

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company Equity Trading Systems Limited formerly Larn Limited	Company number 05946381
In the High Court of Justice, Chancery Division, Companies Court	Court case number 04287/2012

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

I (a) Mark Levy of Berley Chartered Accountants, 76 New Cavendish Street, London W1G 9TB

* Delete as applicable

attach a copy of my 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) 18 July 2012

Signed


Mark Levy
Administrator

Dated 18 July 2012

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.

	Tel
DX Number	DX Exchange

THURSDAY



Q1DGLAE3
QIQ 19/07/2012 #12
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

**Administrator's Statement of Proposals
pursuant to Paragraph 49 of Schedule B1**

**Administrator's Report and Statement of
Proposals**

**Equity Trading Systems Limited formerly
Larn Limited -
In Administration**

**EQUITY TRADING SYSTEMS LIMITED FORMERLY LARN LIMITED - IN
ADMINISTRATION**

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EQUITY TRADING SYSTEMS LIMITED FORMERLY LARN LIMITED - IN ADMINISTRATION

1 Statutory Information

- 1 1 The registered number of Equity Trading Systems Limited formerly Larn Limited (the **Company**) is 05946381
- 1 2 The trading address of the Company is Suite B, 29 Harley Street, London, W1G 9QR The business trades under the name Larn Limited
- 1 3 The registered office of the Company has been changed from the above address to 76 New Cavendish Street, London W1G 9TB
- 1 4 Details of the Company's directors and secretary are as follows

	Date appointed	Date resigned	Shares held
Director(s)			
Mr L Nobre	22/11/2011		7,700
Secretary			
E R B O N Wealth Management Limited	19/05/2009		

2 Background to the Administration

- 2 1 Substantial funds were injected in to the Company by Group Seven Limited for the purpose of funding the trading operations of the business These monies, 100 million Euros, were initially deposited in to an escrow account operated by Notable Services LLP on behalf of the Company
- 2 2 Prior to these funds being transferred to a dedicated account operated by the Company, several payments were made from this account upon the instructions of the director
- 2 3 The funder become concerned that monies were being utilised for purposes other than that for which they had been advanced and furthermore, had severe reservations as to the efficacy and legality of the original purpose for which the funds were required
- 2 4 Given the above, solicitors were instructed and an interim freezing injunction was obtained against the Company, the director and three other defendants on 3 February 2012 This Order was subsequently extended following further applications to Court
- 2 5 The effect of the Order is to prohibit the defendants from disposing of, dealing with or diminishing the value of the sum standing to its order

- 2 6 It was further directed by the Court that certain sums would be released and/or remitted to Group Seven Limited on or before 8 May 2012 and that a further tranche would be remitted on or before 28 May 2012
- 2 7 Neither of the two scheduled payments were made and in accordance with the Order, the entire amounts claimed became due and payable, the liability for which vested jointly and severally between the Company and Mr Nobre
- 2 8 In conjunction with and as a consequence of the above state of affairs, an application was presented to Court by Group Seven Limited and heard on 31 May 2012. At the hearing, it was ordered that the Company immediately be placed in to administration
- 2 9 As a result, Mark Levy of Berley, 76 New Cavendish Street, London, W1G 9TB a licensed insolvency practitioner, was appointed Administrator of the Company by the principal creditor on 31 May 2012
- 2 10 The Administration is registered in the High Court of Justice, Chancery Division, Companies Court, under reference number 04287 of 2012
- 2 11 The EC Regulation on Insolvency Proceedings 2000 applies to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom

3 Administration Strategy and Objective

- 3 1 The Administrator must perform his functions with the purpose of achieving one of the following objectives
- rescuing the Company as a going concern,
 - 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), or
 - realising property in order to make a distribution to one or more secured or preferential creditors
- 3 2 Further information on the pursuance of the above objectives is detailed below
- 3 3 Since appointment, the Administrator has met with the lawyers representing the principal creditor on several occasions to discuss the dissipation of the funds within the escrow account during the period prior to the freezing order being obtained

