

The Insolvency Act 1986

Administrator's progress report 2.24B

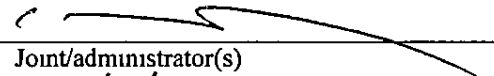
Name of Company Business Direct Limited	Company number 02833396
In the High Court of Justice, Chancery Division, Companies Court <div style="text-align: right; font-size: small;">[full name of court]</div>	Court case number 7329 of 2008

(a) Insert full name(s) and address(es) of administrator(s) I/We (a) C K Rayment and D H Gilbert of BDO 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) 29 August 2009	(b) 28 February 2010

Signed 
 Joint/administrator(s)

Dated 29/3/10

Contact Details:

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

BDO LLP, 125 Colmore Row, Birmingham,	
B3 3SD	
Our Ref 012576/SPM/ADM933 - Form 2/A6	Tel 0121 352 6200
DX Number	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

FRIDAY



PC5 26/03/2010 941

COMPANIES HOUSE

25 March 2010

Our Ref 012576/SPM/ADM965
- Report/A6Please ask for
S P Massey
0121 352 6401**TO ALL CREDITORS**

Dear Sirs

Business Direct Limited - In Administration ("the Company")

I now supply my final report in respect of this Administration.

Creditors have already agreed that the Joint Administrators can exit the Administration by dissolving the Company. I can confirm that the purpose of the Administration has been achieved and, therefore, that I have today filed Form 2 35B, Notice of Move from Administration to dissolution, at Companies House in order to dissolve the Company pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986. A copy of the Notice is enclosed.

I enclose, for your information, a summary of my final receipts and payments for the period 29 August 2008 (date of appointment) to 28 February 2010 (automatic end date of Administration) showing a balance in hand of nil, and report as follows

1 Receipts and Payments

The receipts shown are largely self-explanatory. As I have previously reported, 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. In respect of three of the properties, the leases were in the name of the Company and, accordingly, rental receipts and payments of £96,480 and £95,695 respectively, are shown on the enclosed receipts and payments accounts. The balance relates to a prepayment which was paid prior to Administration. A



further £3,310 has been received which also relates to prepayments and these are shown as sundry receipts on the receipts and payments account

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

2 Trading/Realisation of Assets

The sale of the business and assets of two divisions on appointment resulted in no Administration trading taking place. Three employees were initially retained on site, however, to assist with book debt collection, third party assets and customer issues. These employees were subsequently made redundant.

In addition to the asset realisations detailed above, the Company operated a factoring agreement with Bank of Scotland Cashflow Finance ("BOSCF") in respect of its debtor ledger. On appointment, the book debt ledger totalled £2.820 million and BOSCF were owed £2 021 million, excluding interest and charges. It was possible for BOSCF to be repaid in full from the collections

No book debts recoveries are shown on the receipts and payments account, except for a distribution received from a debtor who has entered into an Individual Voluntary Arrangement ("IVA") No recoveries were shown on the Estimated Financial Statement enclosed with my first report of 23 October 2008 either, 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 were no realisations in respect of book debts for the benefit of unsecured creditors and the amount received from the IVA is shown as a fixed charge receipt and payment The balance of the amounts due from the IVA will be paid directly to the Bank

I previously reported that I would consider the merits of preparing a VAT Bad Debt Relief claim once the book debt collection process was complete and full details of any amounts credited or written off were available I also stated that 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 ledger has not been reassigned as there is still a liability to the Bank and as the Company was registered as part of a group for VAT purposes and had VAT arrears in excess of £500,000, any amount due to the Company may be subject to crown set off Accordingly, it was not considered cost effective to extend the Administration further whilst the collection process was completed when there was no guarantee that any amounts would be recovered from HM Revenue & Customs.

In addition, there was a rent deposit of approximately £32,000 held in respect of one of the properties. After liaising with the landlord, and in view of recent case law, it was determined that it would not be possible to recover any amounts without potentially incurring significant legal costs.

3 Extensions to the Administration

At the anniversary of the Administration, there were outstanding issues, including the attempts to recover the rent deposit and the distribution to preferential creditors. Therefore, I sought the consent of the secured and preferential 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 secured creditor gave its consent and, accordingly, the Administration was to 28 February 2010. These matters were concluded by 28 February 2010.

4 Future of the Company

I initially reported that I would be pursuing the second objective of an Administration, 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 was improved for a number of creditors, in my previous report, I stated that there would be insufficient net property for the Prescribed Part to apply and, accordingly, the third objective of an Administration is being pursued.

The third objective of an Administration is realising property in order to make a distribution to one or more secured or preferential creditors and I can confirm that this purpose of the Administration has been achieved and there are no further matters outstanding in respect of the Company.

As stated above, I have today sent notice to the Registrar of Companies that the Company has no property which may permit a distribution to unsecured creditors. The Registrar will file this notice on receipt, at which point the Joint Administrators will cease to hold office. The Company will be deemed dissolved three months later.

5 Prospects for Creditors

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 was possible to distribute £201,078 to the Bank on account of fixed charge realisations. As detailed below, the Bank also received £77,270 in respect of a subrogated preferential claim. A further £6,734 was distributed to the Bank on account of floating charge realisations.

Despite making the payments detailed above, there were insufficient funds to repay the Bank in full under its charges against the Company or under its cross guarantee with the parent company, Business Direct Group plc.

Preferential Creditors

Whilst upon my appointment 91 employees of BD were transferred to DX mitigating a number of preferential claims, there were arrears of wages and outstanding holiday claims in respect of the 51 employees made redundant. A distribution to preferential creditors of 100p in the £ was paid on 20 November 2009. These claims totalled £146,604, including a subrogated preferential wages claim of £77,270 claimed by the Bank for wages advanced.

