

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)

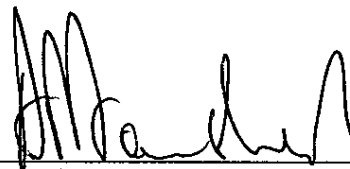
I / We (a) Antony Robert Fanshawe of Begbies Traynor (Central) LLP, 41 Castle Way, Southampton, SO 2BW and Mark Robert Fry of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT

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

(b) Insert dates

from	to
(b) 2 June 2010	(b) 11 November 2010

Signed


 Joint / Administrator(s)

Dated

12.11.10

Contact Details:

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

Begbies Traynor (Central) LLP	
41 Castle Way, Southampton, SO14 2BW,	
	Tel Number 023 8023 3522
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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

TUESDAY

Antony Robert Fanshawe and Mark Robert Fry 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

Forty2 Digital Ltd (In Administration)

Final Progress Report of the joint administrators
pursuant to Rules 2.47 and 2.110 of The Insolvency
Rules 1986

Period: 2 June 2010 to 11 November 2010

Contents

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 - 2 Summary of administrators' proposals, including major amendments to, and deviations from them
 - 3 Joint administrators' time costs and expenses

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, 32 Cornhill, London, EC3V 3BT
"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

2. STATUTORY INFORMATION

Name of Company	Forty2 Digital Ltd
Trading name(s)	None
Date of Incorporation	12 December 2007
Company registered number	06452117
Company registered office	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, 32 Cornhill, London, EC3V 3BT
Date of administrators' appointment	2 December 2009
Date of administrators' resignation	NA
Court	High Court of Justice, Chancery Division, Companies Court
Court Case Number	21463 of 2009
Person(s) making appointment / application	the 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 / territorial] 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 June 2010 to 11 November 2010. This report should be read in conjunction with our previous report to creditors dated 1 July 2010.

No further realisations have been made since the date of our last report.

Remuneration

As previously reported the joint administrators' remuneration is fixed by reference to the time properly given by the joint administrators (as administrators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters arising in the administration and they are authorised to draw disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9), in accordance with their firm's policy, details of which accompanied the *Statement of Proposals of the Joint Administrators for Achieving the Purpose of the Administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986*.

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

Total remuneration drawn in accordance with the above approval amounts to £15,981.35. Total time spent on this assignment amounts to 100.68 hours at an average composite rate of £160 per hour resulting in total time costs to date of £16,109. The following further information as regards time costs and expenses is set out at Appendix 3.

- ☐ 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. ADMINISTRATOR'S PROPOSALS

Attached at Appendix 2 is a summary of the joint administrators' proposals as approved by the initial meeting of creditors held on 28 January 2010.

No major amendments to or deviations from those proposals have been made.

6. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

The Company received the sum of £750 in respect of its proportion of the proceeds from the sale of business and assets of the group.

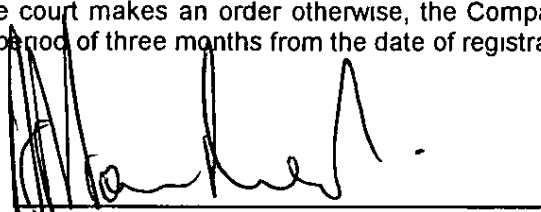
Book debts of £10,166.32 have been realised. These amounts are in-line with the estimated outcome shown in the joint administrators' proposals. The remaining debtors were written-off as uncollectable.

The sum of £5,476 was also received from the closure of the Company's pre-appointment bank account.

7. OUTCOME

As the Notice accompanying this report confirms, once registered by Companies House (which we anticipate shortly), our appointment as joint administrators will cease to have effect and, unless the court makes an order otherwise, the Company will be deemed dissolved at the end of the period of three months from the date of registration of the notice (Form 2 35 B)

Name

A handwritten signature in black ink, appearing to be 'M. Fisher', written over a horizontal line.

Joint Administrator

Date

11 November 2010

Forty2 Digital Ltd
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 02/06/2010 To 12/11/2010	From 02/12/2009 To 12/11/2010
	FIXED CHARGE ASSETS		
750 00	Goodwill	<u>NIL</u>	<u>750 00</u>
		NIL	750 00
	FIXED CHARGE CREDITORS		
NIL	Fixed Charge Creditor (1)	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	ASSET REALISATIONS		
9,941 32	Debtors not subject to FC	NIL	10,166 32
5,476 10	Cash at Bank	NIL	5,476 10
	Bank Interest Gross	<u>NIL</u>	<u>0 20</u>
		NIL	15,642 62
	COST OF REALISATIONS		
	Office Holders Fees	5,120 55	15,981 35
	Office Holders Expenses	28 42	117 52
	Legal Fees (1)	NIL	123 39
	Stationery & Postage	NIL	75 88
	Statutory Advertising	NIL	50 40
	Bank Charges	<u>NIL</u>	<u>44 08</u>
		(5,148 97)	(16,392 62)
<u>16,167.42</u>		<u>(5,148.97)</u>	<u>(0.00)</u>
	REPRESENTED BY		
			<u>NIL</u>

SUMMARY OF ADMINISTRATORS' PROPOSALS, INCLUDING MAJOR AMENDMENTS TO AND DEVIATIONS FROM THEM

Proposals approved at the initial creditors' meeting held on 28 January 2010

- (1) "That the joint administrators' remuneration be fixed by reference to the time properly given by the joint administrators (as administrators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters arising in the administration "
- (2) "That the joint administrators be authorised to draw disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9), in accordance with their firm's policy, details of which accompanied *The Statement of Proposals of the Joint Administrators for Achieving the Purpose of the Administration pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986* "
- (3) "That the joint administrators' be discharged from liability in respect of any actions of theirs as administrators, pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, with effect from the date their appointment as joint administrators ceases to have effect "
- (4) "That the joint administrators' be authorised to implement the provisions of Paragraph 83 of Schedule B1 to the Act whereby on the registration of a notice sent to the Registrar of Companies, their appointment as joint administrators cease to have effect and the Company will automatically be placed into creditors' voluntary liquidation "
- (5) "That the joint administrators seek nomination as joint liquidators in any subsequent winding up of the Company "
- (6) "That the joint administrators be authorised to be authorised to implement the provisions of Paragraph 84 of Schedule B1 to the Act when they are satisfied that their duties as administrators are fully discharged and the purpose of the administration full achieved Under these provisions, on the registration of a notice sent by them to the Registrar of Companies, their appointment as joint administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved "
- (7) "That the joint administrators be authorised to extend the period of the administration by either court order or consent of the creditors for a period not exceeding six months, in order to ensure that the objective of the administration can be fully achieved "

JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

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 guidance¹ 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 guidance² 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 disbursements (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 disbursements (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)

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 per meeting,
- Car mileage is charged at the rate of 40 pence per mile,

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² *Ibid* 1

- Storage of books and records (when not chargeable as a *Category 1 disbursement*) 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,

(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 disbursement*:

- 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 set nationally, but vary to suit local market conditions. The rates applying to the Southampton office as at the date of this report are as follows:

Grade of staff	Charge-out Rate (Per hour) £
Partner 1	395
Partner 2	350
Director	325
Senior Manager	295
Manager	250
Assistant Manager	195
Senior Administrator	160
Administrator	130
Trainee Administrator	100
Support	100

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 6 minute units.

Time costs analysis for the period from 2 December 2009 to 11 November 2010

15081

Total fees drawn to date

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 11 November 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.