

The Insolvency Act 1986

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

Name of Company

2M Recruitment Limited

Company number

04724663In the
**High Court of Justice, Chancery Division,
Birmingham District Registry**

[full name of court]

Court case number

8377 of 2010(a) Insert name(s) and
address(es) of
administrator(s)**1 We (a) C K Rayment and J M Wright of BDO LLP, 125 Colmore Row, Birmingham,
B3 3SD**

*Delete as applicable

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

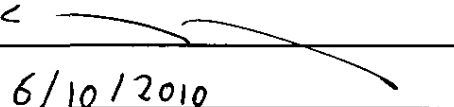
A copy of these proposals was sent to all known creditors on

(b) Insert date

(b)
5 October 2010

Signed

Dated


6/10/2010**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/MCG/A6/C15**Tel **0121 352 6200**

DX Number

DX Exchange



AXZW201T

A16

07/10/2010

388

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**



Tel +44 (0)121 352 6200
Fax +44 (0)121 352 6444
www.bdo.co.uk

125 Colmore Row
Birmingham B3 3SD

Private and Confidential

5 October 2010

Our Ref 012576/MCG/J6

Please ask for Matt Goodliffe
Direct Line 0121 352 6402

TO ALL CREDITORS AND MEMBERS

Dear Sir(s)

2M Recruitment Limited - In Administration ("the Company")

I refer to the appointment of Joanne Marie Wright and myself as Joint Administrators of the Company on 12 August 2010. I am now in a position to convene a meeting of the Company's creditors pursuant to Paragraph 51 of Schedule B1 of the Insolvency Act 1986, formal notice of which is attached. The purpose of the meeting is for the creditors to consider and, if they think fit, approve the Joint Administrators' proposals for achieving the objective of the Administration.

The meeting is to be held at BDO LLP, 125 Colmore Row, Birmingham B3 3SD, at 11:30 hrs. A map detailing the location of the meeting is enclosed. A form of proxy and proof of debt are also enclosed.

I attach a statement to creditors pursuant to Rule 2.33 of the Insolvency Rules 1986, which incorporates a statement of proposals under Paragraph 49 of Schedule B1 of the Insolvency Act 1986. Additionally I provide a report setting out the work undertaken by the administrators to date, incorporating details of my firm's policies regarding fees and disbursements and a summary recording the time spent on the Administration, together with a creditors' guide to administrators' fees.

Yours faithfully
for and on behalf of
2M Recruitment 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. The Joint Administrators act as agents only and without personal liability.

Enc

012576/MCG/ADM601 Proposal cov letter
g:\clients\p\phoenix employment services limited\2m\standard file Index\statutory & master file\6 reports & circulars to creditors\adm601 proposal cov letter.doc



Notice of a meeting of creditors

| | |
|--|--|
| Name of Company 2M Recruitment Limited | Company number 04724663 |
| In the High Court of Justice, Chancery Division, Birmingham District Registry <small>[full name of court]</small> | Court case number 8377 of 2010 |

(a) Insert name(s) and address(es) of administrator(s) Notice is hereby given by (a) Christopher Kim Rayment and Joanne Marie Wright of BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

(b) Insert full name and address of registered office of company That a meeting of the creditors of (b) 2M Recruitment Limited, whose registered office is situated at BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

(c) Insert details of place of meeting is to be held at (c) BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

(d) Insert date and time of meeting On (d) 20 October 2010 at 11 30 hrs

The meeting is

*Delete as applicable

***(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ("the Schedule"),**

***~~(2) an initial creditors' meeting requested under paragraph 52(2) of the Schedule,~~**

***~~(3) to consider revisions to my proposals under paragraph 54(2) of the Schedule,~~**

***~~(4) a further creditors' meeting under paragraph 56 of the Schedule,~~**

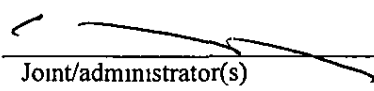
***~~(5) a creditors' meeting under paragraph 62 of the Schedule~~**

I invite you to attend the above meeting

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented

In order to be entitled to vote under Rule 2 38 at the meeting you must give to me, not later than 12 00 hours on the business day before the day fixed for the meeting, details in writing of your claim

Signed


Joint/administrator(s)

Dated

5 / 10 / 2010

*Delete as applicable

A copy of the ***proposals / ~~revised proposals~~** is attached

INSOLVENCY RULES 1986 EXTRACT

Rule 2.38 - Entitlement to Vote

(1) Subject as follows, at a meeting of creditors in administration proceedings a person is entitled to vote only if -

(a) he has given to the administrator, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of the debt which -

(i) he claims to be due to him from the company; or

(ii) in relation to a member State liquidator, is claimed to be due to creditors in proceedings in relation to which he holds office;

(b) the claim has been duly admitted under Rule 2.39 or this Rule; and

(c) there has been lodged with the administrator any proxy which he intends to be used on his behalf,

and details of the debt must include any calculation for the purposes of Rules 2.40 to 2.42.

(2) The chairman of the meeting may allow a creditor to vote, notwithstanding that he has failed to comply with paragraph (1)(a), if satisfied that the failure was due to circumstances beyond the creditor's control.

(3) The chairman of the meeting may call for any document or other evidence to be produced to him, where he thinks it necessary for the purpose of substantiating the whole or any part of the claim.

