

The Insolvency Act 1986

Administrator's progress report

Name of Company Truly Advertising Ltd	Company number 04771020
In the High Court of Justice, Chancery Division, Companies Court [full name of court]	Court case number 21561 of 2009

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

We (a) Antony Robert Fanshawe of Begbies Traynor (Central) LLP, 41 Castle Way, Southampton, SO14 2BW and Mark Robert Fry of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT

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

from

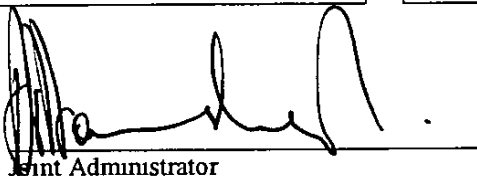
to

(b) Insert dates

(b) 4 December 2010

(b) 3 June 2011

Signed


Joint Administrator

Dated

15 June 2011

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.

Begbies Traynor (Central) LLP	
41 Castle Way, Southampton, SO14 2BW	
	Tel Number 02380 233 522
Fax Number 02380 233 504	DX Number

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



Antony Robert Fanshawe and Mark Robert Fry were appointed joint administrators on 4 December 2009

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability

Truly Advertising Ltd (In Administration)

Progress report of the joint administrators pursuant
to Rule 2.47 of The Insolvency Rules 1986

Period: 4 December 2010 to 3 June 2011

Important Notice

This progress report has been produced by the administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

Contents

- Interpretation
- Statutory information
- Details of appointment of administrators
- Progress during the period
- Estimated outcome for creditors
- The administrators' remuneration and disbursements
- Assets that remain to be realised
- Other relevant information
- Conclusion
- Appendices
 - 1 Administrators' account of receipts and payments
 - 2 Administrators' time costs and expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Truly Advertising Ltd (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 4 December 2009
"the administrators"	Antony Robert Fanshawe of Begbies Traynor (Central) LLP, 41 Castle Way, Southampton, SO14 2BW and Mark Robert Fry of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

2. STATUTORY INFORMATION

Name of Company	Truly Advertising Limited
Trading name(s)	Smarter Communications Limited
Date of Incorporation	20 May 2003
Company registered number	04771020
Company registered office	Castlewood House 77-91 New Oxford Street London WC1A 1DG

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of administrators	Antony Robert Fanshawe, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 41 Castle Way, Southampton, SO14 2BW and Mark Robert Fry, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT
Date of administrators' appointment	4 December 2009
Date of administrators' resignation	N/A
Court	High Court of Justice, Chancery Division, Companies Court
Court Case Number	21561 of 2009
Person(s) making appointment / application	Barclays Bank plc
Acts of the administrators	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 4 December 2010 to 3 June 2011

Book Debts

The primary asset of the Company is its book debts. The book debts are subject to an invoice financing agreement and caught under a fixed charge. At the date of our proposals to creditors our estimated to realise value for book debts was £1,385,000. This has been reviewed and current estimations put realisations at approximately £1,217,117.

Messrs Moreton Smith was instructed by Royal Bank of Scotland Invoice Finance ("RBSIF") to carry out the collection of the book debts and they continue to deal with them. We continue to monitor the progress of Moreton Smith and assist where necessary. Final collections necessary to meet RBSIF's liability in full has been delayed by a number of counter claims which have led to legal action being taken.

We retained the collection of one debt on behalf of RBSIF in the sum of £160,485 relating to Totally Travel Ltd ("TTL"). Continued non-payment of the debt led us to instruct solicitors to pursue the debt in full including statutory interest and costs.

A statutory demand was served against TTL on 14 February 2011. A Winding Up Petition was subsequently served on 23 March 2011. This triggered negotiations which resulted in a settlement agreement dated 15 April 2011. The terms of the agreement were that TTL paid £171k, £15k payable on completion, £16k payable by 26 April 2011 and six subsequent monthly payments paid by 28th of each month commencing on 28 May 2011. We received the first two payments totaling £31k however TTL entered administration on 20 May 2011 and as a result we do not anticipate any further recoveries in respect of this debt. The £31k was utilised to meet the costs of pursuing this debt and the surplus was paid to RBSIF under their fixed charge.

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided the administrators progress report for the period 4 December 2009 to 3 June 2010.

On the basis of realisations to date and estimated future realisations, we estimate an outcome for each class of the Company's creditors as follows:

Secured creditors

RBSIF

Moreton Smith estimate that RBSIF shall suffer a shortfall of circa £80,000.

Barclays Bank plc

Barclays Bank has a floating charge debenture and it is not envisaged that they will be paid in full from the administration. The liability is supported by cross guarantees.

