

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company

Branded Media Limited

Company number

04623064

In the
Portsmouth County Court

(full name of court)

Court case number
980 of 2010(a) Insert full
name(s) and
address(es) of
administrator(s)

We (a)
 Carl Derek Faulds
 Portland Business & Financial Solutions
 1640 Parkway
 Solent Business Park
 Whiteley
 Fareham
 Hampshire
 PO15 7AH

James Richard Tickell
 Portland Business & Financial Solutions
 1640 Parkway
 Solent Business Park
 Whiteley
 Fareham
 Hampshire
 PO15 7AH

*Delete as
applicable

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) 17th January 2011

Signed



Joint Administrators

Dated

18th January 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 researchers of the
 public record

Carl Derek Faulds
 Portland Business & Financial Solutions
 1640 Parkway
 Solent Business Park
 Whiteley
 Fareham
 Hampshire
 PO15 7AH

DX Number post@portbfs.co.uk

01489 550 440
 DX Exchange

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

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Joint administrators' proposals

- 1 The administration will move to creditors' voluntary liquidation, in accordance with paragraph 83 of schedule B1 to the Insolvency Act 1986 when we judge the timing to be appropriate and in any event within six months of our appointment as long as we continue to think there will be a distribution to unsecured creditors at that time. We propose that the joint administrators will become the joint liquidators, although creditors are entitled to nominate other practitioners to act if this is done before these proposals are considered.
- 2 If, contrary to our current thought, the eventual outcome is such that there are insufficient funds to enable a distribution for unsecured creditors, we shall arrange for the dissolution of the company, in accordance with paragraph 84 of schedule B1 to the Insolvency Act 1986, once the functions of administration are completed.
- 3 In the meantime, the administrators will continue to address the disposals of the business assets and collect in the outstanding debts. Where asset realisations allow, the cost of the administration procedure along with any preferential claims and any secured claims will be settled during the administration, leaving a surplus to be distributed to unsecured creditors in the liquidation.
- 4 A routine investigation into the events leading up to the failure of the company and scrutiny of any preceding transactions with a view to recovery for creditors will generally take place in the liquidation. Given that we intend to move to liquidation, only a limited amount of preparatory work will take place in the administration.
- 5 In the event that a creditors' committee is not formed, our remuneration as administrators shall be fixed on the basis set out in rule 2.106(2)(b) of the Insolvency Rules 1986, (by reference to the time properly given by the office holders and their staff in attending to matters arising in the administration) and we shall draw amounts on account of such remuneration as we see fit. The disbursements and expenses necessarily incurred in connection with this case will be reimbursed according to the details given in this document. The same basis of remuneration, as defined by rule 4.127 (2)(b) will apply for the liquidation.
- 6 Portland Business & Financial Solutions is authorised to draw a fee and disbursements of £3,000 plus VAT in respect of time costs incurred in work undertaken prior to the appointment of the joint administrators, in particular in deciding whether acceptance of the director's nomination was appropriate, dealing with any creditors entitled to notice of the appointment and in dealing with the formalities of placing the company into administration, all in accordance with rule 2.67(1)(c) of the Insolvency Rules 1986.

Branded Media Limited in administration

- 7 Portland is authorised to draw a fee of £7,000 plus VAT, based on the time costs incurred prior to our appointment in advising the company about the impending insolvency, in assessing the financial position of the company, in reviewing the company's work in progress with a view to ascertaining the viability of completing it during the administration and in dealing with then necessary preparations to trade the company in administration. These are areas that would need to have been completed during the administration in any event but were more effectively completed beforehand.
- 8 In accordance with paragraph 98 of Schedule B1 to the Insolvency Act 1986, our discharge from liability in respect of any action as administrators takes effect when we file the prescribed forms at Companies House to cause the administration to cease.

Carl Derek Faulds
Joint Administrator
17th January 2011

Branded Media Limited in administration

This statement provides background information about the company, the events leading up to the administration appointment and the conduct of the administration

Statutory company information

Details of the court and the reference number

Supervising court	Portsmouth County Court	Court reference no	980 of 2010
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Details of the company

Full registered name	Branded Media Limited	Former registered office (before being changed to the administrators' office)	8a The Gardens Broadcut Fareham Hampshire PO16 8SS
Registered number	04623064	Trading address	Unit A Lutyens Industrial Centre Bilton Road Basingstoke Hampshire RG24 8LJ
Other trading names	N/A		

Details about the administration appointment

Name of administrators and licensing bodies	James Richard Tickell	Insolvency Practitioners Association	
	Carl Derek Faulds	Insolvency Practitioners Association	
Date of appointment	9 th December 2010	Appointor	The director of the company
Allocation of administrators' powers	All the powers and functions of an administrator are exercisable by either or both of the appointed administrators		
EC regulations	The EC regulations concerning insolvency proceedings apply to this administration and these are main proceedings		

Directors and secretary of the company

Name of director	Shareholding
Sean J Fergusson	100 Ordinary £1 shares – sole shareholder
Company secretary	Chantal D Fergusson