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. Whilst the Company has granted such a charge, in this instance, the net property was insufficient for the Prescribed Part to apply. Accordingly, there were insufficient funds available to enable a dividend payment to be made to the unsecured creditors.

6 Statutory Information

The Joint Administrators are C K Rayment and D H Gilbert of BDO 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 125 Colmore Row, Birmingham, B3 3SD and the registered number is 02833396.

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 creditors and the Bank, pursuant to Rule 2.106 of the Insolvency Rules 1986, which has been received.

As previously reported, I received approval from the Bank to draw £80,000 plus VAT and disbursements, which represented my final fee request. I attach a schedule which summarises the time costs accrued to 28 February 2010 and indicates the work undertaken in that respect.

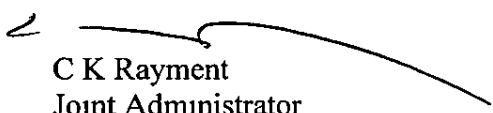
8 Disbursements

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, £852.37 has been drawn in respect of category 1 disbursements in respect of copying and postage and travel expenses.

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 LLP is not to charge any category 2 disbursements.

Should you have any queries in relation to this report please contact my colleague Stephen Massey.

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 the Joint Administrators' Final Receipts And Payments
For The Period From 29 August 2008 To 28 February 2010

	Notes	Statement of Affairs		Receipts and Payments	
		£	£	£	£
ASSETS SPECIFICALLY PLEDGED					
Debtors	1	2,081,604		Nil	
Less Due to HBoS Cashflow Finance		<u>(1,811,684)</u>		<u>Nil</u>	
			269 920		Nil
FIXED CHARGE RECEIPTS AND PAYMENTS					
Goodwill			1	1 00	
Furniture, Fixture and Fittings			Nil	Nil	
Leasehold property			Nil	Nil	
Investments			1	Nil	
Customer List			Nil	1 00	
Licensed Software			Nil	1 00	
Intellectual Property			Nil	100 000 00	
Information Technology			Nil	100 000 00	
Gross Bank Interest			Nil	926 17	
Book Debt			Nil	199 78	
Bank charges			Nil	(51 38)	
Less Due to Bank of Scotland plc		<u>(1,400,000)</u>		<u>(201,077 57)</u>	
			<u>(1,399,998)</u>		
			<u>(1,131,082)</u>		<u>Nil</u>
FLOATING CHARGE RECEIPTS					
Parcel Changes		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	96,480 03	
Rates Refund			Nil	18 075 86	
Bank Interest Gross			Nil	2 956 55	
Sundry Receipts			<u>Nil</u>	<u>3,310 02</u>	
			816 036		<u>420,818 46</u>
RECEIPTS					420 818 46
PAYMENTS					
Specific bond				528 00	
Preparation of Statement of Affairs				5 000 00	
Administrators' Remuneration				80 000 00	
Agents' fees				2 000 00	
Professional fees				217 39	
Legal fees				66 068 50	
Travel, parking and subsistence				1 889 69	
Stationery Copying & Postage				6,094 98	
Distress Payment				6 415 00	
Statutory advertising				458 90	
Rents Payable				95 694 55	
Insurance of assets				210 00	
Wages Salaries & Expenses				2 930 64	
Corporation Tax				778 11	
Bank charges				<u>289 44</u>	
					(268 575 20)
PREFERENTIAL CREDITORS					
Redundancy Payments Service				40 837 11	
Employee Wage Arrears & Holiday Pay				28 497 28	
Subrogated Wages Claim				<u>77,269 89</u>	
					(146 604 28)
FLOATING CHARGEHOLDER					
Distribution to floating chargeholder				<u>5,638 98</u>	
					(5 638 98)
Total Funds Held					<u>Nil</u>

NOTES

- 1 The debtors were shown on the Statement of Affairs as being as an asset of the Company As detailed in the report, the debts were subject to a factoring agreement with BOSCF and there was no surplus debtors available to general body of creditors
- 2 A preferential dividend of 100p in the £ was declared on 20 November 2009
- 3 The Company was registered for VAT and the above receipts and payments are shown net of VAT

BDO LLP
125 Colmore Row
Birmingham
B3 3SD

C K Rayment
Joint Administrator

Business Direct Limited - In Administration

Summary of Time Charged and Rates Applicable for the Period From 29/08/2008 to 28/02/2010

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	0.50	231.30	10.95	3,060.15	23.30	4,217.30	83.75	14,381.85	132.60	16,473.90	260.85	41,920.50	160.71
Assets Realisation/Dealing	-	-	-	-	3.25	925.75	17.80	3,221.80	55.70	9,930.10	24.00	3,796.95	100.75	17,874.60	177.42
Employee Matters	-	-	-	-	3.55	940.30	0.40	72.40	69.65	12,330.05	23.95	3,286.95	97.55	16,629.70	170.47
Creditor Claims	1.00	364.00	-	-	4.00	1,087.50	9.90	1,791.90	41.50	7,420.30	207.70	32,846.95	264.10	43,510.65	164.75
Reporting	15.00	6,584.00	-	-	4.30	1,216.90	5.60	1,013.60	24.60	4,370.20	19.45	3,189.65	68.95	16,374.35	237.48
Distribution and closure	-	-	-	-	2.30	664.70	6.80	1,230.80	-	-	8.45	1,362.15	17.55	3,257.65	185.62
	25.75	10,504.00	0.50	231.30	43.10	11,233.80	64.30	11,659.30	340.20	59,739.25	421.15	61,556.55	895.00	154,024.20	173.10