

The Insolvency Act 1986

**Administrator's progress report****2.24B**

Name of Company <b>BECAUSE LIMITED</b>	Company number <b>03547059</b>
In the High Court of Justice, Chancery Division, Companies Court	Court case number <b>5427 / 2011</b>

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

We (a) A J Duncan & M C Healy of Leonard Curtis, One Great Cumberland Place,  
Marble Arch, London W1H 7LW

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

(b) Insert dates	from (b) 22 June 2011	to (b) 21 December 2011
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Signed

Joint Administrator

Dated

20/1/12**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.

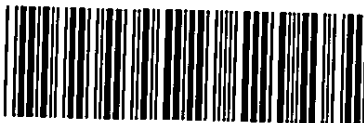
Leonard Curtis	
One Great Cumberland Place, Marble Arch, London W1H 7LW	
Ref MKE/31	Tel 020 7535 7000
DX Number	DX Exchange

you have completed and signed this form please send it to the Registrar of Companies at Companies

, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

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**LEONARD CURTIS**  
BUSINESS RESCUE & RECOVERY

**BECAUSE LIMITED  
(IN ADMINISTRATION)**

Registered Number: 03547059

**Joint Administrators' First Progress Report  
for the period from 22 June 2011 to 21 December 2011**

**20 January 2012**

Leonard Curtis  
One Great Cumberland Place, Marble Arch,  
London W1H 7LW  
Tel 020 7535 7000 Fax 020 7723 6059  
solutions@leonardcurtis.co.uk  
Ref LJ31/MKE/SBEC03/1010

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## **APPENDICES**

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**TO. ALL CREDITORS AND THE REGISTRAR OF COMPANIES**

**1 STATUTORY INFORMATION**

- 1 1 I was appointed Joint Administrator of Because Limited ("the Company") together with James Bradney on 22 June 2011. The commencement of the Administration and appointment of the Joint Administrators was made by Order of the High Court on 22 June 2011. Michael Healy replaced James Bradney as Joint Administrator on 14 December 2011 by Order of the High Court. Mr Healy is licensed in the UK by the Insolvency Practitioners Association and I am licensed in the UK by the Institute of Chartered Accountants for England and Wales.
- 1 2 The Administration proceedings are under the jurisdiction of the High Court of Justice under Court reference number 5427 of 2011.
- 1 3 In accordance with paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 ("the Act"), the function of the Joint Administrators may be exercised by either or both, acting jointly or alone. The initial period of the Joint Administrators' appointment has not been extended.
- 1 4 The Company was incorporated on 17 April 1998 and commenced to trade shortly thereafter. The Company's registered office was changed from Lync House, 149 Hammersmith Road, London W14 0QL to 3<sup>rd</sup> Floor, 39-45 Shaftesbury Avenue, London W1D 6LA following my appointment and then subsequently to One Great Cumberland Place, Marble Arch, London W1H 7LW. The registered number is 03547059.
- 1 5 On 4 August 2011, the Joint Administrators sent a statement of proposals to all creditors of the Company. A meeting of creditors was held on 19 August 2011 at which these proposals were approved. There have been no major amendments to, or deviations from, those proposals.
- 1 6 The Company's main centre of operations is based in the UK. The EC Regulation on Insolvency Proceedings applies and the proceedings are main proceedings under the Regulation.

**2 STEPS TAKEN DURING THE ADMINISTRATION AND PROGRESS TO DATE**

- 2 1 This report should be read in conjunction with the Joint Administrators' initial letter to creditors dated 29 June 2011 and the previous report dated 4 August 2011.

**Sale of Business**

- 2 2 As previously reported, deferred consideration of £50,000 relating to goodwill, work in progress and office furniture and equipment was due by 31 August 2011 and I am able to confirm that this has all been received in full.

**Factored Book Debts**

- 2 3 Bibby Financial Services Limited ("Bibby") have now confirmed that they were owed £57,681.15 against a ledger of £137,202.77 as at 22 June 2011. A book debt surplus of £53,021.05 has been received from Bibby. Efforts regarding the collection of the remaining book debts are ongoing.

**Cash at Bank**

- 2 4 The statement of affairs showed an estimated to realise value of £662 which has been received.