Branded Media Limited in administration

1 The circumstances leading to the appointment of an administrator

- 1.1 The company's business is as a media and print duplication management company, providing marketing, mailshot and media packaging to a wide range of clients from marketing and PR agencies to charities. The company operated from leasehold premises in Lutyens Industrial Centre, Basingstoke, for which it entered into a five-year lease in August 2006 for a rental consideration of £101k per annum.
- 1.2 The company was incorporated in December 2002 by Sean Fergusson who had previous experience working for a large organisation in the CD/DVD reproduction industry. The company was incorporated to offer clients a one-stop solution to their media needs by facilitating all the services that may be required rather than requiring contact with multiple suppliers.
- 1.3 The company was funded at the outset by a cash injection of £30,000 by the director, who set the company up having worked within the industry for a number of years. The business quickly outgrew its initial premises and moved a number of times before a significant expansion into premises in Lutyens Business Centre. As the company expanded it required additional finance which was supplied by Barclays Bank Plc, who provided a term loan to the company, the balance outstanding on this loan was £31k at the date of administration. The company has not operated an overdraft facility for the past two years. Barclays Bank Plc was granted a fixed and floating charge debenture over the assets of the company on 21st June 2006, it also held the personal guarantee of the director limited to £80,000 in respect of funds advanced to the company.
- 1.4 The company had approximately 14 employees but also used a small number of key suppliers to manufacture and distribute the goods it sold for which it acted as agents. Further details of the company can be found on the website at www.brandedmedia.net.
- 1.5 The company experienced rapid year on year growth in turnover up until 2008, as the director sought to expand and diversify the company's operations. The company has always operated with a high gross margin on the goods it provides and was cash positive by virtue of taking new orders on a pro-forma basis and establishing extended credit terms with a number of key suppliers. As the company's main operation is in providing material relating to marketing campaigns it has suffered a significant drop in turnover and enquiries since the last quarter of 2008, as companies in the private and public sector cut marketing budgets.

Branded Media Limited in administration

	Year ending - 31st December		
	2009 £000	2008 £000	2007 £000
Turnover	4,202	6,066	5,042
Gross margin	1,264	1,697	1,491
	30%	28%	30%
Overheads	(1,280)	(1,702)	(1,548)
Net interest	(14)	(16)	(25)
Other operating income	-	-	3
Tax on loss on ordinary activities	-	-	1
Net profit/(loss)	(30)	(21)	(77)
Dividends	-	-	(29)
Retained earnings	(30)	(21)	(106)

- 1 6 The company's previous scaling up of operations did not leave it well placed to deal with the sudden drop in turnover from 2008 onwards, and the director struggled to bring onerous overhead costs under control. Recognising the need to replace the income lost from the company's core operations the director entered into a three year licensing agreement with IMG Media in July 2009 to handle the sale and distribution of official branded products (World's Strongest Man) and the development and operation of a website to market and sell them. Although this did result in an initial financial outlay to develop the website the director believed it offered an opportunity to broaden the operations of the company and the potential for future additional licensing work should the agreement progress well.
- 1 7 The company continued to see reduced orders throughout 2010, with turnover continuing to fall and the licensing deal failing to adequately replace the lost turnover associated with the core operations. The director placed his full focus on winning new work, and travelled extensively seeking new customers. In addition new works were consistently undertaken on a pro-forma basis to keep the company cash positive and enable it to make payments to creditors. Although the director was successful in winning new work from new sources, the company had by the last quarter of 2010 begun to incur significant debts to its major suppliers, who were increasingly placing the company under pressure and threatening to prevent the completion of future and on-going orders.
- 1 8 The director first took our advice at the beginning of November 2010 when it became clear to him that the company had difficulties and he needed advice about how to respond. We explained the options to them and assisted them to achieve a review of the company's on-going work-in progress and to formulate the best strategy by which to

Branded Media Limited in administration

market the business for sale, whilst maintaining the value attributable to the company's considerable contact list

- 1 9 Upon completing a review of the company's on-going work-in progress it became apparent that there was a benefit to the company's creditors in seeking to complete a number of incomplete but profitable orders. It was concluded that it would be in the interest of creditors for an officeholder in administration to complete these works, as the company had been experiencing increased pressure from a number of key suppliers in respect of accrued aged debt. An administrator could effectively complete the work-in progress in a short trading period whilst the company was afforded the protection of administration.
- 1 10 We were aware that there may be interest in the business of the company, particularly in relation to its considerable list of clients and the expertise of the incumbent staff. It was agreed that whilst operating the short trading period in the administration, a sales memorandum would be prepared and distributed to known interested parties and those whom the director believed may have an interest in the company's business.
- 1 11 The director provided formal instructions at the end of November 2010 that the company should be placed into administration. Administration was chosen because an appointment could be made quickly to achieve protection for assets and put an office holder in place to make pressing decisions before customers were let down and the goodwill dissipated. It also affords the company the necessary manoeuvrability to attempt to achieve a sale of the business.
- 1 12 Before an appointment could be made, Barclays Bank Plc was given formal notice of the impending administration in accordance with its entitlement as a chargeholder. Upon being notified Barclays Bank Plc cleared the outstanding balance due to them of £31k in respect of a term loan provided to the company from the credit balance held in the company's bank account. It then duly consented to the proposed strategy and the appointment of the administrators at short notice, with the appointment then taking place on 9th December 2010.

2 Achieving the purpose of administration

- 2 1 The statutory objectives of administration are to rescue the company as a going concern, to achieve a better result for the company's creditors as a whole than would be likely in a winding up without administration and to realise property in order to make a distribution to secured or preferential creditors. We are obliged to pursue the first objective in the first instance, only if this is not practicable, we should pursue the second objective and then the third in that order.
- 2 2 Following our appointment, we took immediate steps to safeguard the assets and to notify creditors of our appointment. We continued the company's business for a short period of time because we had the opportunity to complete some profitable work in progress and maintain any attributable goodwill associated with the company by ensuring customer orders (where possible) were fulfilled. This involved consultations

Branded Media Limited in administration

with the employees, customers, suppliers and landlord, whose support was key in completing on-going projects in an expedient fashion

2 3 We concluded that it was not realistic in practice to be able to rescue the company as a going concern. This reflected the following obstacles -

2 3 1 The inability and/or unwillingness of the shareholder to provide further capital to ensure solvency

2 3 2 The inability of the company to secure additional banking facilities

2 3 3 The business was fundamentally loss-making in the current structure and would only be able to survive by being taken over by a stronger owner and/or without the encumbrance of onerous costs

