

The Insolvency Act 1986

# Administrator's progress report 2.24B

Name of Company <b>Business Direct Limited</b>	Company number <b>02833396</b>
In the <b>High Court of Justice Chancery Division Companies Court</b> [full name of court]	Court case number <b>7329 of 2008</b>

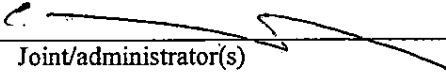
(a) Insert full name(s) and address(es) of administrator(s) I/We (a) C K Rayment and D H Gilbert of BDO Stoy Hayward LLP 125 Colmore Row, Birmingham, B3 3SD

administrator(s) of the above company attach a progress report for the period

(b) Insert date

From	to
(b) 1 March 2009	(b) 28 August 2009

01/09

Signed   
 Joint/administrator(s)

Dated 23 September 2009

**Contact Details:**

You do not have to give any contact information in this form if you are a sole administrator of a company that is a member of a group of companies.

BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham,	
B3 3SD	
Our Ref 012576/GP/ADM933/A6	Tel 0121 352 6200
DX Number	DX Exchange

TI WEDNESDAY



A45 30/09/2009 71  
 COMPANIES HOUSE

A12 24/09/2009 72  
 COMPANIES HOUSE

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



**BDO Stoy Hayward LLP**  
Chartered Accountants

125 Colmore Row  
Birmingham B3 3SD  
Telephone: +44 (0)121 352 6200  
Facsimile: +44 (0)121 352 6444  
Website: www.bdo.co.uk

THURSDAY

A12

24/09/2009  
COMPANIES HOUSE

71

23 September 2009

Our Ref 012576/GP/ADM931/A6

Please ask for  
Gareth Pratt  
0121 352 6313

## TO ALL CREDITORS

Dear Sirs

### **Business Direct Limited – In Administration (“the Company”)**

It is now twelve months since my appointment in respect of the above Company. In accordance with Rule 2.47 of the Insolvency Rules 1986 I am now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration.

#### **1 Statutory Information**

The Joint Administrators of the Company are C K Rayment and D H Gilbert of BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD and they were appointed in respect of the above Company on 29 August 2008. Under the provisions of Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.

The Administrators were appointed by Mr Martin Wright, being a director, pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice, Chancery Division, Companies Court and the court case number is 7329 of 2008.

The Company's registered office is situated at c/o BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD and the registered number is 02833396.

I enclose, for your information, a summary of my receipts and payments covering the period from 29 August 2008 to 28 August 2009, showing a balance in hand of £213,757.51, and report as follows: -

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## 2 Receipts

The receipts shown are largely self-explanatory. As detailed in my previous report, a sale of the business and assets of two divisions of the Company were sold, on appointment, to DX Business Direct Limited ("DX") for £499,999. Unfortunately, it was not possible to sell the 'Specialist' division and this business ceased to trade.

Additionally, as part of the sale agreement, DX was granted licences to occupy in respect of four properties from which the Company and its parent, Business Direct Group plc, traded. Accordingly, rental receipts totalling £97,683 are shown on the enclosed receipts and payments accounts. You will also note that the subsequent rental payments are less than the amounts received. Prior to Administration, payments had been made in advance to certain landlords and in some instances it was not necessary for all of the rental income to be paid across. Additionally, one landlord sought to deduct amounts from a rent deposit so the rent received in respect of this property, totalling £20,239, has yet to be paid across whilst this position is finalised.

Additionally, I would comment that rates refunds have been received totalling £18,076.

## 3 Trading

Although no trading occurred during the Administration, three employees were initially retained on site to assist with book debt collection, third party assets and customer issues. These staff were subsequently made redundant.

## 4 Future of the Administrations

The book debt collection process is reaching a conclusion. As previously reported, the Company operated a factoring agreement with Bank of Scotland Cashflow Finance ("BOSCF"). On appointment, the book debt ledger totalled £2.820 million and BOSCF were owed £2.021 million, excluding interest and charges. Collections to the end of August 2009 were £2.189 million.

No book debts recoveries were shown on the Estimated Financial Statement enclosed with my first report of 23 October 2008, although a surplus from book debts was shown on the directors' Statement of Affairs. I have received legal advice that surplus book debt realisations after BOSCF have been paid in full are available to Bank of Scotland plc ("the Bank") in respect of the Bank's indebtedness in accordance with their security documentation. Accordingly there will be no realisations in respect of book debts for the benefit of unsecured creditors.