**Deferred Consideration**

- 2 5 As previously reported, in accordance with the sale and purchase agreement, 2.5% of the purchaser's gross profit up to 31 December 2011 is due to be paid by 31 January 2012. At this time the exact amount of this asset remains uncertain but it is estimated to be in the region of £15,000.

**Rent deposit**

- 2 6 The rent deposit provided by the Company was retained by the landlord pursuant to the agreement negotiated with the landlord regarding a surrender of the premises lease.

**Retention of Title**

- 2 7 No retention of title claims have been received in the Administration.

**Premises**

- 2 8 A surrendered of the lease for the premises at 3<sup>rd</sup> Floor Lync House, 149 Hammersmith Road, London W14 0QL has now been agreed with the landlord as mentioned in paragraph 2.6.

**Other Assets**

- 2 9 To date, bank interest totaling £9.35 has been received.

**Secured Creditors**

- 2 10 In consideration for the monies advanced under their invoice discounting agreement, the Company granted Bibby a mortgage debenture, which confers fixed and floating charges over all of the assets of the Company. Bibby have been repaid in full.

**Preferential Claims**

- 2 11 There are no preferential claims in this case. The employees of the Company were transferred under TUPE to the purchaser of the Company's business and assets, Simply Because Limited.

**Prescribed Part**

- 2 12 As the secured creditor has been repaid in full from the assigned book debts there will be no requirement to set aside a prescribed part of net property.

**Unsecured Claims**

- 2 13 All unsecured non-preferential claims will be subject to agreement by a subsequently appointed Liquidator in due course, should Liquidation be the appropriate exit route from Administration. The statement of affairs indicates unsecured claims totalling £702,653. Based on present information, it is likely that funds will be available to distribute to unsecured creditors, however the quantum is uncertain at this stage as this is subject to further realisations and the costs of the Administration.

**Investigations**

- 2 14 We have complied with our statutory obligations under the Company Directors Disqualification Act 1986 and a report has been submitted to the appropriate authority.

## Because Limited – In Administration

2 15 We have carried out enquiries that we considered to be proportionate to the circumstances of the case. After completing these we were of the opinion that there were no matters that might lead to recoveries for the estate and that no further investigation was appropriate.

2 16 Attached as Appendix A is a summary of our receipts and payments account for the period from 22 June 2011 to 21 December 2011, the contents of which are self-explanatory.

### 3 ACHIEVING THE PURPOSE OF ADMINISTRATION

3 1 As advised in our previous report, the Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:

(a) rescuing the Company as a going concern, or (if this cannot be achieved)

(b) 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 (if (a) and (b) cannot be achieved)

(c) realising property in order to make a distribution to one or more secured or preferential creditors

3 2 We are obliged to perform our functions in the interests of the Company's creditors as a whole and, where the objective of the Administration is to realise property in order to make a distribution to secured or preferential creditors, we have a duty not to unnecessarily harm the interests of the creditors as a whole.

3 3 In our opinion, the first objective was not achievable. The shareholders and directors had indicated that they were unable to provide further funding owing to amounts already invested and no further third party funding could be identified.

3 4 The second objective has been achieved, as a sale of the business upon our appointment has resulted in funds being received in the Administration, which would not otherwise be the case had the Company been wound up and therefore a better result for the Company's creditors as a whole has been achieved.

3 5 As the second objective is likely to be achieved it is not necessary to consider the third objective.

3 6 The Administration has been, and will continue to be, financed by monies received from asset realisations.

### 4 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

4 1 In accordance with the resolution passed at the meeting of creditors held on 19 August 2011, the Joint Administrators' remuneration is fixed and payable by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration.

4 2 As advised in our previous report dated 4 August 2011, the Joint Administrators' time costs from 22 June 2011 to 21 July 2011 were £3,528.25. Since that time further costs of £14,184.25 have been incurred. These total costs are summarised at Appendix B and comprise 80.7 hours at an average rate of £219.49 per hour. In accordance with the approval given, £10,410.50 has been paid on account of these costs. Costs have been incurred in the following main areas of activity:

- **Statutory & Review**

This includes time spent dealing with statutory requirements and case reviews.

## Because Limited – In Administration

- **Assets**

This includes time spent liaising with the purchaser of the company's assets and agents. Time continues to be incurred in collecting the deferred consideration.

- **Liabilities**

This includes time dealing with telephone enquiries from creditors as well as general correspondence with creditors.