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- 3 4 It is clear that the solicitors have accumulated considerable working knowledge of the activities of the company during the hiatus period and it was therefore deemed wholly beneficial for the Company and its creditors to retain these solicitors to work for the Administrator. This does not create a conflict as any issues regarding the adjudication and review of creditors' claims will be the responsibility and ultimate duty of the Administrator.
- 3 5 Currently, the Administrator is gathering information to determine whether any of the funds paid from this account can be recovered. This will entail interviewing all connected parties or those deemed to have knowledge of the specific transactions before seeking the appropriate remedy. At this juncture it is too early to comment on the likely actions which may be taken or indeed comment on the quantum involved. All transactions will be reviewed and assessed on the strengths of their individual merits.
- 3 6 Currently it is unclear which specific objective will be pursued although if it is possible the Administrator will obviously attempt to rescue the Company as a going concern. In any event, it is envisaged that the process will achieve a better realisation of assets for the benefit of the creditors than would otherwise been achieved should the company of been placed in to liquidation.
- 3 7 In accordance with Statement of Insolvency Practice No 13, I would advise you that no assets have been sold to any connected party or director of the Company.

4 Administrator's Receipts and Payments

- 4 1 A summary of receipts and payments for the Administration period from the date of my appointment to 18 July 2012 is attached as Appendix A.
- 4 2 Since appointment, no funds have been realised and no payments have been made.

5 Financial Position

- 5 1 Attached at Appendix B is a summary of the Directors' Estimated Statement of Affairs of the Company as at the date of the appointment of the Administrator.
- 5 2 I have the following observations to make in relation to the Directors' Estimated Statement of Affairs:
- 5 3 No breakdown was provided with the statement of affairs as to the nature of the uncharged assets. This is an issue which I intend to raise with the director. Equally, the director did not provide any documentary evidence to support his claim. Independent of this statement of

affairs, I have been provided with some paperwork in relation to the claim of Group Seven Limited. The amount claimed by this creditor varies to that believed to be owed by the director. This issue will be reviewed.

6 Proposals

It is proposed that the Administrator will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that

- 6.1 The Administrator will continue to investigate the financial transactions entered into by the Company to assess if there is recourse to recover money in order to achieve the intended objective(s) outlined above.
- 6.2 The first objective under the Administration regime is based on the survival of the existing Company through a Company Voluntary Arrangement (CVA) or a Scheme of Arrangement under Section 425 of the Companies Act. The Administrator therefore proposes taking any action he considers necessary with a view to the approval of a CVA.
- 6.3 If the survival of the existing Company is not achievable or any proposals for a CVA put to creditors are not accepted, the Administrator will pursue the second objective and if appropriate take any action they consider necessary to achieve a/the sale of the Company as a going concern.
- 6.4 If having realised the assets of the Company, the Administrator thinks that a distribution will be made to the unsecured creditors, he proposes filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrator to an end and will move the Company automatically into Creditors' Voluntary Liquidation (CVL) in order that the distribution can be made. In these circumstances, it is proposed that the Administrator will become the Liquidator of the CVL. See Section 7 below on **Exit Routes** for further information on this process.
- 6.5 If the Administrator thinks that the Company has no property which might permit a distribution to its creditors, he will file a notice with the Court and the Registrar of Companies for the dissolution of the Company. See Section 7 below on **Exit Routes** for further information on this process.
- 6.6 The Administrator shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.

7 Exit Routes

Creditors Voluntary Liquidation

- 7 1 Based on present information, the Administrator thinks a dividend will be paid to the unsecured creditors. As a result, the Administrator will either make an application to court to enable him to make a distribution to unsecured creditors in the Administration or he will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL) to facilitate this distribution. It is proposed that the Administrator will also become the Liquidator of the CVL.
- 7 2 Creditors have the right to nominate an alternative liquidator of their choice. To do this, creditors must make their nomination in writing to the Administrator prior to these proposals being approved. Where this occurs, the Administrator will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Administrator will automatically become the Liquidator of the subsequent CVL.

Dissolution of the Company

- 7 3 If the Administrator thinks that the Company has no property which might permit a distribution to its unsecured creditors, it is proposed that he file a notice together with his final progress report at Court and with the Registrar of Companies for the dissolution of the Company. He will send copies of these documents to the Company and its creditors. The Administrator's appointment will end following the registration of the notice by the Registrar of Companies.

8 Pre-administration Costs

- 8 1 In this instance, no pre appointment costs are being sought.
- 8 2 Pre-administration costs are defined as

- (i) Fees charged, and
- (ii) Expenses incurred

by the Administrator, or another person qualified to act as an insolvency practitioner before the company entered Administration (but with a view to its doing so), and "unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration.