2 3 4 We were reluctant to allow the company to continue trading for anything longer than a very short period during the administration. Our commercial judgement was that the risk of likely losses was not justified by the likelihood of success in restructuring the company. Conversely, an approach of a sale and distribution of proceeds was preferable

2 4 During the administration, we took steps to market the business assets for sale. Our initial letter to creditors dispatched on 9th January 2011, invited any creditors with an interest in the business to contact us immediately. A sales memorandum was prepared immediately after our appointment and distributed to known interested parties and those parties which the director believed could have an interest in the business of the company. We were unwilling to maintain the trading period for longer than seven days due to the associated costs of doing so, and the need to maintain the inherent profitability of the work-in progress we were working to complete. On that basis the sales memorandum was dispatched by e-mail on 10th December 2010, with the following deadlines applied for making offers in respect of the business of the company -

- 5pm – Tuesday 14th December 2010 – deadline for contacting administrators to register an interest and complete and enquiries,
- 5pm – Wednesday 15th December 2010 – submit written offer to the administrators
- 5pm – Thursday 16th December 2010 – complete legally binding sale agreement

2 5 As administrators, we were not able in our strict timeframe to allow the bidding process to be a round based exercise, and all those parties to whom the memorandum was dispatched were aware that the bidding process would be won simply by the party offering the highest consideration at the necessary juncture. We received one request for additional information from a party who was only willing to undertake any purchase of the business as a joint venture with the incumbent director and shareholder, following discussions with the director it became apparent that such an arrangement was not a possibility and as such any offer from this party was not a viable prospect

Branded Media Limited in administration

2.6 The bidding process ultimately yielded only one offer, from Branded Print Limited an associated company controlled and operated by Sean Fergusson. Following a day of negotiations with the administrators a sale was agreed with Branded Print Limited on the following basis:

- £25k cash consideration, payable as one upfront instalment of £5k plus further payments of £10k on 20th January 2011 and 21st February 2011
- 5% of turnover (as recorded on the company's submitted quarterly VAT returns) on turnover over £2m achieved in the first two years trading
- The sale consideration is supported by a personal guarantee provided by Sean Fergusson

2.7 The sale was formally completed on 17th December 2010, at which point the entire staff of Branded Media Limited were transferred under Transfer of Undertakings (Protection of Employment) legislation to the purchasing company.

2.8 As administrators we did not advise the purchaser on the purchase and they sought their own independent legal advice. The purchaser also received their own advice with regards to the restrictions on directors trading using a name similar to that of the insolvent company. We understand the director sent a letter to all creditors on 12th January 2011. We were not however involved in this process.

2.9 Our current projection of the financial outcome of the administration as a whole is detailed in Appendix A and discussed in section 5.

2.10 We have regarded the debts owed to the company separately from the other business assets and have made arrangements to collect them. Given that the purchasing company has retained the former staff of the company, we have taken the view that it would be more cost effective and efficient for their internal accounts staff to conduct the debt collection exercise as agents for the administrators. In return for undertaking the debtor collection exercise the consideration of 10% of debtor receipts (from the date of the agreement of the sale – 17th December 2010) will be paid. This arrangement is entirely separate from the sale agreement which has been agreed.

2.11 We have not made any distributions to creditors so far in the administration.

3 Management and finance of the company's affairs during administration

3.1 We retained the services of the director and incumbent staff for a period of one week during the administration to assist us with the day to day management of the business, overseen by our own staff of appropriate seniority.

3.2 The receipts and payments account at Appendix B shows the costs that have been incurred so far in this administration.

Branded Media Limited in administration

- 3.2.1 We have retained Coffin Mew LLP as solicitors to provide legal advice during the administration, mainly in drafting, negotiating and implementing the business sale documents. Their costs to date amount to approximately £5-7k.
- 3.2.2 The company had limited chattel assets (namely office furniture and a small amount of office computer equipment), which were included in the business assets sold; we did not consider that it was worthwhile incurring the cost of an independent asset valuation.
- 3.2.3 We retained the services of Automatic Data Processing Limited to produce the company's payroll for the trading period. It has been paid £154 for this service.
- 3.3 As the sale of the business has now been completed, we envisage that the management of the company's affairs will be handled through a combination of the direct involvement of our staff supported by company management so that there is an appropriate balance of the security of the creditors' interests in the company's property and cost effectiveness of management.
- 3.4 We would ordinarily arrange to clear any liabilities to preferential and secured creditors during the course of the administration, however we do not believe there will be any claims from that class of creditor in the administration or subsequent liquidation. If any funds arise for unsecured creditors, the distribution will need to be handled in the subsequent liquidation.

4 Estimated outcome for creditors

- 4.1 We instructed the director to provide us with a statement of the company's affairs as at the date of our appointment in the prescribed form and expect to receive this shortly. In the meantime, we have prepared our own summary of the financial position of the company and set this out at Appendix A along with our commentary.
- 4.2 This statement shows our view of the value of the net property that will be available to creditors and includes a list of shareholders and names and addresses of creditors with the amounts due to them. This includes details of any security. The creditors' details have been compiled from the company's records, possibly amended by claims that we have received from creditors. It does not reflect the formal process of asking creditors to submit claims and assessing them for dividend purposes, so it is subject to further adjustment in due course.
- 4.3 In summary, our preliminary estimate is that the likely recovery for creditors from this administration is as follows:

Branded Media Limited in administration

Category of claim	Estimate total value of claims (£000)	Likely recovery
Secured creditors	Nil	N/A
Preferential creditors - arrears of pay and holiday pay due to employees	Nil	N/A- due to application of TUPE on employee contracts
Unsecured creditors	794	Dividend of 15-20% from the surplus, after costs