- **Landlords**

This includes time spent corresponding with the Landlord and Landlord's agents to deal with the surrender of the lease.

- **Post Appointment Creditor Reporting**

This includes time spent in the compiling of reports to creditors, including the Joint Administrators' proposals sent to creditors on 4 August 2011 and all the supporting documentation. This also includes time spent on preparation for the meeting of creditors held on 19 August 2011.

4.3 Creditors also approved the basis upon which the Joint Administrators recharge internal disbursements that include an element of allocated costs. These are known as Category 2 costs and the basis of their recharge is also attached at Appendix C. Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as "category 1 disbursement". Category 1 disbursements will generally comprise items such as identifiable telephone calls, postage, advertising, invoiced travel and properly reimbursed expenses, incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and storage.

4.4 In this case the following Category 2 costs have been incurred during the period of this report and, where shown, reimbursed to our company:

Type	Incurred £'s	Paid £'s	Unpaid £'s
Internal photocopying @ 10p per copy	206.80	206.80	-
General stationery, postage, telephone etc @ £100 per 100 creditors/ members or part thereof	34.88	34.88	-
<b>Total</b>	<b>241.68</b>	<b>241.68</b>	<b>-</b>

4.5 Further details of our company's charge out rates and policy regarding recharge of disbursements, staff allocation, support staff and the use of subcontractors are attached at Appendix C.

4.6 We have used the following professional advisors, including subcontractors:

Name of Professional Advisor	Service Provided	Basis of Fees
Gateley LLP	Legal Advice	Time Cost Basis
William Morton Thornton LLP	Marketing Advice	Time Cost Basis
AgentCite Limited	Valuation of Company Assets	Time Cost Basis

4.7 Details of our company's policy regarding the choice of advisors and the basis for their fees are also attached at Appendix C.

**5 PRE-ADMINISTRATION COSTS**

The following amounts in respect of pre-administration costs have been incurred and paid out of funds paid to Bridge Business Recovery prior to appointment

Charged by	Services provided	Amount paid £'s	Amount unpaid £'s
Bridge Business Recovery	Advising directors and negotiation of the sale to Simply Because Limited	17,602 50	Nil
William Morton Thornton LLP	Assessment of the marketability of Because Limited	5,736 00	Nil
Gateley LLP	Validity of debenture review	5,641 50	Nil
AgentCite Limited	Valuation of Company assets	1,020 00	Nil

**6 CREDITORS' RIGHTS**

- 6 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report
- 6 2 Within 14 days of receipt of the request, we must provide all of the information asked for, except so far as we consider that -
- i) the time or cost of preparation of the information would be excessive, or
  - ii) disclosure of the information would be prejudicial to the conduct of the Administration or might reasonably be expected to lead to violence against any person, or
  - iii) we are subject to an obligation of confidentiality in respect of the information

We must also give reasons for not providing all of the information

- 6 3 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to Court on the grounds that the basis fixed for the Joint Administrator's remuneration, the remuneration charged or the expenses incurred by the Joint Administrators as set out in this progress report are excessive

**7 EXTENSION OF ADMINISTRATION**

- 7 1 The appointment of the Joint Administrators ceases to have effect at the end of the period of one year beginning with the date on which it takes effect
- 7 2 It may be desirable to extend the period of the Administration term of office for a specified period not exceeding six months. If this is appropriate we will require the consent of the creditors
- 7 3 In this case we have not yet sought an extension and do not believe one will be necessary



**Because Limited – In Administration**

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**8 FURTHER ASSETS TO BE REALISED**

- 8 1 The sole remaining asset to be realised is 2.5% of the purchaser's gross profit to 31 December 2011 as detailed in paragraph 2.5 above

**9 OTHER RELEVANT INFORMATION**

- 9 1 The automatic deadline for the Administration to end is 21 June 2012
- 9 2 Based on current information, it is anticipated that there will be sufficient funds available in order to make a distribution to the unsecured creditors of the Company
- 9 3 When we consider it appropriate, we will give notice to the Registrar of Companies to move the Company from Administration into CVL. Following registration of this notice, the appointment of the Joint Administrators will cease to have effect and the appointment of a Liquidator will be effective. In accordance with the Joint Administrators' proposals approved by creditors, I will become Liquidator
- 9 4 In the event that there are insufficient monies available to declare a dividend to ordinary unsecured creditors of the Company, we will give notice to Registrar of Companies to move the Company directly from Administration to dissolution