9 Administrator's Remuneration

9 1 The Administrator's time costs at 18 July 2012 are £68,416.68. This represents 152.57 hours at an average rate of £448.43 per hour. As noted in the Proposals section above, the Administrator is seeking to fix the basis of his remuneration by reference to time properly spent by the Administrator and his staff managing the Administration. Appropriate approval will be sought as outlined in section 6 of this report.

9 2 A copy of "A Creditors' Guide to Administrator's fees" is available on request or can be downloaded from www.icaew.co.uk/insolvency. If you would prefer this to be sent to you in hard copy, please contact Mark West of this office on 020 7636 9094.

Attached as Appendix C is a Time Analysis which provides details of the activity costs incurred by staff grade to the above date.

9 3 Attached as Appendix D is additional information in relation to my firm's policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.

9 4 A considerable level of work has been undertaken investigating the dissipation of funds prior to the freezing order being obtained and discussing these issues with solicitors representing the recipients and indirect connected parties with knowledge of same. This has entailed considerable correspondence, meetings and assessment of the best approach applicable.

9 5 It is evident that some parties clearly have limited, or no, knowledge of the origins of the funds and have accepted monies in good faith. All transactions are being reviewed and the Administrator will then consider the legal merits of whether there is a beneficial reason to pursue any particular party.

10 Estimated Outcome

10 1 An estimate of the outcome of the Administration has not currently been prepared as there is uncertainty as to the amount potentially recoverable and/or the level of claims which will rank for dividend. It is therefore not possible to provide any meaningful projection as to the current outcome of this matter.

10 2 Based on the directors' Estimated Statement of Affairs attached to this report, there are no preferential creditors and the unsecured creditors are £33,914,554.

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10 3 Although there are no monies in the estate, based on my review of the financial transactions, I believe that funds will be recovered and a dividend will be declared to the creditors I cannot at present comment on the quantum though

10 4 The Company has not granted any fixed or floating charges over its assets

10 5 Based on information provided by the director as per the statement of affairs, it is estimated that the value of the Company's net floating charge property is £34,796,769 This would infer that there are adequate funds to fully discharge all creditors' claims I have yet to see evidence to prove this

11 Next Report

11 1 The Administrator is required to provide a progress report within one month of the end of the first six months of the Administration

12 Meeting of Creditors

12 1 An initial meeting of the Company's creditors is being convened to approve the Administrator's proposals The meeting will be held on **8 August 2012 at 2pm** at 76 New Cavendish Street, London, W1G 9TB

12 2 Further information on the meeting is contained in the letter accompanying this report

For and on behalf of
Equity Trading Systems Limited
Formerly Larn Limited


Mark Levy
Administrator

Encl

**EQUITY TRADING SYSTEMS LIMITED FORMERLY LARN LIMITED - IN
ADMINISTRATION**

**Receipts and Payments Account for the Period from 31 May 2012 to
18 July 2012**

Appendix A

Equity Trading Systems Limited (formerly Larn Limited)
(In Administration)

Income and Expenditure Account
31 May 2012 to 18 July 2012

INCOME	Total (£)
	<u>0.00</u>
EXPENDITURE	
	<u>0.00</u>
Balance	<u>0.00</u>
MADE UP AS FOLLOWS	
	<u><u>0.00</u></u>

**EQUITY TRADING SYSTEMS LIMITED FORMERLY LARN LIMITED - IN
ADMINISTRATION**

Summary of the Directors Estimated Statement of Affairs as at 31 May 2012

Appendix B

Statement of affairs

Name of Company
Equity Trading Systems Limited

Company number
05946381

In the High Court of Justice, Chancery Division
Companies Court

Court case number
04287/2012

(a) Insert name and address of
registered office of the company

Statement as to the affairs of (a) Equity Trading Systems Limited
Harley Street London, W1G 9QR

of Suite B, 29

(b) Insert date

on the (b) 31 May 2012 the date that the company entered administration

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 31 May 2012 the date that the company entered administration

Full name Louis Nobre

Signed _____

Dated 3rd July 2012

Assets

Assets subject to floating charge

Uncharged assets

Estimated total assets available for preferential creditors

Signature

Date _____

03 July 2022

**Book
Value
£**

Estimated to
Realise
£

£34,796,769

£34,796,769

£34,796,769

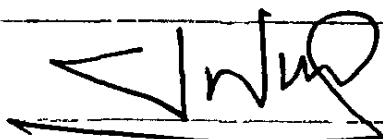
£34,796,769

dw.