(4) Votes are calculated according to the amount of a creditor's claim as at the date on which the company entered administration, less any payments that have been made to him after that date in respect of his claim and any adjustment by way of set-off in accordance with Rule 2.85 as if that Rule were applied on the date that the votes are counted.

(5) A creditor shall not vote in respect of a debt for an unliquidated amount, or any debt whose value is not ascertained, except where the chairman agrees to put upon the debt an estimated minimum value for the purpose of entitlement to vote and admits the claim for that purpose.

(6) No vote shall be cast by virtue of a claim more than once on any resolution put to the meeting.

(7) Where -

(a) a creditor is entitled to vote under this Rule and Rule 2.39;

(b) has lodged his claim in one or more sets of other proceedings; and

(c) votes (either in person or by proxy) on a resolution put to the meeting; and

(d) the member State liquidator casts a vote in respect of the same claim,

only the creditor's vote shall be counted.

(8) Where -

(a) a creditor has lodged his claim in more than one set of other proceedings, and

(b) more than one member State liquidator seeks to vote by virtue of that claim,
the entitlement to vote by virtue of that claim is exercisable by the member State liquidator in
main proceedings, whether or not the creditor has lodged his claim in the main proceedings.

(9) For the purposes of paragraph (6), the claim of a creditor and of any member State liquidator
in relation to the same debt are a single claim.

(10) For the purposes of paragraphs (7) and (8), "other proceedings" means main proceedings,
secondary proceedings or territorial proceedings in another member State.

End extract Rule 2.38 - Entitlement to Vote

012576/MCG/ADM621 - entitlement to vote/C4

Rule 8.1 Insolvency Act 1986
Proxy (Administration)

*Insert the name of the
company

IN THE MATTER OF * 2M Recruitment Limited
and
IN THE MATTER OF THE INSOLVENCY ACT 1986

Notes to help completion of
the form

Please give full name and
address for communication

Name of creditor _____

Address _____

Please insert name of person
(who must be 18 or over) or
the "Chairman of the
Meeting" If you wish to
provide alternative proxy-
holders in the circumstances
that your first choice is unable
to attend please state the
name(s) of the alternatives as
well

Name of proxy-holder _____

Please delete words in
brackets if the proxy-holder is
only to vote as directed ie he
has no discretion

I appoint the above person to be my / the creditor's proxy-holder at the meeting of creditors to be held on 20 October 2010 at 11 30 hrs, or at any adjournment of that meeting The proxy-holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his / her discretion)

Voting instructions for resolutions

* Please delete as appropriate

1 For the acceptance/rejection* of the Administrator's proposals/revised proposals as circulated

for the appointment of _____
of _____
representing _____
as a member of the creditors' committee

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the
creditor has not signed in
person

Position with creditor or relationship to creditor or other authority for signature

Please note there are resolutions on the other side of this form

Insolvency Act 1986
Proxy (Administration) continued;

IN THE MATTER OF * 2M Recruitment Limited

Additional resolutions
* Please delete as appropriate

Formal Proposals - the Joint Administrators propose that:

- 1) they continue to manage the Company's business and realise assets in a manner they deem fit, for so long as they believe it beneficial in achieving the statutory purpose of the Administration. This will include, but not be limited, to collecting any debts due to the Company and realising the remaining Company assets,

- *Approved/Rejected

- 2) they exit the administration by way of a Creditors' Voluntary Liquidation and that Christopher Kim Rayment and Joanne Marie Wright will be Joint Liquidators and will act jointly and severally

NB Under Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) creditors may nominate different liquidators, but in the absence of such nomination the above named would become the liquidators,

- *Approved/Rejected

- 3) pre-Administration time costs of the Joint Administrators of £946 63 plus VAT, and Hammonds LLP of £6,225 31 plus VAT be paid as an expense of the Administration,

- *Approved/Rejected

- 4) where appropriate they make payments to the secured and preferential creditors,

- *Approved/Rejected

- 5) creditors consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors),

- *Approved/Rejected

- 6) in the absence of a creditors committee,

creditors approve the remuneration of the Joint Administrators on a time costs basis,

- *Approved/Rejected

- 7) that the Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after the Joint Administrators' filing their final report and sending it to creditors

- *Approved/Rejected

2M Recruitment Limited - In Administration ("the Company")

**RESOLUTIONS TO BE PUT TO THE MEETING OF CREDITORS TO BE HELD ON 20 OCTOBER 2010
AT 11:30 HRS.**

Formal Proposals - the Joint Administrators propose that:

- (1) they continue to manage the Company's business and realise assets in a manner they deem fit, for so long as they believe it beneficial in achieving the statutory purpose of the Administration. This will include, but not be limited, to collecting any debts due to the Company and realising the remaining Company assets;
- (2) they exit the administration by way of a Creditors' Voluntary Liquidation and that Christopher Kim Rayment and Joanne Marie Wright will be Joint Liquidators and will act jointly and severally.

NB. Under Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) creditors may nominate different liquidators, but in the absence of such nomination the above named would become the liquidators,

- (3) pre-Administration time costs of the Joint Administrators of £946.63 plus VAT, and Hammonds LLP of £6,225.31 plus VAT be paid as an expense of the Administration;
- (4) where appropriate they make payments to the secured and preferential creditors;
- (5) creditors consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors),
- (6) in the absence of a creditors committee,

creditors approve the remuneration of the Joint Administrators on a time costs basis;
- (7) that the Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after the Joint Administrators' filing their final report and sending it to creditors.