Once the book debt collection process is complete I will liaise with BOSCF to obtain full details of any amounts credited or written off in order to consider the merits of preparing a VAT Bad Debt Relief claim. Any such claim can only be submitted when the ledger is reassigned to the Company by BOSCF, and it will be subject to HM Revenue & Customs verification procedures. The Company was registered as part of a group for VAT purposes and had VAT arrears in excess of £500,000 and, accordingly, I anticipate that any amount due to the Company may be subject to crown set off.

As reported in my proposals, the second objective of an Administration was pursued, being achieving a better result for a company's creditors as a whole than would be likely if they were wound up. I also reported that strict interpretation of the Insolvency Act meant that this would only be achieved if the position was improved for creditors as a whole and that this would be dependent on whether there was sufficient net property to enable a distribution to creditors under the Prescribed Part. Whilst the position has been improved for a number of creditors, on current information, there will be insufficient net property for the Prescribed Part to apply and, accordingly, the third objective of an Administration is being pursued.

As it has been determined that there will be insufficient net property for the Prescribed Part to apply, it is inappropriate for the Administration to be converted to a Creditors' Voluntary Liquidation. The exit route for the Administration will be the dissolution of the Company.

## **5 Extensions to the Administration**

In order to conclude the outstanding issues in the Administration, including the payment of a distribution to preferential creditors and finalising the Administration costs, it was necessary to seek the consent of the preferential and secured creditors to an extension of the Administration in accordance with Paragraph 108(3) of Schedule B1 of the Insolvency Act 1986. I can confirm that the creditors gave their consent and, accordingly, the Administration has been extended to 28 February 2010.

## **6 Prospects for Creditors**

### **Preferential Creditors**

Whilst upon my appointment 91 employees of BD were transferred to DX mitigating preferential claims, there were arrears of wages and outstanding holiday claims in respect of the 51 employees made redundant. I am currently in the process of agreeing these claims and finalising the amount available to be distributed to preferential creditors. It is anticipated that a distribution to preferential creditors in the region of 90p in the £ will be paid shortly. It is

currently estimated that these claims will total approximately £170,000, including a subrogated preferential wages claim which is being claimed by the Bank.

### **Secured Creditors**

The Company granted a debenture to the Bank, including both fixed and floating charges, on 28 January 2005. The Bank has demanded £1.683 million and has cross guarantees in respect of the Company and its parent. It has been possible to distribute £200,003 to the Bank on account of fixed charge realisations. There will be insufficient funds to repay the Bank in full. I previously reported that I was holding £100,000 which was realised for Information Technology and that I was awaiting legal advice in respect of whether these monies constitute fixed or floating charge monies. This advice has now been received and, accordingly, the monies were allocated to the fixed charge and distributed to the Bank.

### **Unsecured Creditors**

Under Section 176A of the Insolvency Act 1986 where, after 15 September 2003, a company has granted to a creditor a floating charge, a proportion of the net property of the company must be made available purely for unsecured creditors. In this instance, there will be insufficient net property for the Prescribed Part to apply. There will not, therefore, be a distribution to unsecured creditors.

## **7 Administrators' Remuneration**

The Joint Administrators' proposals were deemed to have been accepted, as no creditor requested a meeting of creditors. The requests for remuneration to be based upon time costs was, therefore, deemed to have been approved subject to the approval of the preferential and secured creditors, pursuant to Rule 2.106 of the Insolvency Rules 1986 which has been received.

In the reporting period referred to, I have drawn £60,000 on account in respect of remuneration as shown on the attached receipts and payments account. I attach a schedule which summarises the time costs accrued to 28 August 2009 and indicates the work undertaken in that respect.

Since the reporting period, I have received approval to draw a further £20,000, which represents my final fee request. It is not anticipated that any further fees will be recovered.

## **8 Disbursements**

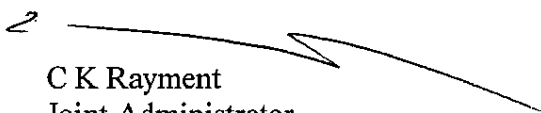
Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. I, therefore, report that since my last report, no funds

have been drawn in respect of category 1 disbursements in the reporting period referred to.

Some Administrators recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors, before they can be drawn, and these are known as category 2 disbursements. The policy of BDO Stoy Hayward LLP is not to charge any category 2 disbursements.

Should you have any queries in relation to this report please contact my colleague Gareth Pratt.

