A 1	S of A 2	S of A Total
		£	£	£
C300	3+ Ltd PO Box 1066 Broomsgrove B60 2WA	187.05	0.00	187.05
C301	3663 Black Moss Lane Scraisbrick Ormskirk Lancashire L40 9RW	118.93	0.00	118.93
CA00	Abertay University Bell Street Dundee DD1 1HG	4,159.50	0.00	4,159.50
CA01	Acco UK Ltd Gatehouse Road Aylesbury HP19 8DT	179.91	0.00	179.91
CA02	Alchemic Productions 516 Corte Jana Oxnard CA 93030	4,400.00	0.00	4,400.00
CA03	A M Securities Shore Road Perth PH2 8BD	538.62	0.00	538.62
CA04	AKG Property Group 41 West Henderson Wynd Dundee DD1 5BT	4,500.00	0.00	4,500.00
CB00	Blackadders Ltd 30 & 34 Reform Street Dundee DD1 1RJ	4,455.53	0.00	4,455.53
CB01	Blindlight 8335 Sunset Blvd, Suite 307 West Hollywood CA 90069 USA	20,884.05	0.00	20,884.05

Signature _____

VIS Entertainment Ltd
Creditors With Statement of Affairs Figures

		S of A 1	S of A 2	S of A Total
		£	£	£
CB02	Booker Blackmoss Lane Scarbrick, Ormskirk LA40 9RW USA	390.14	0.00	390.14
CB03	Bradley 64-70 North William Street Dundee DD3 7DB	1,213.43	0.00	1,213.43
CB04	BT Telephone Payment Centre TVTE Newcastle NE82 6XX	2,151.10	0.00	2,151.10
CB05	Brodies 15 Atholl Crescent Edinburgh EH3 8HA	3,290.00	0.00	3,290.00
CB06	BUPA Anchorage Quay Salford Quays Manchester M5 2XL	1,156.70	0.00	1,156.70
CC00	Cable & Wireless PO Box 37 Wythenshawe Manchester M22 0BE	79,851.04	0.00	79,851.04
CC01	Caledonia Stern & Wyld 5 Queens Crescent Glasgow G4 9BW	10,763.00	0.00	10,763.00
CC02	Cannon Hygiene Middlegate, White Lund Estate Morecambe LA3 3BJ	134.27	0.00	134.27
CC03	Capital Solutions 101 McDonald Road Edinburgh EH7 4NW	589.56	0.00	589.56

Signature _____

VIS Entertainment Ltd
Creditors with Statement of Affairs Figures

		S of A 1	S of A 2	S of A Total
		£	£	£
CC04	Cartridge World 161 Perth Road Dundee DD2 1AR	45.00	0.00	45.00
CC05	CCS Media Old Birdholme House Derby Road Chesterfield S40 2EX	3,415.10	0.00	3,415.10
CC06	Centre Travel South Ward Road Dundee DD1 1PN	40.00	0.00	40.00
CC07	City News 125b Nethergate Dundee DD1 4DW	29.42	0.00	29.42
CC08	Comely Bank Glazing Ltd 8 Comely Bank Avenue Edinburgh EH4 1EL	176.25	0.00	176.25
CC09	Computers in Personnel Abbey House 28-30 Chapel Street Marlow SL7 1DD	5,046.62	0.00	5,046.62
CC0A	Coolforce 127 Commercial Street Kirkcaldy KY1 2NY	163.63	0.00	163.63
CD00	D P & L Travel Ltd 26 East Dock Street Dundee DD1 9HY	11,263.23	0.00	11,263.23
CD01	Datavault/Iron Mountain Whitelaw House Alderstone House Business Park McMillan Road Livingston EH54 7DF	3,738.07	0.00	3,738.07