PROOF OF DEBT

In The High Court of Justice
Chancery Division
Companies Court

No 8377 of 2010

2M Recruitment Limited
- In Administration -

Date of Administration 12 August 2010

- 1a Name of creditor
- 1b If Company - registered number
- 2 Address of creditor
- 3 Total claim including VAT and interest as at the date of the appointment of administrators £
(see overleaf)
- 4 Details of documents by which debt can be substantiated (please attach copy documents)
- 5 Amount of any interest included in claim £
- 6 Is the whole or part of the debt preferential? Yes / No
If so, state amount, and details £
See notes overleaf
- 7 Particulars of how and when debt incurred
- 8 Particulars and value of any security held and the date it was given
- 9 Details of any reservation of title in respect of goods to which the debt refer
- 10 Signature of creditor or other authorised person
Name in BLOCK LETTERS
Creditor's reference
- 11 Position or Relationship with Creditor
- 12 Address (if person signing is not the Creditor)

For Use of Administrator Only

13 Admitted to vote for £

 Date

 Joint Administrator

14 Admitted preferentially
 for £

 Date

 Joint Administrator

Admitted non-preferentially
for £

 Date

 Joint Administrator

Guidance Notes re Preferential Debts:

The categories of preferential debts under S.386(1) of the Insolvency Act 1986 are as follows:

- pension scheme contributions
- remuneration etc of employees
- Levies on Coal & Steel Productions.

VAT Bad Debt Relief

The provisions of the Finance Act, 1990, came into effect on 26 July, 1990, and introduced changes in the way that VAT on Bad Debts is recovered.

Your claim overleaf must be quoted inclusive of VAT. You may claim relief on your VAT return when the debt is at least six months old and has been written off. Any dividend you receive in respect of this claim will include payment in respect of the VAT element of your debt and you will be responsible for declaring such VAT to HM Revenue & Customs.

**2M Recruitment Limited -
In Administration ("the Company")**

Statement to Creditors pursuant to Rule 2.33
of the Insolvency Rules 1986 and Statement of
Proposals under Paragraph 49 of Schedule B1
of the Insolvency Act 1986

012576/MCG/ADM661 - cover sheet/C6



TABLE OF CONTENTS

| Section | Page |
|---|-------------|
| 1 Introduction | 1 |
| 2 Events leading up to the Appointment of the Joint Administrators | 1 |
| 3 Statement of Affairs and Statutory Information | 2 |
| 4 Prescribed Part | 2 |
| 5 Achieving the Purpose of the Administration | 2 |
| 6 Management of the Company's Affairs since the Joint Administrator's Appointment | 3 |
| 7 Other Matters | 3 |
| 8 Possible Outcomes for the Company and Creditors | 4 |
| 9 EC Regulations on Insolvency Proceedings | 4 |
| 10 Pre-Administration Cost | 4 |
| 11 Joint Administrators' Remuneration | 6 |
| 12 Statement of Proposals under Paragraph 49 of Schedule B1 of the Insolvency Act 1986 | 6 |
| Appendix 1 Statutory Financial Information | |
| Appendix 2 Estimated Financial Position as at 12 March 2010 | |
| Appendix 3 Summary of Time Costs to 24 September 2010 | |
| Appendix 4 A Creditors' Guide to Administrators' Fees | |
| Appendix 5 BDO LLP Fee Policy | |

2M RECRUITMENT LIMITED - IN ADMINISTRATION ("the Company")

Registered No. 04724663

Registered office situated at BDO LLP, 125 Colmore Row, Birmingham, B3 3SD.

Formerly, 582-586 Kingsbury Road, Erdington, Birmingham, B24 9ND.

In the High Court of Justice, Chancery Division, Birmingham District Registry
8377 of 2010

1 Introduction

- 1.1 This report is addressed to the creditors of 2M Recruitment Limited ("the Company") and incorporates the Joint Administrators' proposals. These proposals are to be considered by the creditors' meeting called pursuant to Paragraph 51 of Schedule B1 of the Insolvency Act 1986 to be held at BDO LLP, 125 Colmore Row, Birmingham, B3 3SD on 20 October 2010 at 11.30 hrs.
- 1.2 Creditors may approve the proposals with or without modifications subject to the Joint Administrators' agreement to any such modifications. If the creditors reject the Joint Administrators' proposals a report will be sent to the Birmingham District Registry confirming that the creditors have rejected the proposals. The Court may then discharge the Administration and make consequential directions. Alternatively, it may adjourn the hearing or make some other Order as it thinks fit.
- 1.3 If the Joint Administrators' proposals are agreed at the meeting of creditors the Joint Administrators will continue to control the business of the Company to the extent that it has not been transferred or ceased. The Joint Administrators will at some later date arrange for the Company to exit from the Administration, in a method agreed by the creditors. Based on the information presently available, the Joint Administrators' proposal is that the Company will move from Administration to Creditors' Voluntary Liquidation.

The Joint Administrators proposals are detailed in Section 12.