- 4 4 In this case, the prescribed part, which is the requirement to set aside for the benefit of unsecured creditors a proportion of the funds that would otherwise be paid to a floating charge holder, does not apply because there are no secured claims

5 Administrators' and liquidators' remuneration

- 5 1 If creditors would like further details of the approval process for administration fees, we can provide a copy of the document "Statement of Insolvency Practice 9 A Guide to Administrators' Fees" upon request. In the first instance, it is for the creditors' committee, if one is formed, to approve the basis of the remuneration of administrators. In the absence of a creditors' committee, we are required to seek approval for the basis of our remuneration by a resolution of the general body of creditors. Accordingly, these proposals set out in the next paragraph a basis for our remuneration and approval for these proposals at the forthcoming creditors' meeting will include approval for this basis of remuneration.
- 5 2 The basis of our remuneration as administrators shall be fixed on the basis set out in rule 2 106 (2)(b) of the Insolvency Rules 1986, (by reference to the time properly given by the office holders and their staff in attending to matters arising in the administration). In addition we shall charge reasonable out of pocket expenses in accordance with the schedule of rates for disbursements and out of pocket expenses published by us from time to time. (A schedule of the current charge out rates and disbursements is attached).
- 5 3 The basis of our remuneration as liquidators shall be fixed on same basis as the administration remuneration, as defined by rule 4 127 (2)(b) of Insolvency Rules 1986.
- 5 4 We shall invoice the administration and subsequent liquidation for remuneration and disbursements periodically as the time cost and expenses accrue. We shall report on the current time cost position and amounts drawn as remuneration in our progress reports to creditors.
- 5 5 The time costs accrued to date are summarised in Appendix C with an explanation as to how the time has been spent. An illustration of the likely overall cost is given in the statement of estimated outcome discussed earlier.

Branded Media Limited in administration

- 5 6 The proposals also endorse Portland drawing a fee of £3k plus VAT in respect of time costs incurred in work undertaken prior to the appointment of the joint administrators, in particular in deciding whether acceptance of the directors' nomination was appropriate, dealing with any creditors entitled to notice of the appointment and in dealing with the formalities of placing the company into administration, all in accordance with Rule 2 67(1)(c) of the Insolvency Rules 1986
- 5 7 In addition to the above, we advise that Portland be endorsed to draw a fee of £7k plus VAT, based on the time costs incurred prior to our appointment in advising the company about the impending insolvency, in assessing the financial position of the company, in reviewing the company's work in progress with a view to ascertaining the viability of completing it during the administration and in dealing with then necessary preparations to trade the company in administration

6 Matters requiring investigation

- 6 1 As the administration will be followed by liquidation, which allows for wider powers for an office holder to carry out investigation work, we have limited the amount of investigation work during the administration. We have however considered briefly whether there are transactions or actions that happened before our appointment that could require review and action with a view to enhancing the recoveries for creditors from third parties. This is to provide information to creditors about the potential for such actions so that they can influence the future direction of the insolvency process. The areas that we wish to bring to creditors' attention, are as follows -
- 6 1 1 We are aware that a small number of the company's clients paid pro-forma for orders which they will no longer receive. It is reasonable that any appointed liquidator would look into the basis under which monies were taken up front by the company and the timing of such actions
- 6 1 2 It appears that dividends were issued and paid in the year end in 2007, when there do not appear to have been attributable reserves to support their payment. The nature of these dividend payments, would be another area for a liquidator to review
- 6 2 As well as exploring any areas with a view to financial recovery for creditors administrators and liquidators are also required to report on the circumstances of their appointment to the Insolvency Service, which then considers whether director disqualification proceedings are appropriate
- 6 3 If creditors have any information that would assist us in either of these functions, we would appreciate hearing from you as soon as possible

Branded Media Limited in administration

7 Exit from administration

- 7.1 Once the asset realisations are completed, estimated to be within the next 3-6 months, we shall arrange for the company to move to creditors' voluntary liquidation in accordance with paragraph 83 of Schedule B1 to the Insolvency Act 1986. We are proposing that the joint administrators become the joint liquidators but creditors are entitled to nominate other practitioners as long as this is done before these proposals are approved.

8 Meeting of creditors

- 8.1 We propose to convene the meeting of creditors on Friday 4th February 2011 at 3pm at our offices at 1640 Parkway, Solent Business Park, Whiteley, Fareham, Hampshire, PO15 7AH.

Branded Media Limited in administration

9 Appendices and enclosures

Appendices

Appendix

Statement of affairs of the company as at the appointment date including a list of creditors

A

Receipts and payments account for the administration to date

B

Schedule of Portland's current charge rates and disbursements policy, including a summary of the time costs to date in this case

C

Enclosures

Formal notice of the creditors meeting on Form 2 20B

Explanatory notes about the application of Rule 2 38 to the entitlement of creditors to vote at the meeting of creditors

A form of proxy to be used if you do not wish to attend in person but want to be represented or if you are representing a limited company

A claim form to provide us with details of your claim, which is required to be entitled to vote, if you have not already done so

	Notes	Book value £000	Estimated to realise £000
Assets			
<u>Trading period -</u>	2		
Work-in progress		52	45
Less costs of trading			(35)
			<hr/> 10
<u>Business sale proceeds -</u>	3		
Goodwill		Nil	}
Tangible assets		97	
			25
<u>Other realisations -</u>	4		
Book debts		147	110
Cash at bank		82	82
Cash in client account		20	20
Leasehold improvements		17	Nil
		<hr/> 318	<hr/> 247
Costs and preferential claims			
Costs of insolvency, say	6		(50)
Debtor realisation fee	4		(11)
Preferential employee claims	7		-
		<hr/> 318	<hr/> 186
Net property			
		318	186
Amounts due to floating chargeholder		-	-
		<hr/> -	<hr/> -
Amounts available for unsecured creditors		318	186
		<hr/> 318	<hr/> 186
Unsecured liabilities	8		
Trade creditors		598	598
VAT		97	97
PAYE and National Insurance contributions		94	94
Customer claims		5	5
Landlord - loss of future rent and dilapidations	Uncertain	Uncertain	Uncertain
		<hr/> 794	<hr/> 794
		<hr/> 794	<hr/> 794
Net asset surplus/(deficiency)		(476)	(608)
		<hr/> (476)	<hr/> (608)
Estimated dividend for unsecured creditors			15-20%
			<hr/> 15-20%