Yours faithfully  
For and on behalf of  
Business Direct Limited

  
C K Rayment  
Joint Administrator

*Christopher Kim Rayment is authorised by the Institute of Chartered Accountants in England & Wales to act as an Insolvency Practitioner. The affairs, business and property of the company are being managed by the Joint Administrators who act as agents and without personal liability.*

Enc

**Business Direct Limited**  
**(In Administration)**  
**Summary of Joint Administrators' Abstract Of Receipts And Payments**  
**For The Period From 29 August 2008 To 28 August 2009**

	Notes	Statement of Affairs		Receipts and Payments	
		£	£	£	£
<b>ASSETS SPECIFICALLY PLEDGED</b>					
Debtors	1	2,081,604		Nil	
Less: Due to HBoS Cashflow Finance		<u>(1,811,684)</u>		Nil	
			269,920		Nil
<b>FIXED CHARGE RECEIPTS AND PAYMENTS</b>					
Goodwill	1			1.00	
Furniture, Fixture and Fittings	Nil			Nil	
Leasehold property	Nil			Nil	
Investments	1			Nil	
Customer List	Nil			1.00	
Licenced Software	Nil			1.00	
Intellectual Property	Nil			100,000.00	
Information Technology	Nil			100,000.00	
Gross Bank Interest	Nil			901.90	
Bank charges	Nil			(23.94)	
Less: Due to Bank of Scotland plc		<u>(1,400,000)</u>		<u>(200,003.00)</u>	
			<u>(1,399,998)</u>		
			<u>(1,131,082)</u>		<u>877.96</u>
<b>FLOATING CHARGE RECEIPTS</b>					
ParcelXhanges	499,996			Nil	
Motor Vehicles	1			1.00	
Plant, machinery and equipment	Nil			299,993.00	
Accrued income	129,000			Nil	
Prepayments	20,044			Nil	
Deposits	127,099			Nil	
Sundry Debtors	8,130			Nil	
TASTM debtor	20,266			Nil	
Deferred tax asset	Nil			Nil	
Group debtor (Concord)	Nil			Nil	
Cash at Bank	11,500			Nil	
Stock	Nil			1.00	
Work in Progress	Nil			1.00	
Rental Income	Nil			97,682.56	
Rates Refund	Nil			18,075.86	
Bank Interest Gross	Nil			2,859.77	
Sundry Receipts	Nil			3,310.02	
			816,036		<u>421,924.21</u>
<b>RECEIPTS</b>					<u>421,924.21</u>
<b>PAYMENTS</b>					
Specific bond				528.00	
Preparation of Statement of Affairs				5,000.00	
Administrators' Remuneration (on account)				60,000.00	
Agents' fees				2,000.00	
Professional fees				217.39	
Legal fees (on account)				30,984.25	
Travel, parking and subsistence				737.32	
Stationery, Copying & Postage				4,495.95	
Distress Payment				6,415.00	
Statutory advertising				458.90	
Rents Payable				77,529.41	
Insurance of assets				210.00	
Wages, Salaries & Expenses				3,333.23	
Bank charges				230.90	
VAT Receivable				<u>16,904.31</u>	
					(209,044.66)
<b>Total Funds Held</b>					<u><u>213,757.51</u></u>

**Business Direct Limited - In Administration**

**Summary of Time Charged and Rates Applicable for the Period From 29/08/2008 to 28/08/2009**

Description	PARTNER		SENIOR MANAGER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		GRAND TOTAL		AVERAGE RATE
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
Steps on Appointment	-	-	-	-	13.25	2,905.00	0.50	111.50	65.00	11,306.75	5.00	600.00	83.75	14,923.25	178.19
Planning and Strategy	-	-	-	-	1.50	433.50	-	-	-	-	-	-	1.50	433.50	289.00
General Administration	9.75	3,556.00	0.40	196.40	10.95	3,060.15	15.30	2,769.30	73.00	12,583.10	114.20	13,469.50	223.60	35,634.45	159.37
Assets Realisation/Dealing	-	-	-	-	3.25	925.75	10.90	1,972.90	55.70	9,930.10	22.00	3,462.00	91.85	16,290.75	177.36
Employee Matters	-	-	-	-	3.55	940.30	0.30	54.30	69.65	12,330.05	40.90	5,879.75	114.40	19,204.40	167.87
Creditor Claims	1.00	364.00	-	-	4.00	1,087.50	6.90	1,248.90	37.15	6,632.95	203.65	32,170.40	252.70	41,503.75	164.24
Reporting	14.50	6,402.00	-	-	4.30	1,216.90	2.10	380.10	24.60	4,370.20	18.25	2,989.25	63.75	15,358.45	240.92
Distribution and closure	-	-	-	-	1.80	520.20	3.40	615.40	-	-	4.25	600.75	9.45	1,796.35	190.09
	25.25	10,322.00	0.40	196.40	42.60	11,089.30	39.40	7,152.40	325.10	57,153.15	408.25	59,231.65	841.00	145,144.90	172.59