2 Events leading up to the Appointment of the Joint Administrators

- 2.1 The Company was incorporated on 7 April 2003 and traded from premises in Henley in Arden and Luton which it shared with a company with a common shareholder, Phoenix Employment Services Limited ("Phoenix"), which was also placed into Administration on 12 August 2010.
- 2.2 The Company traded profitably for a number of years, however I understand that losses were incurred due to the Bunsfield oil depot fire in 2005 which affected the major customer at that time and reducing their staffing requirement significantly.
- 2.3 Shortly prior to my appointment, the Company provided approximately 350 agency staff per week to five main customers based around Luton and Dunstable, Hertfordshire with one key customer accounting for approximately 90% of turnover.
- 2.4 The Company has incurred losses in recent years and in the last twelve months has built up a significant liability to HM Revenue & Customs ("HMRC"). In July 2010 HMRC confirmed that, due to this liability, they would be petitioning for the Compulsory Liquidation of the Company.
- 2.5 HMRC was approached to establish whether the Company could participate in a "Time to Pay" scheme, however no agreement was reached.

- 2.6 On 15 July 2010, the Director of the Company instructed BDO LLP ("BDO") to assist him in an accelerated business sales ("AMA") process. This process identified several parties who expressed an interest in purchasing the business, and one party in particular made an indicative offer which, following a period of negotiation, was selected to be progressed.
- 2.7 On 5 August 2010 the Director disengaged BDO and reviewed the Company's intentions in respect of the AMA process and a sale of the business.
- 2.8 Due to the inability of the Director to provide assurances to the Company's invoice discounters, RBS Invoice Finance Limited ("RBSIF"), regarding the ongoing trading of the Company and the effect on the security they hold over the Company, on 11 August 2010, an application for appointment of Joint Administrators was made by RBSIF, being a Qualifying Floating Charge Holder, pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986
- 2.9 On 12 August 2010, Christopher Kim Rayment and Joanne Marie Wright were appointed Joint Administrators. 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
- 2.10 At Appendix 1 is a schedule of the Company's Directors and Company Secretary together with details of shareholdings

3 Statement of Affairs and statutory information

- 3.1 The Director has not submitted a statement of affairs to us at the time of this report. I have produced an Estimated Financial Statement of the Company together with a schedule showing details of creditors' claims, attached at Appendix 2.

4 Prescribed Part

- 4.1 Under the provisions of Section 176A of the Insolvency Act 1986 the Joint Administrators must state the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies where the Company has granted a floating charge to a creditor after 15 September 2003. The Company has not granted a floating charge to any creditor after 15 September 2003 and consequently there will be no prescribed part in this Administration.

5 Achieving the purpose of the Administration

- 5.1 The statutory purpose of an Administration consists of three objectives, and I now address the progress that has been made in this respect.
- (1) The first objective is the rescuing the Company as a going concern (i.e. restructuring the Company's business, resulting in the survival of the Company). The AMA process did not highlight any party interested in purchasing the shares of the Company due to the significant liabilities it had accrued. Furthermore, it was not possible to rescue the Company due to these historic liabilities.
- (2) The second objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration) has been achieved by the strategy of completing an orderly wind down of the Company's operations, thereby protecting the Company's debtor ledger and mitigating any counter claims the main customer may have had against the Company for non-performance. This strategy ensured that the return to creditors was significantly higher than if the Company had been wound up. Accordingly, it is this statutory objective that the Administrators are pursuing.

- (3) The final objective is realising property in order to make a distribution to one or more secured or preferential creditors is not currently applicable as it is currently believed that the second objective, detailed above, will be achieved.

6 Management of the Company's affairs since the Joint Administrators' appointment

Initial Actions

- 6.1 Upon my appointment as Joint Administrator I completed an immediate review of the Company's affairs with particular regard to its financial and resource requirements. This included discussions with RBSIF as I attempted to secure funding for a period of trading whilst I investigated the possibility of completing a going concern sale of the business and assets of the Company. RBSIF agreed to the short term utilisation of the Company's invoice discounting facility to provide the required funding.
- 6.2 I made arrangements to make payment of the agency staff wages and put controls in place to monitor trading. Given the significant number of employees this was a time consuming but necessary process to ensure that the Company continued to trade in order to maximise the return to creditors, either by achieving a business sale or protecting the potential realisations from the debtors ledger.

Trading and sale of business and assets

- 6.3 I immediately contacted the interested parties who had made offers for the business during the AMA process. As the key customer made up 90% of the Company's turnover, it was essential to the preferred bidder that they would be acceptable to the key customer.
- 6.4 I selected a preferred bidder who subsequently held talks with the key customer, however the key customer, who had been aware of the financial difficulties of the Company for a number of weeks, decided to engage an alternative supplier of labour. The preferred bidder, therefore, withdrew their offer for the business and assets of the Company.
- 6.5 Given this decision of the key customer, it was not possible to achieve a going concern sale of the business and assets of the Company.
- 6.6 In order to protect the debtor book it was agreed with the key customer that the Company would continue to meet their labour supply requirement until 12 September 2010, at which their new supplier would be engaged. This agreement secured the commitment of the key customer to paying their outstanding debt.
- 6.7 The Company's four other customers also re-sourced their labour requirements during the trading period leaving no option other than the Company ceasing to trade.
- 6.8 Accordingly, the one employee of the Company was made redundant on 10 September 2010.
- 6.9 The Company ceased to trade on 12 September 2010. It is estimated that a small trading loss of c£5,000 was incurred during the Administration trading period, however, this includes the payment of c£80,000 of wages that were due in relation to the previous weeks' payroll, which ensured continuity of supply to protect debtor realisations.