Notes to the statement**1 Basis of statement**

- 1 1 As the director has yet to provide a statement of affairs, we have prepared the statement to illustrate our estimate of the likely recovery for creditors

2 Trading period

- 2 1 As reported in the main part of the report, we have arranged during a one week trading period to complete some profitable work-in progress. The attributable costs shown in the statement of affairs include the wages which have been paid to the employees during the trading period, the amounts paid to suppliers to release and/or manufacture outstanding orders, the cost of the attributable rental for the premises and a general provision for costs which may arise including utilities and other sundry expense. We have included a general provision for bad debts.

3 Business sale

- 3 1 The office furniture, computer equipment and goodwill were included in the sale to Branded Print Limited as detailed in the main part of this report. As previously reported, the company did not hold significant tangible assets, only holding office furniture and equipment and computer equipment etc.
- 3 2 In addition as reported previously, as part of the sale agreement we are entitled to 5% of turnover exceeding £2m in the first two years trading. The level of realisation from this source is uncertain, and will become clearer as and when the purchaser reports to us on the turnover achieved in the relevant periods.
- 3 3 The business was marketed for sale during the short trading period, and a sale was concluded on 17th December 2010, as per the terms set out in the main report.
- 3 4 The consideration for the business sale has been personally guaranteed by Sean Fergusson.

4 Other realisations

- 4 1 As reported in the main report, the purchasing company are undertaking the collection of the company's debtor book, they have advised that the majority of the ledger is current and collectable, but a recovery rate of 75% has been applied for prudence.
- 4 2 The cash in client account represents a credit balance which was forwarded to our client account pre-appointment to deal with any immediate expenses during the trading period.

- 4 3 There have been numerous improvements undertaken in the company premises, which have been funded by the company. As the property has been vacated and passed back to the landlord it is unlikely that there will be any realisation from this asset.

5 Connected party transactions

- 5 1 We have disposed of business (including a limited amount of office equipment, the trading name Branded Media and the goodwill associated with the company) of the company to Branded Print Limited which is connected to the company because it is controlled by a common director/shareholder, Sean Fergusson. The sale was concluded on 17th December 2010 following a period during which offers were invited from a number of known interested parties, no negotiations commenced prior to the appointment of administrators of 9th December 2010. The price agreed was a cash consideration of £25k of which £5k has been paid and the balance is due in two instalments in January and February 2011, together with a return of 5% on any turnover over £2m achieved by the purchasing company in the first two years of trading. The purchaser was not advised by the administrators, and sought their own independent legal advice.
- 5 2 Due to the time restraints relating to the completion of the deal, the administrators were not in a position to canvass the opinions of the creditors, and the offer was accepted on the basis that it was the only offer received.

6 Costs of realisations and insolvency

- 6 1 For the purposes of illustration, we have included a provision for the costs of insolvency, which mainly comprise the administrators' fees, liquidators' fees, legal fees, and disbursements.
- 6 2 Details of the basis of the administrators' remuneration are given elsewhere in this document.

7 Preferential claims

- 7 1 Preferential claims comprise £800 of arrears of pay per employee and unlimited holiday pay.
- 7 2 There should be no preferential claims as the obligations to the employees transferred to Branded Print Limited as the purchaser of the business.

8 Unsecured creditors

- 8 1 A schedule of unsecured claims is provided within this appendix after these notes.
- 8 2 The company has VAT arrears for a period less than one year and PAYE and National Insurance arrears from May 2010 onwards. We have received an estimated

claim from HM Revenue & Customs in respect of PAYE and National Insurance, which is significantly in excess of what the company's records indicate. This is believed to be due to a previous reallocation of deductions, the administrators will review the information in conjunction with HM Revenue & Customs and the director.

- 8.3 We are aware that there are a small number of clients who have paid in advance for goods they will not now receive, as there was no profit for the administrators in completing their jobs. These clients will have counter claims against the company in respect of the monies paid up front and in addition the potential costs of instructing another party to complete the works.
- 8.4 A provision has been made for landlord claims for lost future rental and dilapidations. The lease under which the company occupied the premises has approximately one-year to run with the rental consideration being £101k per annum. The landlord has a separate claim for rental arrears as detailed in the schedule of unsecured claims which is attached. Subject to the quantum of the landlords claim for future losses, the level of dividend may possibly be depressed.