Creditors requiring further information should contact our office, in writing. Electronic communications should also contain a full postal address

for and on behalf of  
**BECAUSE LIMITED**



**A J DUNCAN**  
Joint Administrator

Licensed in the UK by the Institute of Chartered Accountants in England and Wales

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability

APPENDIX A

Summary of Joint Administrators' Receipts and Payments  
from 22 June 2011 to 21 December 2011

	Statement of Affairs	Floating	Total
	£	£	£
<b>RECEIPTS</b>			
Book Debts Surplus	62,426 00	53,021 05	53,021 05
Other Book Debt	0 00	1,080 96	1,080 96
Office Furniture & Equipment	10,000 00	10,000 00	10,000 00
Work In Progress	10,000 00	10,000 00	10,000 00
Goodwill	30,000 00	30,000 00	30,000 00
Cash at Bank	662 00	662 00	662 00
Deferred Consideration	Uncertain	-	-
	<hr/>	<hr/>	<hr/>
	113,088 00	104,764 01	104,764 01
	<hr/>		
Bank Interest		9 35	9 35
		<hr/>	<hr/>
		104,773 36	104,773 36
<b>PAYMENTS</b>			
Joint Administrators' Fees		10,410 50	10,410 50
Joint Administrators' Disbursements		241 68	241 68
Legal Fees		552 75	552 75
Insurance		316 80	316 80
Advertisements		213 00	213 00
Agents Fees		200 50	200 50
IT Licence Fee		75 00	75 00
Legal Disbursements		35 00	35 00
		<hr/>	<hr/>
		12,045 23	12,045 23
		<hr/>	<hr/>
Balance in Hand		92,728 13	92,728 13
		<hr/>	<hr/>

Summary of Joint Administrators' Time Costs from 22 June 2011 to 21 December 2011

	Director		Associate Director		Senior Manager		Manager		Administrator		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
Statutory & Review	23	1,035 00	-	-	4	130 00	65	1,137 50	8	80 00	100	2,382 50	238 25
Assets	9	405 00	-	-	1	32 50	10	175 00	-	-	20	612 50	306 25
Liabilities	25	1,125 00	-	-	6	195 00	94	1,645 00	-	-	125	2,965 00	237 20
Landlords	12	540 00	-	-	-	-	5	87 50	-	-	17	627 50	369 12
General Administration	-	-	-	-	-	-	379	6,632 50	3	30 00	382	6,662 50	174 41
Post Appointment Creditor Reporting	52	2,340 00	12	420 00	4	130 00	-	-	12	120 00	80	3,010 00	376 25
Investigations	-	-	-	-	-	-	83	1,452 50	-	-	83	1,452 50	175 00

Total

121 5,445 00 12 420 00 15 487 50 636 11,130 00 23 230 00 807 17,712 50

Average Hourly Rate (£)

450 00 350 00 325 00 175 00 100 00 219 49

All Units are 6 minutes

**ADDITIONAL INFORMATION IN RELATION TO THE POLICY OF LEONARD CURTIS REGARDING FEES AND DISBURSEMENTS**

The following information relating to the policy of Leonard Curtis is considered to be relevant to creditors

**Staff Allocation and Support Staff**

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case.

Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution of the secured and/or preferential creditors, a creditors' committee or creditors generally, that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters arising in the appointment, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the office holders reserve the right to obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rate given below.

With effect from 1 January 2010 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis

	Standard £	Complex £
Director	450	563
Associate Director	350	438
Senior Manager	325	406
Manager 1	250	313
Manager 2	200	250
Manager 3	175	219
Senior Administrator	150	188
Administrator	100	125
Support	0	0

**Subcontractors**

Details and the cost of any work which has been or is intended to be sub-contracted out that could otherwise be carried out by the office holders or their staff will be provided in any report which incorporates a request for approval of the basis upon which remuneration may be charged.

**Professional Advisors**

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements. The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

**Disbursements**

- a) **Category 1 disbursements** These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the office holder or his or her staff.
- b) **Category 2 disbursements** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Storage of office files (6 years)	£88.75 per box
Room hire	£100
Business mileage	45p per mile