7 Other Matters

- 7.1 The books and records of the Company indicate that there is a large outstanding loan account due from the Director. I have requested the Director's proposals for repayment of the outstanding amount, however, I am yet to receive any proposals.

8 Possible outcomes for the Company and Creditors

- 8.1 The Insolvency Act 1986 and Insolvency Rules 1986 provide a variety of options regarding the possible exit routes for the Company from the Administration, being primarily a Company Voluntary Arrangement, Liquidation or dissolution of the Company
- 8.2 It is the Joint Administrators' recommendation and proposal, as detailed below, that once realisations are sufficiently completed the Company should move from Administration to liquidation and that Christopher Kim Rayment and Joanne Marie Wright be appointed Joint Liquidators. The choice of liquidators is a matter for the creditors to consider.

Secured Creditors

- 8.3 The Company granted a fixed and floating charge to RBSIF on 29 April 2003, who was owed £527,522 at the date of my Appointment. It is anticipated that RBSIF will be repaid in full from debtor realisations.
- 8.4 RBSIF also hold cross guarantees for debts due from either the Company or Phoenix. As previously stated, Phoenix was also placed into Administration on 12 August 2010. A payment of £125,000 has been made under this cross guarantee from Phoenix in relation to the Company's indebtedness to RBSIF, however, it is anticipated that the Company will be able to repay Phoenix upon receipt of the final payment of outstanding invoices by customers.

Preferential Creditors

- 8.5 It is anticipated that there will be no preferential creditors in this matter as the one employee who was made redundant has confirmed that he has no preferential claim against the Company.

Prescribed Part

- 8.6 As stated in Section 4, there is no Prescribed Part in this Administration due to the date of the floating charge held by RBSIF.

Unsecured Creditors

- 8.7 Unsecured creditor claims are currently estimated to total £1million, the majority of which relates to the debt due to HMRC. It is anticipated that there will be sufficient funds available for a subsequently appointed Liquidator to make a distribution to the unsecured creditors, however, the timing and quantum of any dividend is unknown at present.

9 EC Regulations on Insolvency Proceedings

- 9.1 I am required under the Insolvency Rules 1986 to state whether and if so the extent to which the above regulations apply to this Administration. In this particular case the EC Regulation will apply in respect of this Administration and these proceedings will be Main proceedings as provided by Article 3 of the aforesaid Regulation.

10 Pre Administration Costs

- 10.1 As mentioned in Section 2, BDO, of which Joanne Wright and I are partners, were engaged to complete an AMA process on 15 July 2010. This process was started but not fully completed due to the Director disengaging BDO, however, in accordance with the engagement letter, BDO was paid £10,000 plus VAT. Please note that the Administration preparation costs detailed below are separate to the above engagement.

10.2 Under Rule 2.67A of the Insolvency Rules 1986 certain costs incurred in preparation and planning for the Administration may, with the approval of the creditors, be approved for payment from the Administration estate, as an expense of the Administration. Allowable costs fall into the following categories:-

- (i) the fees charged by the Joint Administrators;
- (ii) the expenses incurred by the Joint Administrators;
- (iii) the fees charged (to the Joint Administrators' knowledge) by any other person qualified to act as an insolvency practitioner

10.3 The table below summarises the outstanding costs for which approval is sought and also, where relevant, records payments received.

| | Costs Incurred (£) | Payments Received (£) | Costs Outstanding (£) |
|--------------|--------------------|-----------------------|-----------------------|
| (i) | 946.63 | 0.00 | 946.63 |
| (ii) | 6,225.31 | 0.00 | 6,225.31 |
| (iii) | 0.00 | 0.00 | 0.00 |
| TOTAL | 7,189.94 | 0.00 | 7,189.94 |

(i) The fees charged by the administrator

The Joint Administrators incurred costs in preparing for their appointment. This included strategy planning, liaising with the Qualifying Floating Chargeholder, RBSIF and their lawyers, Hammonds LLP.

The pre-Administration time costs total £946.63 and it is proposed that these costs are paid as an expense of the Administration.

(ii) The expenses incurred by the Joint Administrators

The Joint Administrators' disbursements are reimbursements of precise, and necessary, costs in relation to their appointment.

Hammonds LLP was instructed to prepare and draw up relevant documentation for the Appointment of the Joint Administrators.

In addition, Hammonds LLP prepared a generic sales contract to allow for a sale of the business and assets to be concluded quickly as it was believed that, due to the nature of the Company's business, a quick sale of the business and assets was required in order to preserve value. Subsequently, due to the inability to complete a business sale, this document was not required.

The above pre-Appointment costs incurred by Hammonds LLP total £6,094.25, with specific disbursements totalling £131.06.

It is proposed that Hammonds LLP costs are paid as an expense of the Administration.

(iii) the fees charged (to the Joint Administrators' knowledge) by any other person qualified to act as an insolvency practitioner (and, if more than one, by each separately)

No costs have been incurred in this regard.