Signature_____

VIS Entertainment Ltd
Creditors with Statement of Affairs Figures

		S of A 1	S of A 2	S of A Total
		£	£	£
CD02	D P & L 26 East Dock Street Dundee DD1 9HY	10,922.08	0.00	10,922.08
CD03	Dundee City Council 28 Crichton Street Dundee DD1 3RF	64.45	0.00	64.45
CE00	Eagle Couriers 25 Dunedin Street Edinburgh EH7 4JG	455.54	0.00	455.54
CE01	Edinburgh City Council Chesser House 500 Gorgie Road Edinburgh EH11 3YJ	117.12	0.00	117.12
CE02	Ednet/Lumison 12 Dick Place Edinburgh EH6 6LU	2,863.48	0.00	2,863.48
CE03	The Entrepreneurial Exchange Barncluith Business Centre Townhead Street Hamilton ML3 7DP	722.63	0.00	722.63
CF00	Fat Sams Nightclub 31 South Ward Road Dundee DD1 1PU	76.50	0.00	76.50
CF01	Federal Express PO Box 119 Coventry CV1 4QD	65.87	0.00	65.87
CF02	FMS Fire & Security Unit 19, The Enterprise Centre 1 Dryden Road Bilston Glen Ind Estate Loanhead EH20 9LX	405.33	0.00	405.33

Signature _____

M/S Entertainment Ltd
Creditors with Statement of Affairs Figures

		S of A 1	S of A 2	S of A Total
		£	£	£
CG00	Game Store Group Unity House, Telford Road Basingstoke RG21 6YJ	167.89	0.00	167.89
CG01	Graham's Dairies Airthrey Kerse Farm Henderson Street Bridge of Allan FK9 4RW	520.34	0.00	520.34
CG02	Guthrie Group 2 Drummon Square Brucefield Industry Park Livingston EH54 9DH	180.03	0.00	180.03
CH00	Hamilton Portfolio 91 Mitchell Street Glasgow G1 3LN	3,525.00	0.00	3,525.00
CH01	Hunter Douglas Mersey Industrial Estate Heaton Mersey Stockport SK4 3EQ	566.36	0.00	566.36
CH02	H M C & E Insolvency Operations Queens Dock Liverpool	7,474.00	0.00	7,474.00
CI00	Information & Data Networks Tymark House 47 Brightmet Street Bolton BL2 1BR	1,550.65	0.00	1,550.65
CI01	Indicator Ltd Calgarth House 39-41 Bank Street Ashford TN23 1BA	89.00	0.00	89.00
CI02	Insight Direct (UK) 5th Floor, Alperton House Bridgewater Road Wembley HA0 1EH	345.20	0.00	345.20

Signature _____

VIS Entertainment Ltd
Creditors with Statement of Affairs Figures

		S of A 1	S of A 2	S of A Total
		£	£	£
CI03	Invergowrie Electrical 10E Bayview Road Invergowrie DD2 5AR	72.00	0.00	72.00
CI04	Iomart Fleming Pavillion, Todd Campus West of Scotland Science Park Glasgow G20 0XA	881.25	0.00	881.25
CJ00	JHS Catering Unit 5, Martinbridge Trading Estate Lincoln Road Enfield EN1 1QL	269.22	0.00	269.22
CK00	John Kerr & Son Balfield Dalry Unit M, 207 Strathmartine Road Dundee	106.48	0.00	106.48
CK01	Kennedy's Patent Agency Floor 4, Queens House 19-29 St Vincent Place Glasgow G1 2DT	2,973.94	0.00	2,973.94
CK02	KPMG Department 791 58 Clarendon Road Watford WD17 1DE	52,986.28	0.00	52,986.28
CL00	Lumison 12 Dock Place Edinburgh EH6 6LU	2,863.48	0.00	2,863.48
CL01	Ken Lewandowski 5 Allanwater Gardens Bridge of Allan FK9 4DW	13,500.00	0.00	13,500.00
CL02	Loveil Consultancy 34 Longmore Street London SW1V 1JF	121,704.83	0.00	121,704.83