Portland Business & Financial Solutions
Branded Media Limited
B - Company Creditors

Key	Name	Address	
C100	1GB Security	9 Foxmoor close, Oakley, Basingstoke, Hampshire, RG23 7BQ	145 00
C300	3D Creative Packaging	Crownall House, Elm Grove, Wimbleton, London, SW19 4HE	482 00
CA00	ADP Limited	Syward Place, Pycroft Road, Chertsey, Surrey, KT16 9JT	545 00
CA01	Amex	American Express Europe Ltd, PO Box 72 Amex House, Edward Street, Brighton, BN88 1YR	24 00
CA02	APR Media	Unit 18, Ryelands Industrial Estate, Bagley Road, Wellington, Somerset, TA21 9PZ	798 00
CA03	Arval	Arval, Centre, Windmill Hill, Swindon, SN5 6PE	160 00
CB00	Basingstoke & Deane BC	PO Box 191, Civic Offices London Road, Basingstoke, Hampshire, RG21 7EA	7,880 00
CB01	Basingstoke Valeting Centre	Eastlands Court, Wade Road, Basingstoke, Hampshire, RG24 8PL	30 00
CB02	Biffa Waste Services Limited	PO Box, 645, High Wycombe, HP12 3WF	190 00
CB03	Bishops Printers Limited	Fitzhurbet Road, Farlington, Portsmouth, Hampshire, PO6 1RU	14,122 00
CB04	Branded Products Services	8 Murdock Road, Bicester, Oxon, OX26 4PP	673 00
CB05	British Gas Business	1600 Parkway Court, Oxford Business Park, Garsington Road, Oxford, OX4 2JY	717 00
CB06	Brixton Plc	50 Berkeley Street, London, W1J 8BX	2,194 00
CC00	Camberley Signs Limited	Unit B2 Galway Road, Blackbushes Business Park, Yateley, Hampshire, GU46 6GE	1,698 00
CC01	Canon Fire Protection	The Wharf, Midhurst, West Sussex, GU29 9PX	621 00
CC02	CK Productions	60a Pulpit Road, Pelham, New Hampshire 03076, USA	1,000 00
CC03	Click 4 Assistance	PhilPot House, Station Road, Rayleigh, Essex, SS6 7HH	70 00
CC04	Company Barclaycard Corporate	PO Box 3000, Teeside Business Park, Stockton on Tees, TS17 6YG	451 00
CC05	Creative Press Limited	icknield Way, Letchworth, Hertfordshire, SG6 1JX	8,250 00
CD00	DCD Limited	Unit 4 Fengates, 49 Hailwhistle Road, South Woodham Ferrers, Essex, CM3 5ZA	36,868 00
CD01	DHL Express	Hillbolm House, 1 Dukes Green Avenue, Faggs Road, Feltham, Middlesex, TW14 0LR	1,292 00
CD02	Direct Source Limited	Unit 9 Parkway, Porters Wood, Hertfordshire, AL3 6PA	204 00
CD03	Dot Label	Southern Cross, Basingview, Basingstoke, RG21 4HG	1,982 00
CE00	Eco Franking	West View, Alston, Cumbria, CA9 3DY	66 00
CF00	Flostream	Spring Heath House, Kelpatrick Road, Slough, Berkshire, SL1 6BW	77,023 00
CF01	Fellowship Productions	St Andrews Castle, 33 St Andrews Street South, Bury St Edmunds, IP33 3PH	22 00
CG00	GZ Digital Media	A S, Tovarni 340, 267 12 Londenice, Czech Republic	301,392 00
CH00	Handwaving Flags com	35 Carter Gate, Moulton Business Park, Northampton, Northamptonshire, NN3 6QB	6,650 00
CI00	IMG Media Limited	McCormack House, Burlington Lane, Chiswick, London, W4 2TH	7,790 00
CI01	Infinity Embroidery and Print	Unit 5, Bustow Lodge Business Centre, Chapel Road, Small Field, Surrey, RH6 9JH	31,966 00
CI02	Initial Healthcare	Accounts Receivable, Initial Washroom Solutions, PO Box 4975, Dudley, DY1 9FA	450 00

Portland Business & Financial Solutions
Branded Media Limited
B - Company Creditors

Key	Name	Address	
CK00	Kaboom SEO Limited	Suite 505, Millenium Buildings, 5 Newhall Street, Birmingham, B3 1BA	1,175 00
CK01	Khan & Morris Accountants LLP	21 Southampton Street, Southampton, Hampshire, SO15 2ED	7,750 00
CL00	Limpio Office Solutions	Unit 13/14 Raleigh Court, Priestly Way, Crawley, West Sussex, RH10 9PD	598 00
CL01	Liquorce Digital S/L	10 Whitney Road, Daneshill East, Basingstoke, Hampshire, RG24 8NS	5,807 00
CL02	Liquorce Press Limited	10 Whitney Road, Basingstoke, RG24 8NS	2,748 00
CM00	Madison Commercial	Unit A2, Knaves Beach Industrial Est, Loud Water Hywcombe, Buckinghamshire, HP10 9QY	3,363 00
CM01	MPO France	Domaine De Lorigere, 53700, Averton, SAS Capital De 18 850 525 EUR, R C S Laval 2005 B217	17,675 00
CM02	Mullin Multimedia	Grosvenor House, Stramongate, Kendal, Cumbria, LA9 4BD	411 00
CM03	MV Media	8 Fairfield Way, Ewell, Surrey, KT19 0EF	948 00
CM04	Multitrade Import Export Limited	Unit A, Lutyens Industrial Centre, Bilton Road, Basingstoke, Hampshire, RG24 8LJ	587 00
CN00	News International	PO Box 120, Peterborough, PE7 8XT	127 00
CN01	Newsquest	Newspaper House, Tese Lane, Redbridge, Southampton, SO16 9JX	219 00
CO00	O2 (UK) Limited	260 Bath Road, Slough, Berkshire, SL1 4DX	194 00
CO01	Olympian Services	2 Meadowridge, Hatchwarren, Basingstoke, Hampshire, RG22 4QH	1,765 00
CP00	Plastic Village	126 A Rickmansworth Road, Watford, Hertfordshire, WD18 7AA	831 00
CP01	Pollard Boxes Limited	Pollard Boxes, Feldspar Close, Enderby, Leicester, LE19 4SD	1,439 00
CP02	Purple Packaging	Willenthall Lane, Binley, Coventry, CV3 2AS	169 00
CR00	RBS WorldPay	270-289 The Science Park, Milton Road, Cambridge, CB4 0WE	329 00
CS00	SEC Limited	Highview Business Park, The Barracks, Old School Road, Hook, Hampshire, RG27 9NL	144 00
CS01	Segro Finance Plc	234 Bath Road, Slough, SL1 4EE	30,967 00
CS02	Sentinel Software	Brookvale, La Rule Du Pont, St John, Jersey, Channel Islands, JE3 4FF	209 00
CS03	Siemens Financial Services Limited	Townsend House, 160 Northolt Road, Harrow, Middlesex, HA2 0PG	2,029 00
CS04	Simon Jersey	Syke Side Drive, Altham, Accrington, BB5 5YE	641 00
CS05	Sony DADC	Southwater Business Park, Worthing Road, South Water, West Sussex, RH13 9YT	20 00
CS06	Strictly Social	20 Grosvenor Place, London, SW1X 7HN	620 00
CS07	Superfast Labels	Units 15-16, Church Road Business Centre, Sittingbourne, Kent, ME10 3RS	726 00
CT00	Mitchell Twigge	167 Yorktown Road, Sandhurst, Berkshire, GU47 9BN	1,560 00
CT01	The Picture Studio	Chineham Shopping Centre, Basingstoke, Hampshire, RG24 8BQ	55 00
CT02	The Standard Press Limited	Unit 3, Liddall Way Industrial Estate, Horton Road, West Drayton, Middlesex, UB7 8PG	3,795 00
CT03	Total Memory	RBSIF, Hilton-Bard Collection Services, Ashwood House, Ashwood Gardens, Southampton, SO16 7LF	212 00