At the end of our formal proposals, below, I include resolutions in respect of the pre-Administration costs. Where a creditors' meeting is held, if a committee is appointed it will be responsible for considering and approving these costs, otherwise it will be a matter for the general body of creditors.

11 Joint Administrators' Remuneration

- 11.1 Kindly note that under the terms of the Insolvency Rules 1986 the Joint Administrators are obliged to fix their remuneration in accordance with Rule 2.106(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the property with which the Joint Administrators have to deal, by reference to the time the Joint Administrators and their staff spend in attending to matters in this Administration or, a fixed amount. Remuneration may be fixed on one or a combination of any of the foregoing bases.
- 11.2 In respect of this Administration I wish to ask creditors to approve my remuneration on a time costs basis. Attached at Appendix 3 is a schedule that summarises the time that has been spent in administering this Administration up to the date of this report. This shows a total of 187.15 hours at an average charge out rate of £180.01.
- 11.3 Included within the proposals below is a resolution regarding the Joint Administrators' remuneration, although if a creditors' committee is appointed approval of the Joint Administrators' remuneration will be the committee's responsibility. For your guidance I attach a Creditors' Guide to Administrators' Fees together with a document that outlines the policy of BDO in respect of fees and disbursements.

12 Statement of proposals under Paragraph 49 of Schedule B1 of the Insolvency Act 1986

- 12.1 In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 the Joint Administrators make the following proposals for achieving the purpose of the Administration. Approval of these proposals will be considered by the meeting of creditors to be held on 20 October 2010 at 11:30 hrs.

Formal Proposals - the Joint Administrators propose that:

- (1) they continue to manage the Company's business and realise assets in a manner they deem fit, for so long as they believe it beneficial in achieving the statutory purpose of the Administration. This will include, but not be limited, to collecting any debts due to the Company and realising the remaining Company assets;
- (2) they exit the Administration by way of a Creditors' Voluntary Liquidation and that Christopher Kim Rayment and Joanne Marie Wright will be Joint Liquidators and will act jointly and severally.

NB. Under Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) creditors may nominate different liquidators, but in the absence of such nomination the above named would become the liquidators;

- (3) pre-Administration time costs of the Joint Administrators of £946.63 plus VAT, and Hammonds LLP of £6,225.31 plus VAT be paid as an expense of the Administration;
- (4) where appropriate they make payments to the secured and preferential creditors;
- (5) creditors consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors);
- (6) in the absence of a creditors committee,

creditors approve the remuneration of the Joint Administrators on a time costs basis;

- (7) that the Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after the Joint Administrators' filing their final report and sending it to creditors.

Dated: 5 October 2010

.....
Christopher Kim 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. The Joint Administrators act as agents only and without personal liability.

012576/MCG/ADM682 - Proposals/C6

**2M Recruitment Limited
In Administration**
Statutory Information

Company Number: 04724663
Date of Incorporation: 07/04/2003
Address of Registered Office: BDO LLP, 125 Colmore Row, Birmingham, B3 3SD.
 Formerly 582-586 Kingsbury Road, Erdington, Birmingham, B24 9ND.
Director: Mr Mark Richard Blanchard
Company Secretary: Mrs Valerie Anne Blanchard
Nominal Share Capital: £50 - divided into 50 ordinary shares of £1 each
Registered Shareholder: No of £1 ordinary shares held
 Mr Mark Richard Blanchard 50

Trading Results:

| Y/E 30 April | Turnover £ | Gross Profit £ | Net Profit/(loss) after tax £ | Directors' remuneration £ | Balance on P & L A/c £ |
|---------------------|---------------|----------------------|--|---------------------------------|------------------------------|
| 2009 (Unaudited) | 5,949,860 | 432,623 | (33,091) | 4,044 | (187,971) |
| 2008 (Unaudited) | 4,112,723 | 330,138 | (102,314) | 61,388 | (154,880) |
| 2007 (Unaudited) | 2,436,235 | 236,563 | (61,136) | 77,144 | (52,566) |

2M Recruitment Limited
Estimated Financial Statement as at 12 August 2010

| | Notes | Book Values £000 | Total Estimated Realisations £000 |
|--|-------|---------------------|---|
| Assets specifically pledged | | | |
| Debtors | 1 | 751 | 676 |
| Less RBSIF (including termination charges) | 2 | (529) | (529) |
| Estimated surplus as regards RBSIF c/f | | <u>222</u> | <u>147</u> |
| Assets not specifically pledged | | | |
| Fixed charge surplus b/f | | 222 | 147 |
| Fixtures and fittings | 3 | 4 | - |
| Directors loan account | 4 | 363 | uncertain |
| Trading Profit/(Loss) | 5 | - | (5) |
| VAT refund | 6 | - | 4 |
| | | <u>589</u> | <u>146</u> |
| Preferential creditors | | | - |
| Estimated surplus/(deficiency) as regards preferential creditors | | | <u>146</u> |
| Floating charge holder | | | - |
| Estimated surplus/(deficiency) as regards floating charge creditor | | | <u>146</u> |
| Unsecured creditors | | | |
| Trade & expense | | | (24) |
| HM Revenue & Customs - VAT | | | (229) |
| HM Revenue & Customs - PAYE & NIC | | | (814) |
| Estimated surplus/(deficiency) as regards unsecured creditors | | | <u>(921)</u> |