Signature _____

VIS Entertainment Ltd
Creditors with Statement of Affairs Figures

		S of A 1	S of A 2	S of A Total
		£	£	£
CL03	Lodestar Partners 34 Longmoore Street London SW1V 1JF	135,025.67	0.00	135,025.67
CM00	McGrigors Princes Exchange 1 Earl Grey Street Edinburgh EH3 9AQ	179,193.79	0.00	179,193.79
CM01	MCV Media Ltd St Andrew House 46-48 St Andrew Street Hertford SG14 1JA	705.00	0.00	705.00
CM02	Miller's Graphics 36 North Bridge Edinburgh EH1 1QG	120.24	0.00	120.24
CN00	Nicol Russell Studios HB/CMCC/N302.1 c/o Simpson & Marwick 15 South Tay Street Dundee DD1 1NU	23,701.65	0.00	23,701.65
CN01	Neopost Ltd Neopost House South Street Romford RM1 2AR	302.56	0.00	302.56
CN02	NHS Health Scotland Woodburn House Canaan Lane Edinburgh EH10 4SG	3.50	0.00	3.50
CN03	Nicoll Russell 111 King Street Broughty Ferry DD5 1EL	23,701.65	0.00	23,701.65
CN04	Nestle Waters/pow Wow	241.05	0.00	241.05

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VIS Entertainment Ltd
Creditors with Statement of Affairs Figures

		S of A 1 £	S of A 2 £	S of A Total £
	PO Box 727 Camberley GU15 3YZ			
CO00	John Oldham 30 Beaufort Avenue Sale M33 3WL	27,816.96	0.00	27,816.96
CP00	P4 Properties PO Box 344 5 Castle Street St Helier, Jersey JE4 8UZ	26,964.80	0.00	26,964.80
CP01	Pepperhamilton LLP 3000 2 Logan Square Eighteenth & Arch Streets Philadelphia PA19103 - 2799 USA	39,512.83	0.00	39,512.83
CP02	Probe It Ltd 16-19 Southampton Place London WC1A 2AJ	3,231.25	0.00	3,231.25
CP03	Robert Parker Units 5 & 6 Dunsinane Avenue Dunsinane Ind Estate Dundee DD2 3QN	170.38	0.00	170.38
CR00	Realizzare Ltd 20 Lennel Avenue Edinburgh Eh12 6DW	35,250.00	0.00	35,250.00
CR01	Rentokil Initial Castlegate House Castlegate Way Dudley DY1 4RR	11,851.29	0.00	11,851.29
CR02	Robertson Craig & Co 3 Clairmont Gardens Glasgow G3 7LW	11,720.63	0.00	11,720.63

Signature_____

V/S Entertainment Ltd
Creditors with Statement of Affairs Figures

		S of A 1	S of A 2	S of A Total
		£	£	£
CR03	Ryden Property Co 46 Castle Street Edinburgh EH2 3BN	216,751.38	0.00	216,751.38
CR04	Reliance Security Group Boundary House Cricketfield Road Uckbridge Middlesex UB8 1QG	129.24	0.00	129.24
CS00	Scottish Executive Meridian Court 5 Cadogan Street Glasgow G2 6AT	30,932.30	0.00	30,932.30
CS01	Scottish Hydro Electric PO Box 17 Havant PO9 5DD	1,351.13	0.00	1,351.13
CS02	Sage (UK) Ltd North Park Newcastle NE13 9AA	511.13	0.00	511.13
CS03	Scotland on Line Gateway East Technology Park Dundee DD2 1SW	11.75	0.00	11.75
CS05	Scottish Water 2364195 55 Buckstone Terrace Edinburgh EH10 6XH	13,176.63	0.00	13,176.63
CT00	Taylor Wessing Camelite 50 Victoria Embankment Blackfriars London EC4Y 0DX	20,982.43	0.00	20,982.43
CT01	TVI Ltd	646.25	0.00	646.25

Signature_____

VIS Entertainment Ltd
Creditors with Statement of Affairs Figures

		S of A 1 £	S of A 2 £	S of A Total £
	6th Floor, 20 Bell Street Glasgow G1 1LG			
CU00	UPS Ltd UPS House, Forest Road Feltham TW13 7DY	435.94	0.00	435.94
CV00	Viking Direct Lancer House Scudamore Road Leicester LE3 1UB	729.11	0.00	729.11
CV01	VIS ITV Ltd - In Liquidation PricewaterhouseCoopers Kintyre House 209 West George Street Glasgow G2 2LW	17,625.00	0.00	17,625.00
CW01	Walker Fire (UK) Ltd 2 Roman Court Preston PR2 5BB	77.91	0.00	77.91
84 Entries Totaling		1,211,222.55	0.00	1,211,222.55