Portland Business & Financial Solutions
Branded Media Limited
B - Company Creditors

Key	Name	Address	
CV00	Viking Direct	Office depot, Lancer House, Scudamore Road, Leicester, LE3 1UB	477 00
CW00	W Baybutt Limited	Burscough Industrial Est, Plantation Road, Burscough, Lancashire, L40 8JT	197 00
CY00	HM Revenue & Customs	Queens Dock, Liverpool, L74 4AF	97,000 00
CY01	HM Revenue & Customs	Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE	94,000 00
CZ00	Swiftbase International	Badger Banks, Harpsden, Henley-on-Thames, Oxon, RG9 4HL	Uncertain
CZ01	BOS Records	Garden, Llanerfyl, Welshpool, Powys, SY21 0JA	Uncertain
CZ02	Rupert Latimer	4 Warwick Gardens, Worthing, West Sussex, BN11 1PE	Uncertain
CZ03	Mr Lee Emerson	9 Kimbers Lane, Farnham, Surrey, GU9 9PT	Uncertain
CZ05	Youthworks Consulting Limited	Suite 222, 61 Victoria Road, Surbiton, KT6 4JX	Uncertain
CZ06	JMTM International	74 Christchurch Drive, Blackwater, Camberley, Surrey, GU17 0HH	4,071 00
CZ07	Customer claims	N/A	5,000 00
72 Entries Totalling			793,618 00

Appendix B

**Branded Media Limited
(In Administration)**

Joint Administrators' receipts and payments account

	From 09/12/2010 To 17/01/2011 £	From 09/12/2010 To 17/01/2011 £
RECEIPTS		
<u>Trading realisations -</u>		
Work-in progress	1,285 00	1,285 00
Book debts	16,858 36	16,858 36
Cash at bank	82,241 43	82,241 43
Cash in client account	20,000 00	20,000 00
	<hr/> 120,384 79 <hr/>	<hr/> 120,384 79 <hr/>
PAYMENTS		
<u>Trading expenditure (to complete work in progress)</u>		
Material and subcontractor costs	18,830 48	18,830 48
Wages	11,778 24	11,778 24
Statutory advertising	62 50	62 50
Postal redirection fee	25 96	25 96
Courier fee	44 80	44 80
Bookkeeping fees	153 98	153 98
Bank charges	60 00	60 00
VAT receivable	1,982 74	1,982 74
	<hr/>	<hr/> 32,938 70 <hr/>
Balance as at 17th January 2011		<hr/> 87,446 09 <hr/>

Schedule of Portland's current charge out rates

We have revised our charge out rates with effect from 1st September 2010. Our rates are set out below together with comparative details of the previous schedule of rates, which were effective between 1st February 2009 and 31st August 2010.

	Previous rate per hour £	Current rate per hour £
Director	245	285
Senior manager - London	235	280
Associate	235	280
Senior manager	195	225
Case manager	175	195
Case administrator	150	165
Administrator	85	95
Cashiers	85	95
Support staff	65	70

Appropriate grades of staff will be allocated to each assignment according to the size and complexity of the matter.

The charge out rates are subject to review.

Schedule of disbursements

(effective from 1st February, 2009 and unchanged at 1st September 2010)

Category 1 (specific recharges)

Statutory advertising	-	As billed
Fidelity Bonds	-	As billed
Room hire	-	As billed
Travel (rail, parking, etc)	-	As billed
Storage (external)	-	Commercial rates as billed
Affidavits	-	As billed

Category 2 (paid to Portland Business & Financial Solutions Ltd)

Postage and stationery	-	Three times postage cost
Photocopying	-	10p per copy
Facsimile	-	£1 per page
Mileage	-	Inland Revenue agreed rate currently 40p per mile
Room Hire	-	£100 per meeting
Storage (Portland archive)	-	£30 - £150 per year
Company searches	-	Two times cost

Appendix C

Analysis of time spend on the administration

An analysis of the time spent during the administration is attached and can be summarised in the following headings