A1 – Summary of Liabilities

	Estimated to realise £
Estimated total assets available for preferential creditors (carried from page A)	£
Liabilities	
Preferential creditors:-	
Estimated deficiency/surplus as regards preferential creditors	£
Estimated prescribed part of net property where applicable (to carry forward)	£
Estimated total assets available for floating charge holders	£
Debts secured by floating charges	£
Estimated deficiency/surplus of assets after floating charges	£
Estimated prescribed part of net property where applicable (brought down)	£
Total assets available to unsecured creditors	£ 34,796,76
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£ 33,914,554
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£ 882,215
Shortfall to floating charge holders (brought down)	
Estimated deficiency/surplus as regards creditors	£ 882,215
Issued and called up capital	£ 1000
Estimated total deficiency/surplus as regards members	£ 881,215

Signature



Date

03 July 2012.

Note: You must include all creditors and identify all creditors under hire-purchase chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession

Date 03 July 2012.

Signature

2

SIP9 Detailed Report
L291 Equity Trading Systems Limited (Formerly Larn Limited)
Administration Order
31/05/2012 to 18/07/2012

Administration and Liquidation										
Review of Bordereau level	0.00	0.00	0.00	0.00	0.00	0.17	0.17	33.33	196.06	
Correspondence with employees	0.00	0.50	0.00	0.00	0.00	0.50	0.50	225.00	450.00	
Vat correspondence	0.00	0.00	0.00	0.00	0.00	0.50	0.50	100.00	200.00	
Diary Review	0.00	0.00	0.00	0.00	0.00	1.33	1.33	286.67	200.50	
Case Review	11.75	10.25	0.00	0.00	0.00	0.67	22.67	10,183.33	449.20	
Asset realization review	0.50	2.50	0.00	0.00	0.00	3.00	3.00	1,450.00	483.33	
Filing	0.00	0.00	0.00	0.50	0.00	0.50	0.50	50.00	100.00	
Notification of appointment to Registrar of	0.00	0.00	0.00	0.00	0.00	1.25	1.25	250.00	200.00	
Comp									200.00	
Notification of appointment for Statutory Advert	0.00	0.00	0.00	0.00	0.00	0.50	0.50	100.00	200.00	
Legal Advice (General)	5.50	0.00	0.00	0.00	0.00	5.50	5.50	3,575.00	650.00	
Correspondence with Directors	0.00	7.75	0.00	0.00	0.00	7.75	7.75	3,487.50	450.00	
Correspondence with Lawyer	2.25	22.25	0.00	0.00	0.00	24.50	24.50	10,725.00	437.76	
Conversation with Debtor	1.00	0.00	0.00	0.00	0.00	1.00	1.00	650.00	650.00	
Conversation with Lawyer	0.00	19.50	0.00	0.00	0.00	19.50	19.50	8,775.00	450.00	
Meeting with Lawyer	3.75	0.00	0.00	0.00	0.00	3.75	3.75	2,437.50	650.00	
Correspondence with Bank	0.00	0.00	0.00	0.00	0.00	0.25	0.25	50.00	200.00	
Reviewing Files	0.00	0.00	0.00	0.50	0.00	0.50	0.50	50.00	100.00	
Daily Bank postings	0.00	0.00	0.00	0.00	0.00	0.66	0.66	133.34	202.03	
Planning	0.00	0.00	0.00	0.00	0.00	0.25	0.25	50.00	200.00	
Correspondence	0.00	0.00	0.00	0.00	0.00	0.33	0.33	66.67	202.03	
	24.75	82.75	0.00	0.00	0.00	5.91	94.41	42,658.34	451.84	
Creditor Correspondence	0.00	11.00	0.00	0.00	0.00	11.00	11.00	4,850.00	450.00	
	0.00	11.00	0.00	0.00	0.00	11.00	11.00	4,950.00	450.00	

Investigation									
Investigation	2.75	43.00	0.00	0.25	0.00	48.00	20,350.00	442.39	
Enquiries of directors	0.50	0.00	0.00	0.00	0.00	0.50	325.00	650.00	
	3.25	43.00	0.00	0.25	0.00	48.50	20,675.00	444.62	
Special Projects									
Specific Bond Insurance	0.00	0.00	0.00	0.00	0.66	0.66	133.34	202.03	
	0.00	0.00	0.00	0.00	0.66	0.66	133.34	202.03	
Hours	28.00	116.75	0.00	1.25	6.57	152.57		448.43	
Charge	16,000.00	50,975.00	0.00	125.00	1,316.68		68,416.68		

**Additional Information in Relation to Administrator's Fees Pursuant to
Statement of Insolvency Practice 9**

Appendix D

1 Policy

Detailed below is this firm's policy in relation to

- staff allocation and the use of sub-contractors,
- professional advisors, and
- disbursements

1.1 Staff Allocation and the use of Sub-contractors

The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. Our charge out rate schedule below provides details of all grades of staff and their experience level.