Notes

- 1 Whilst it is anticipated that all book debts will be received, a 10% provision has been made in case disputes arise
- 2 The amount owed to RBSIF on appointment was £529,000, including termination charges & interest. Future interest and charges are not included
- 3 The fixtures and fittings were valued by King Sturge LLP. It is not anticipated that any realisations will be made. The items were of negligible value
- 4 There is an outstanding directors loan account of c£363,000, which is currently being pursued
- 5 It is currently estimated that the trading will have been at a small loss of c£5,000
- 6 Vat refund on termination & collect out fees charged by RBSIF
- 7 Excludes all costs and expenses of the Administration

BDO LLP
2M Recruitment Limited
B - Company Creditors

| Key | Name | Address | £ |
|-----------------------------|----------------------------|---|---------------------|
| CA00 | AAA Transport Services | 20 Julius Gardens, Luton, Beds, LU3 3SQ | 4,600.00 |
| CA01 | AOL Broadband | | 0.00 |
| CB00 | British Gas Business | PO Box 7685, Leicester, LE19 1ZE | (620.42) |
| CC00 | Chevron Ltd | Dorcan House, Eldene Drive, Swindon, SN3 3TX | (10,000.00) |
| CG00 | G W B Office Furniture | Unit 3b, 113-115 Codicote Road, Welwyn, Hertfordshire, AL6 9TY | 669.75 |
| CH00 | HM Revenue & Customs | Debt Management, Durrington Bridge House, Barrington Road, Wothing, West Sussex, BN12 4SE | 814,313.24 |
| CH01 | HM Revenue & Customs | The National Insolvency Unit, 3rd Floor N/E, Queens Dock, Liverpool | 229,830.00 |
| CJ00 | J P Hygiene Supplies | 352 Selbourne Road, Luton, Beds, LU4 8NU | 27.50 |
| CN00 | Northgate Vehicle Rental | Chainbridge Road, Blaydon, Tyne & Wear, NE21 5ST | 3,659.42 |
| CO00 | Oval Insurance Broking Ltd | 9 South Parade, Wakefield, WF1 1LR | 3,200.33 |
| CS00 | Sage (UK) Ltd | North Park, Newcastle Upon Tyne, NE13 9AA | 1,004.67 |
| CS01 | Scrubbers | 45 Dudley Street, Luton, Bedfordshire, LU2 0NP | 171.00 |
| CT00 | Taylor Walton | 28-44 Alma Street, Luton, Bedfordshire, LU1 2PL | (2,055.00) |
| CT01 | Trevor Jones & Co. | Old Bank Chambers, 582-586 Kingsbury Road, Erdington, Birmingham, B24 9ND | 7,990.00 |
| CT02 | Texaco | | 14,608.30 |
| 15 Entries Totalling | | | 1,067,398.79 |

Signature _____

2M Recruitment Limited
(In Administration)
Summary of the Joint Administrators' Receipts & Payments
For the Period from 12 August 2010 to 5 October 2010

| | Total |
|---------------------|--------------------------|
| | £ £ |
| RECEIPTS | |
| Advances from RBSIF | <u>352,859 92</u> |
| | <u><u>352,859 92</u></u> |
| PAYMENTS | |
| Wages | 345,889 92 |
| Transport | <u>6,970 00</u> |
| | 352,859 92 |
| Balance in Hand | - |
| | <u><u>352,859 92</u></u> |

NOTES

- 1 The Company is registered for VAT and the above receipts and payments are shown net of VAT
- 2 All funds are held in interest bearing accounts

BDO LLP
125 Colmore Row
Birmingham
B3 3SD

C K Rayment
Joint Liquidator

2M Recruitment Limited - in Administration

Summary of Time Charged and Rates Applicable for the Period From 12 August 2010 to 24 September 2010

| Description | PARTNER | | MANAGER | | ASSISTANT MANAGER | | SENIOR ADMINISTRATOR | | ADMINISTRATOR | | GRAND TOTAL | | AVERAGE RATE |
|----------------------------|---------|------------|---------|------------|-------------------|------------|----------------------|------------|---------------|------------|-------------|------------|----------------|
| | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | Hours | Total £ | |
| Steps on Appointment | 5.00 | 1,855 00 | 2.00 | 542 00 | 3.00 | 555 00 | 0.50 | 85 00 | 22.55 | 2,338 70 | 33.05 | 5,375 70 | 162.65 £/hr |
| Planning & Strategy | 2.00 | 742 00 | 2.00 | 542 00 | 0.85 | 157 25 | - | - | - | - | 4.85 | 1,441 25 | 297 16 |
| General Administration | 6.60 | 2,448 60 | - | - | 0.85 | 157 25 | 3.25 | 545 50 | 39.10 | 4,625 90 | 49.80 | 7,777 25 | 156 17 |
| Assets Realisation/Dealing | 12.50 | 4,637 50 | 0.50 | 135 50 | 2.60 | 481 00 | - | - | 5.50 | 544 50 | 21.10 | 5,798 50 | 274 81 |
| Trading Matters | 1.50 | 556 50 | 9.00 | 2,439.00 | 21.95 | 4,060 75 | 1.00 | 170 00 | 36.00 | 4,199.00 | 69.45 | 11,425 25 | 164 51 |
| Employee Matters | - | - | - | - | 0.20 | 37 00 | - | - | 0.50 | 49 50 | 0.70 | 86 50 | 123 57 |
| Creditor Claims | - | - | - | - | - | - | - | - | 0.90 | 89 10 | 0.90 | 89 10 | 99 00 |
| Reporting | - | - | 4.00 | 1,084 00 | 3.30 | 610 50 | - | - | - | - | 7.30 | 1,694 50 | 232 12 |
| Distribution & Closure | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Totals | 27.60 | 10,239 60 | 17.50 | 4,742.50 | 32.75 | 6,058 75 | 4.75 | 800 50 | 104.55 | 11,846.70 | 187.15 | 33,688.05 | 180 01 |