Preferential creditors

The administrators consider that there are likely to be sufficient funds for a dividend to be paid to preferential creditors however the timing and quantum of this payment cannot yet be confirmed.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Details of how the prescribed part for unsecured creditors is calculated were provided in the administrators' statement of proposals

The administrators have estimated, to the best of their knowledge and belief, the Company's net property, as defined in section 176A(6) of the Act, to be £nil

There will be no distribution of the prescribed part as the administrators estimate of the prescribed part is less than the minimum prescribed by the Insolvency Act 1986 (Prescribed Part) Order 2003 and the administrators think, in accordance with Section 176A(3) of the Act, that the costs of distributing this amount would be disproportionate to the benefits to the unsecured creditors

Unsecured creditors

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors

6. THE ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

As previously reported the joint administrators' remuneration is based on hourly costs at scale rates calculated on the time properly spent in the course of the administration and they are authorised to draw disbursements in accordance with the explanatory note on the subject, which accompanied *The Report and Proposals of the Joint Administrators*

The relevant resolutions were approved at the initial meeting of creditors held on 28 January 2010

Total remuneration drawn to date in accordance with the approved resolution in respect of remuneration amounts to £48,946 Total time spent to date on this assignment amounts to 346.3 hours at an average composite rate of £160 per hour resulting in total time costs to date of £55,408

The following further information as regards time costs and expenses is set out at Appendix 2

- ☐ Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates
- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value

7. ASSETS THAT REMAIN TO BE REALISED

We are currently seeking an update from Moreton Smith regarding how collection of the debtor ledger is progressing

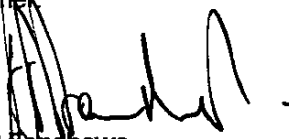
There are no further floating charge realizations to be made.

8. CONCLUSION

Paragraph 76 of Schedule B1 to the Insolvency Act 1986 provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, the administrator's term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding six months. We have previously extended the administration for 6 months with the consent of the creditors.

In order to ensure that the objective of the administration is achieved and that we have fully discharged our duties as administrators, it is necessary to extend the period of the administration. Accordingly, the period of administration has been extended by order of the Court for a further twelve months, up to 3 June 2012.

We will report again in approximately six months time or at the conclusion of the administration, whichever is the sooner.



A R Fanshawe
Joint Administrator

Dated. 15 June 2011

Truly Advertising Ltd
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 04/12/2010 To 03/06/2011	From 04/12/2009 To 03/06/2011
	FIXED CHARGE ASSETS		
1,386,963 00	Book Debts	30,000 00	30,000 00
22,750 00	Goodwill, WIP & IPR	<u>NIL</u>	<u>22,750 00</u>
		30,000 00	52,750 00
	FIXED CHARGE COSTS		
	Office Holders Fees	3,000 00	3,000 00
	Legal Fees (1)	12,000 00	12,000 00
	Legal Disbursements	<u>1,350 00</u>	<u>1,350 00</u>
		(16,350 00)	(16,350 00)
	FIXED CHARGE CREDITORS		
(1,166,739 00)	Royal Bank of Scotland	<u>10,655 80</u>	<u>10,655 80</u>
		(10,655 80)	(10,655 80)
	ASSET REALISATIONS		
23,750 00	Furniture & Equipment	NIL	23,750 00
17,461 00	RBS - Cash at Bank	NIL	17,450 63
16,969 00	Directors Loan	NIL	16,969 00
	Bank Interest Gross	NIL	13 33
	VAT Refund	<u>23,028 77</u>	<u>23,028 77</u>
		23,028 77	81,211 73
	COST OF REALISATIONS		
	Administrators Fees	7,152 97	48,945 97
	Administrators Disbursements	201 47	506 59
	Agents/Valuers Fees (1)	NIL	1,500 00
	Legal Fees	1,655 50	14,666 85
	Legal disbursements	6 00	6 00
	Stationery & Postage	NIL	3,069 78
	Accountants Fees	NIL	565 00
	Statutory Advertising	NIL	50 40
	Bank Charges	<u>NIL</u>	<u>44 08</u>
		(9,015 94)	(69,354 67)
	PREFERENTIAL CREDITORS		
(12,794 19)	Dept of Employment	NIL	NIL
(10,436 27)	Employees Wage Arrears	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	FLOATING CHARGE CREDITS		
(299,582 00)	Barclays Bank Plc	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	UNSECURED CREDITORS		
(2,556,560 07)	Trade & Expense Creditors	NIL	NIL
(67,631.04)	Employees	NIL	NIL
(34,861 84)	Dept of Employment	NIL	NIL
(267,424 00)	H M Revenue & Customs - PAYE & NI	NIL	NIL
(91,600 00)	H M Revenue & Customs - Corporatio	<u>NIL</u>	<u>NIL</u>
		NIL	NIL

Truly Advertising Ltd
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 04/12/2010 To 03/06/2011	From 04/12/2009 To 03/06/2011
	DISTRIBUTIONS		
(85 00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
<u>(3,039,820.41)</u>		<u>17,007.03</u>	<u>37,601.26</u>
	REPRESENTED BY		
	VAT Receivable		31,533 49
	Bank 1 Current - AIB		1,941 06
	Vat Control Account		4,626 71
	Unpaid Admin Fees		(500 00)
			<u>37,601.26</u>

ADMINISTRATORS' TIME COSTS AND EXPENSES

POLICY FOR RE-CHARGING EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Standard professional practice¹ requires that such charges should be disclosed to those who are responsible for approving his remuneration, together with an explanation of how those charges are made up and the basis on which they are arrived at.