We are not proposing to utilise the services of any sub-contractors in this case.

1.2 Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Mishcon de Reya (legal advice)	Hourly rate & disbursements
AUA Insolvency Risk Services Limited	Hourly rate & disbursements

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

We would confirm that this firm does not seek to charge any Category 2 disbursements.

2 Charge-out Rates

A schedule of our charge-out rates for this assignment effective from **1 April 2012** is detailed below.

Category of Staff	Per Hour £
SECRETARIAL	100
ADMINISTRATIVE	100
JUNIOR	100
CASHIER	200
CASE ADMINISTRATOR	200-250
MANAGER	450
PARTNER	600

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES - ENGLAND AND WALES

1 Introduction

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

2 The nature of administration

2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court 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 fees

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 either:

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

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage fix the percentage to be applied. 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, the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator.

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 What information should be provided by the administrator?

5.1 When seeking fee approval

5.1.1 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

5.1.2 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

5.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case

The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff

- 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

5.1.4 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

5.2 After fee 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. 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 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

5.3 Expenses and disbursements

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, 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.

6 What if a creditor is dissatisfied?

6.1 If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. 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. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

7 What if the administrator is dissatisfied?

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

8 Other matters relating to fees

8.1 Where there are joint administrators it is for them to agree between themselves how 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.

8.2 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.

9. Provision of information – additional requirements

In any case where the administrator is appointed on or after 1 April 2005 he 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.

Insolvency Act 1986

Proxy (Administration)

Equity Trading Systems Limited formerly Larn Limited – In Administration

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 for 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

- 1 _____
- 2 _____
- 3 _____

Please delete words in brackets if the proxy holder is only to vote as directed i.e. 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 **8 August 2012** 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 | That the Administrator's proposals be approved | For/Against* |
| 2 | Under Rule 2.106 of the Insolvency Rules 1986 and in the absence of a Creditors' Committee, the remuneration of the Administrator be fixed by reference to time properly spent by him and his staff in attending to matters arising from the Administration as detailed in the Administrator's proposals | For/Against* |
| 3 | In accordance with Statement of Insolvency Practice No 9, issued by the Association of Business Recovery Professionals, the Administrator be authorised to draw Category 2 disbursements in accordance with his firm's published tariff | For/Against* |
| 4 | In accordance with Statement of Insolvency Practice No 9, issued by the Association of Business Recovery Professionals, the Administrator be authorised to draw remuneration and disbursements as and when funds are available | For/Against* |
| 5 | The Administrator will be discharged from liability under Paragraph 98(2) of Schedule B1 to the Insolvency Act 1986 immediately upon his appointment as Administrator ceasing to have effect | For/Against* |
| 6 | For the appointment 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

**EQUITY TRADING SYSTEMS LIMITED FORMERLY LARN LIMITED - IN
ADMINISTRATION
CREDITOR'S STATEMENT OF CLAIM**

Name and address of creditor

Amount claimed in the Administration

(Including VAT)

£

Signature of creditor

Name of creditor

Telephone

Registered number (for Companies)

Fax

E-mail

Date

 /

 /

Please provide appropriate documentation in support of your claim

If you are registered for VAT the amount claimed should include VAT even if VAT bad debt relief has been claimed under the Value Added Tax Act 1994

Please return this form when you have completed it to **Mark West** at Berley, 76 New Cavendish Street, London W1G 9TB

Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 Value Added Tax Act 1994. In broad terms relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account.

Claims lodged in the Administration should be gross, including any VAT element. Amounts claimed should also be net of any discount and any adjustment made to set-off amounts owed by the creditor to the company in Administration. If/when dividends are paid, creditors who have claimed VAT bad debt relief must apportion the dividend between VAT and the net element of their claim and account to HM Revenue & Customs for the VAT element through their VAT return.

Insolvency Practitioners have no role in administering VAT bad debt relief under the Value Added Tax Act 1994. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.