

Rule 2 47

Form 2.24B (CH)

The Insolvency Act 1986

**Administrator's progress report**

Name of Company  
Forty2 Digital Ltd

Company number  
06452117

In the  
High Court of Justice, Chancery Division,  
Companies Court

[full name of court]

Court case number  
21463 of 2009

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

I / 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, 41 Castle Way, Southampton, SO14 2BW

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

from

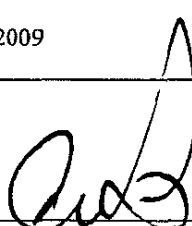
to

(b) Insert dates

(b) 2 December 2009

(b) 1 June 2010

Signed

  
Joint / Administrator(s)

Dated

11/7/2010

**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.

Begbies Traynor (Central) LLP	
41 Castle Way, Southampton, SO14 2BW	
	Tel Number 01722 435190
Fax Number 01722 421102	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

FRIDAY



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COMPANIES HOUSE

Antony Robert Fanshawe and Mark Robert Fry were appointed joint administrators on 2 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

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## **Forty2 Digital Ltd (In Administration)**

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

Period: 2 December 2009 to 1 June 2010

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### **Contents**

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  - 2 Joint administrators' time costs and expenses

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## 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Forty2 Digital Ltd (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 2 December 2009
"the joint administrators"	Antony Robert Fanshawe of Begbies Traynor (Central) LLP, 41 Castle Way, Southampton, SO14 2BW and Mark Robert Fry of Begbies Traynor (Central) LLP, 41 Castle Way, Southampton, SO14 2BW
"the Act"	The Insolvency Act 1986
"the Rules"	The Insolvency Rules 1986
"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(a), Insolvency Act 1986)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security and  (ii) 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(b), Insolvency Act 1986)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

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## 2. STATUTORY INFORMATION

Name of Company	Forty2 Digital Ltd
Trading name(s)	Smarter Communications
Date of Incorporation	12 December 2007
Company registered number	06452117
Company registered office	Presently 41 Castle Way, Southampton, SO14 2BW Previously 3rd Floor, Castlewood House, 77-91 New Oxford Street, London, WC1A 1DG

## 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of joint 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, 41 Castle Way, Southampton, SO14 2BW
Date of administrators' appointment	2 December 2009
Court	High Court of Justice, Chancery Division, Companies Court
Court Case Number	21463 of 2009
Person(s) making appointment / application	Directors
Acts of the joint administrators	The joint 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	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 2 December 2009 to 1 June 2010

As previously detailed, the Company received the sum of £750 in respect of its proportion of the proceeds from the sale of business and assets

To date book debtors have realised £10,166 and further realisations of c £3,000 are anticipated. Therefore, these amounts are in-line with the estimated outcome shown in the joint administrators' proposals

The sum of £5,476 has been received from the closure of the Company's pre-appointment bank account. No further realisations are expected in this respect.

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 £12,957. Total time spent to 1 June 2010 on this assignment amounts to 87.18 hours at an average composite rate of £160 per hour resulting in total time costs to date of £13,949. 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

## 5. ASSETS THAT REMAIN TO BE REALISED

Book debt collections remain ongoing but these are expected to be finalised prior to the first anniversary of the administration

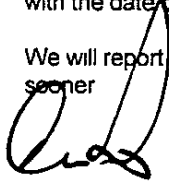
## 6. OTHER RELEVANT INFORMATION

You may be aware that an administrator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. In addition, an administrator is also required to consider the conduct of the Company's directors and to make an appropriate submission to the Department for Business, Innovation and Skills. We can confirm that we have discharged our duties in these respects

## 7. CONCLUSION

Finally, we are seeking the consent of the creditors to our future discharge as administrators by a resolution passed pursuant to Paragraph 98 of Schedule B1 to the Act. We seek the date of our discharge to coincide with the date on which our appointment as joint administrators ultimately ceases to have effect.

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

A handwritten signature in black ink, appearing to read 'M R Fry', is written over the word 'sooner' in the preceding paragraph.