Net Total 187 15 33,688 05

Other Disbursements 735 50

Billed -

Grand Total 34,423.55

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 principals, 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 degree of detail will depend on the circumstances of the case, and professional guidance has been provided setting out a minimum of 6 category headings under which the work done by the officeholder and his staff should be analysed. As a firm BDO LLP operates a computerised time recording system which analyses work done under the following categories -

- Pre Appointment Matters
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Professional guidance suggests the following categories as a basis for analysis by grade of staff:

- Partner
- 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 himself) 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.



2M Recruitment Limited - In Administration

In accordance with best practice I provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency, follows: This in no way implies that staff at all such grades will work on the case.

GRADE £

| | |
|-------------------------|---------|
| Partner1 | 451 |
| Partner2 | 364 |
| Director | 313 |
| Senior Manager | 266-289 |
| Manager | 198-271 |
| Assistant Manager | 181 |
| Senior Executive | 167 |
| Executive | 122-136 |
| Junior Executive | 97 |
| Cashier | 167 |
| Support staff/Secretary | 61 |

The rates charged by BDO LLP, 125 Colmore Row, Birmingham, B3 3SD are reviewed in December and July each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time Units of time can be as small as 3 minutes BDO LLP records work in respect of insolvency work under the following categories:-

Pre Appointment
Steps upon Appointment
Planning and Strategy
General Administration
Asset Realisation/Management
Trading Related Matters
Employee Matters
Creditor Claims
Reporting
Distribution and Closure
Other Issues.

Under each of the above categories the work is recorded in greater detail in sub categories Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.



1) Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories.

2) Category 1

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), searches at Companies House, land registry searches, fees in respect of swearing legal documents, external printing costs etc. In each case the recharge will be reimbursement of a specific expense incurred

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 40p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff.

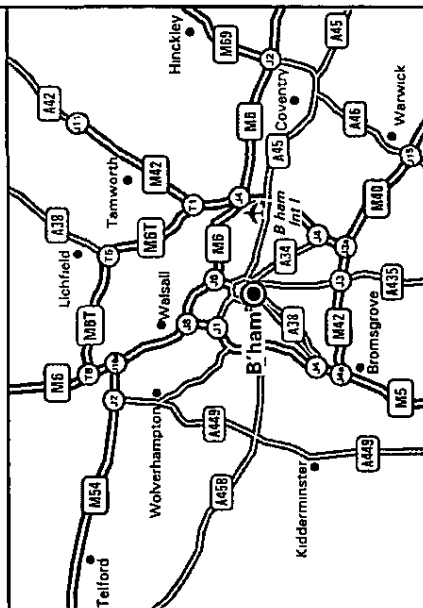
Where applicable, disbursements will be subject to VAT at the prevailing rate.

3) Category 2

Additionally some firms recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of a 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, effective from 1 July 2003, is not to recharge any expense which is not a specific cost to the case, therefore there will be no category 2 disbursements charged. Category 2 disbursements, because they are imprecise, require approval by the creditors before they can be drawn.

BDO LLP
1 October 2010

125 Colmore Row
Birmingham B3 3SD
Tel 0121 352 6200
Fax 0121 352 6222
www.bdo.co.uk



- From the A6
 - Leave M6 at Junction 6 (Spaghett Junction), and join the A38(M) towards Birmingham
 - At the end of the A38(M) continue straight over the flyover (keeping in the left hand lane)
 - Leave St. Chads Queensway at the next slip road (before the tunnel) to St Chads Square (signed Jewellery Quarter, West Brom & A41)
 - Turn left onto Snow Hill Queensway Go up the hill, bearing right at the top onto Colmore Row
 - Continue straight along Colmore Row, through the traffic lights
 - We are located on the right before the Town Hall, next to Starbucks (opposite Cafe Uno)
 - On street parking is available - limit 2 hrs
 - Multi-storey car park at Brunel Street
- From the M5
- Leave M5 at junction 3 and join the A456, Quinton Expressway towards Birmingham
 - Remain on the A456 (Hagley Road) to Paradise Circus
 - Take the second exit and join the A4400 (Great Charles Street Queensway)
 - Leave Great Charles Street Queensway at next slip road to arrive at St. Chad's Square
 - Follow signs for Colmore Road and join Snow Hill Queensway Go up the hill, bearing right at the top onto Colmore Row
 - Continue straight along Colmore Row, through the traffic lights
 - We are located on the right before the Town Hall, next to Starbucks (opposite Cafe Uno)
- By Train 🚂
- Birmingham New Street Station is a shortwalk from our offices
 - For further information about train times and fares, please telephone National Rail Enquiries Line on 0845 48 49 50