Signature_____

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES SCOTLAND

1 Introduction

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

2 The nature of Administration

- 2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court in order to achieve one or more of the following statutory purposes:

- the survival of the company or its business in whole or in part;
- the approval of a company voluntary arrangement;
- the sanctioning of a scheme under section 425 of the Companies Act 1985;
- a better realisation of assets than would be possible in a liquidation.

Administration may be followed by a company voluntary arrangement or liquidation.

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 established at the meeting of creditors which the administrator is required to hold within 3 months of the administration order to consider his proposals. The administrator must call the first meeting of the committee within 3 months 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 such information as it may require.

4 Fixing the Administrator's fees

- 4.1 The basis for the fixing the administrator's remuneration is set out in Rule 2.16 of the Insolvency (Scotland) Rules 1986 which states that it may be a commission calculated by reference to the value of the company's property with which he has to deal.

It is for the creditors' committee (if there is one) to fix the remuneration and Rule 2.16 says that in arriving at its decision the committee shall take into account:

- the work which, having regard to the value of the company's property, was reasonably undertaken by the administrator; and
- the extent of his responsibilities in administering the company's assets.

Although not specifically stated in the rules, the normal basis for determining the remuneration will be that of the time costs properly incurred by the administrator and his staff.

- 4.2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration will be fixed by the court on application by the administrator.

5 What information should be provided by the Administrator?

- 5.1 *Claims by the administrator for the outlays reasonably incurred by him and for his remuneration shall be made in accordance with section 53 of the Bankruptcy (Scotland) Act 1985 as applied by rule 4.68 which provides that within two weeks after the end of an accounting period, the administrator shall submit to the creditors' committee or if there is no creditors' committee, to the court:*

- his accounts of intromissions for audit;
- a claim for the outlays reasonably incurred by him and for his remuneration; and

where the documents are submitted to the creditors' committee, he shall send a copy of them to the court.

- 5.2 The administrator may at any time before the end of an accounting period submit to the creditors' committee (if any) an interim claim for the outlays reasonably incurred by him and for his remuneration.
- 5.3 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee to form a judgement as to whether the proposed fee is reasonable having regard to all circumstances of the case. The administrator should always make available an up to date receipts and payments account. The administrator should be prepared to disclose the amount of time spent, together with such additional information as may reasonably be required having regard to the size and complexity of the case. Where the fee is charged as a commission based on the value of the company's property with which the administrator has had to deal, the administrator should provide details of any work which has been or is intended to be contracted out which would normally be undertaken directly by the administrator or his staff.
- 5.4 Where an administrator makes, or proposes to make, a separate charge by way of expenses and disbursements to recover the cost of facilities provided by his own firm, he should disclose those charges to the committee or the court when seeking approval of his fees, together with an explanation of how those charges are made up and the basis on which they are arrived at.

6 What If a Creditor is dissatisfied?

- 6.1 If a creditor believes the administrator's remuneration is too high, he may appeal against the determination by virtue of Section 53(6) of the Bankruptcy Act, applied by Rule 4.32 of the Insolvency Rules, which is in turn applied by Rule 2.16. Creditors have a right of appeal against the determination of an administrator's remuneration by virtue of the application of Section 53(6) of the Bankruptcy (Scotland) Act.
- 6.2 The right of appeal is either to the court (if the determination is by the creditors committee) or to a higher court (if the determination is by a court). Notwithstanding the fact that the statutory time limit for appealing expires eight weeks from the end of the accounting period concerned, it is normal practice to advise the creditors that they may appeal within 14 days of being notified of the determination in cases where this extends beyond the statutory appeal period.

7 What if the Administrator is dissatisfied?

- 7.1** *If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for an order increasing its amount or rate. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.*

8 Other matters relating to fees

- 8.1** Where there are joint administrators it is for them to agree between themselves how remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.