M R Fry  
Joint Administrator

Dated 1 July 2010

# JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS, INCORPORATING ESTIMATED OUTCOME FOR CREDITORS

Period 2 December 2009 to 1 June 2010

Financial position as at administration £	Receipts & Payments to date £	Anticipated Receipts & Payments £	Projected Outcome £
<b>ASSETS NOT SPECIFICALLY PLEDGED</b>			
Records and WIP	300	-	300
Goodwill and Trademarks	450	-	450
Cash at Bank	5,476	-	5,476
Book Debts	10,166	3,000	13,166
<u>65,205</u>	<u>16,392</u>	<u>3,000</u>	<u>19,392</u>
<u>65,205</u>			
<b>Payments</b>			
Administrator's disbursements	(90)	(110)	(200)
Administrator's fees	(12,957)	(2,167)	(15,124)
Bank charges & Sundry	(120)	(10)	(130)
Bordereau (statutory bond)	-	(143)	(143)
Legal fees	(123)	(500)	(623)
Statutory advertising	(50)	(70)	(120)
Available for preferential creditors	<u>3,052</u>	<u>-</u>	<u>3,052</u>
<b>Held as</b>			
Bardays Bank Plc	766		
VAT	<u>2,286</u>		
	<u>3,052</u>		

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## JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

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



## BEGBIES TRAYNOR CHARGING POLICY

### 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 draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance<sup>1</sup> requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance<sup>2</sup> requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

### OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

### EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories

- *Category 1 expenses (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 expenses (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval)

- Car mileage is charged at the rate of 40 pence per mile.
- Storage of books and records (when not chargeable as a *Category 1 expense*) is charged 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.

<sup>1</sup> Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales (Effective 1 April 2007)

<sup>2</sup> *Ibid* 1

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*

- Telephone and facsimile
- Printing and photocopying
- Stationery

#### 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 fixed by the secured creditor. The rate agreed upon with the secured creditor that applies as 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	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                      Forty2 Digital Ltd  
CASE TYPE                      ADMINISTRATION  
OFFICE HOLDERS                Antony Robert Fanshawe AND Mark Robert Fry  
DATE OF APPOINTMENT        2 December 2009

TRULY ADVERTISING LTD ("TRULY")  
LEFTFIELD DIGITAL LTD ("LEFTFIELD")  
FORTY2 DIGITAL LTD ("FORTY2")  
(ALL IN ADMINISTRATION) ("the Group")

### 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 Group 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 progress report, which includes narrative details and an estimated outcome statement.
- 1.7 **Time costs analysis**  
An analysis of time costs incurred between 2 December 2009 and 1 June 2010 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.

In addition to the post appointment time costs detailed in the time costs analysis, pursuant to rule 2.67(1)(c) of the Insolvency Rules 1986, the office holders' consider that the sum of £400 plus VAT is also properly recoverable in relation to work undertaken prior to their appointment consisting of determining whether it was reasonably likely that the purpose of administration would be achieved and completing the required statements of the proposed administrators. The sum is calculated as follows:

	Partner(s)	Manager(s)	Total Hours	Time Cost	Average Hourly Rate
Hourly Rate	£160	£160			
Pre-appointment Time	0 hours	2.5 hours	2.5 hours	£400	£160

**1.8 The views of the creditors**

Creditors have been notified of the appointment and pre-pack sale of the business. Queries received from creditors have been dealt with via telephone or in writing.

**1.9 Approval of fees**

Please refer to the administrators' proposals.

**1.10 Approval of Expenses and Disbursements**

Please refer to the administrators' proposals.

**1.11 Other professionals employed & their costs**

Agents and solicitors were instructed based on their ability and expertise in dealing with the specific issues relating to this case. Fees incurred to date are detailed in the attached account.

**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 relation to the appointment of joint administrators
- Processing the claims of employees and reporting to the redundancy office
- Realisation of Company assets, including book debts and cash at bank
- Liaising and reporting in accordance with the current legislation

Forty 2 Digital Limited  
Time costs analysis for the period from 2 December 2009 to 1 June 2010

Total fees drawn to date