DEFINITIONS

Required professional practice classifies expenses into two broad categories

- *Category 1 expenses (approval not required)* – specific expenditure that is directly related to a particular insolvency case, where the cost of the expense incurred is referable against an independent external supplier's invoice or published tariff of charges,
- *Category 2 expenses (approval required)* – all other items of expenditure
 - Which cannot, or cannot easily, be directly related to a particular insolvency case because there is an element of shared or allocated cost, and/or
 - Where the cost of the expense incurred is an estimated, untraced cost with the estimate based on external costs or opportunity cost.

CHARGING POLICY

- *Category 1 expenses (approval not required)* – with the exception of any items referred to below, all such items are re-charged to the case as they are incurred
- *Category 2 expenses (approval required)*
 - (A) The following items of expenditure are re-charged as described
 - Internal meeting room usage for the purpose of statutory meetings of creditors is re-charged at the rate of £100 (London £150) per meeting,
 - Car mileage is re-charged at the rate of 40 pence per mile,
 - Storage of books and records (when not rechargeable as a *Category 1 expense*) is recharged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates;
 - (B) The following items of expenditure will normally be treated as general office overheads not subject to a re-charge
 - Telephone and facsimile
 - Printing and photocopying
 - Stationery

A re-charge may be made, however, where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*

¹ Statement of Insolvency Practice 9 (SIP 9) effective from April 2007

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are usually set nationally, but vary to suit local market conditions. In this specific case, the rates are fixed with the secured creditor. The rates agreed upon at the date of this report are as follows:

Grade of staff	Charge-out Rate (£ per hour)
Partner	160
Director	160
Senior Manager	160
Manager	160
Assistant Manager	160
Senior Administrator	160
Administrator	160
Junior Administrator	160
Support Staff	160

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME Truly Advertsing Limited

CASE TYPE. ADMINISTRATION

OFFICE HOLDERS Antony Robert Fanshawe AND Mark Robert Fry

DATE OF APPOINTMENT 4 December 2009

1 CASE OVERVIEW

1 1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

1 2 Complexity of the case

In order to maximise realisations in the administration, significant time was spent on negotiating a pre-pack sale of the business and assets of the Company. External factors within the advertising and marketing industries were considered.

1 3 Exceptional responsibilities

There are no exceptional responsibilities.

1 4 The office holders' effectiveness

As detailed in the previous letter to creditors, the business and assets of the Company were sold on 4 December 2009. An offer of £50,000 was accepted and this exceeded the going concern valuation provided and what would be achieved on a break up basis. This amount was apportioned to each of the Group Companies based on their relative book values with regards to chattel assets and in proportion to their total turnover in respect of the balance.

1 5 Nature and value of property dealt with by the office holders'

As the business was primarily service based its physical assets consisted of office furniture and equipment. There was also an element of goodwill in respect of the employee team and client relationship.

1 6 Anticipated return to creditors

Please refer to the attached interim-progress report, which includes narrative details and an estimated outcome statement.

1 7 Time costs analysis

An analysis of time costs incurred between 4 December 2010 and 3 June 2011 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type.

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only.

Please refer to previous reports in relation to pre appointment time recovered in relation to work undertaken prior to the Joint Administrators appointment.

1 8 The views of the creditors

Creditors have been notified of the appointment, pre-pack sale of the business and received the joint administrators' proposals as well as a 6 and 12 month progress report. Queries received from creditors have been dealt with via telephone or in writing.

1.9 Approval of fees

Please refer to the administrators' proposals. We have sought approval for our fees from Barclays Bank Plc as and when they have been incurred.

1.10 Approval of Expenses and Disbursements

Please refer to the administrators' proposals. We have sought approval for our expenses and disbursements from Barclays Bank Plc as and when they have been incurred.

1.11 Other professionals employed & their costs

Agents and solicitors will be instructed based on their ability and expertise in dealing with the specific issues relating to this case.

Messrs Haines Watts has assisted with completion of pre-appointment tax returns. They have recharged their fees on a time costs basis.

Messrs TLT Solicitors assisted with dealing with the Sale Agreement and are assisting us with the application to court to seek an extension to the administration. They have recharged their fees on a time costs basis.

Messrs Dutton Gregory is assisting us with the collection of a book debt (as set out in the attached report). They are charging their fees on a conditional fee basis with a 100% uplift in the event of successful collection.

3. SUMMARY OF WORK CARRIED OUT SINCE OUR LAST REPORT

Since the date of our last report, the following work has been carried out:

- Attending to all statutory duties in the course of the administration
- Reporting to Barclays Bank on the progress of the administration
- Pursuing a book debt on behalf of RBSIF and monitoring book debt collections with Messrs Moreton Smith
- Dealing with the extension of the administration
- Liasing and reporting in accordance with the current legislation