- **Asset Realisation** – Liaising with and monitoring debtor collection Dealing with agreement and implementation of the sale agreement, preparing and distributing the sales memorandum
- **Administration and planning** - Internal management of the case to ensure it is completed in an expedient manner and in accordance with good practice
- **Trading** – Liaising with suppliers, purchasing goods and services required for the trading period Liaising with insurers to obtain appropriate insurance cover whilst trading Liaising with staff in relation to issues arising in respect of the completion of the work in progress Arranging payment of wages to staff Liaising with various utility companies to continue supplies during the trading period Corresponding with the landlords in regard to the continued occupation of the premises whilst trading
- **Investigation** - Brief review of the company's records and meetings with Wilkins Kennedy regarding their report on the period prior to administration
- **Creditors'** – Dealing with creditor correspondence and calls, general creditor assistance, liaising with HM Revenue and Customs to notify of the administration and to receive their claims and arrange for any outstanding returns to be completed
- **Reporting** – Planning and drafting of the proposal documents, correspondence with directors and accountants in relation to the company's assets and liabilities

Branded Media Limited in administration

SIP9 Time and cost summary

From 9th December 2010 To 17th January 2011

Classification of work function	Partner	Manager	Other senior professionals	Assistants and support staff	Total hours	Time cost (£)	Average hourly rate (£)
Realisation of assets	1 90	5 40	15 00	1 70	24 00	3,694 50	153 94
Administration and planning	0 40	0 10	1 50	0 00	2 00	300 00	150 00
Creditors	1 40	2 50	23 40	1 30	28 60	3,814 50	133 37
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Reporting	0 30	0 00	7 70	0 00	8 00	1,356 00	169 50
Trading	2 90	6 40	14 10	0 00	23 40	4,586 00	195 98

Total Hours	6.90	14.40	61.70	3.00	86.00	13,751.00	159.90
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Total Fees Claimed	0 00						
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Category 2 Disbursements	Accrued in period	Paid in period	Total accrued	Total paid
	£	£	£	£

Postage, stationery, telephone	3 times postage	100 77	0 00	100 77	0 00
Photocopying	10p per copy	2 00	0 00	2 00	0 00
Mileage	Average Inland Revenue rate per mile currently 40p	113 98	0 00	113 98	0 00
Room hire	Current market rates	0 00	0 00	0 00	0 00
Storage	Commercial rates	0 00	0 00	0 00	0 00
Faxes	£1 per page	13 00	0 00	13 00	0 00
Company searches	2 times cost	12 00	0 00	12 00	0 00

	241.75	0.00	241.75	0.00
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Rule 2 35

Notice of a meeting of Creditors

Name of Company

Branded Media Limited

Company number

04623064

In the
Portsmouth County Court

(full name of court)

Court case number
980 of 2010(a) Insert full name(s)
and address(es) of
administrator(s)

Notice is hereby given by (a)
 Carl Derek Faulds
 Portland Business & Financial Solutions
 1640 Parkway
 Solent Business Park
 Whiteley
 Fareham
 Hampshire
 PO15 7AH

James Richard Tickell
 Portland Business & Financial Solutions
 1640 Parkway
 Solent Business Park
 Whiteley
 Fareham
 Hampshire
 PO15 7AH

(b) Insert full name and
address of registered
office of the company

that a meeting of creditors of (b)
 Branded Media Limited
 1640 Parkway
 Solent Business Park, Whiteley
 Fareham, Hampshire
 PO15 7AH

(c) Insert details of place
of meeting

is to be held at (c)

(c) 1640 Parkway, Solent Business Park, Whiteley, Fareham, Hampshire, PO15 7AH

(d) Insert date and time
of meeting

on (d) 4 February, 2011 at 3 pm

The meeting is

*Delete as applicable

*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ('the schedule')
~~*(2) an initial creditors' meeting requested under paragraph 52(2) of the Schedule~~
~~*(3) to consider revisions to my proposals under paragraph 54(2) of the Schedule~~
~~*(4) a further creditors' meeting under paragraph 56 of the Schedule~~
~~*(5) a creditors' meeting under paragraph 62 of the Schedule~~

I invite you to attend the above meeting

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented

In order to be entitled to vote under Rule 2 38 at the meeting you must give to me, not later than 12 00 hours on the business day before the day fixed for the meeting, details in writing of your claim

Signed



Joint / Administrator(s)

Dated 17th January 2011

*Delete as applicable

A copy of the proposals is attached

The following document is an extract of Rule 2.38 of the Insolvency Rules 1986. This sets out the voting rules for the meeting of creditors to be held on 02 February 2011

Rule 2.38 Insolvency Rules 1986

Entitlement to vote

(1) Subject as follows, at a meeting of creditors in administration proceedings a person is entitled to vote only if

(a) he has given to the administrator, not later than 12 00 hours on the business day before the day fixed for the meeting, details in writing of the debt which –

(i) he claims to be due to him from the company, or

(ii) in relation to a member State liquidator, is claimed to be due to creditors in proceedings in relation to which he holds office,

(b) the claim has been duly admitted under the following provisions of this Rule, and

(c) there has been lodged with the administrator any proxy which he intends to be used on his behalf,

and details of the debt must include any calculation for the purposes of Rules 2 40 to 2 42

(2) The chairman of the meeting may allow a creditor to vote, notwithstanding that he has failed to comply with paragraph (1)(a), if satisfied that the failure was due to circumstances beyond the creditor's control

(3) The chairman of the meeting may call for any document or other evidence to be produced to him, where he thinks it necessary for the purpose of substantiating the whole or any part of the claim

(4) Votes are calculated according to the amount of a creditor's claim as at the date on which the company entered administration, less any payments that have been made to him after that date in respect of his claim and any adjustment by way of set-off in accordance with Rule 2 85 as if that Rule were applied on the date that the votes are counted

(5) A creditor shall not vote in respect of a debt for an unliquidated amount, or any debt whose value is not ascertained, except where the chairman agrees to put upon the debt an estimated minimum value for the purpose of entitlement to vote and admits the claim for that purpose

(6) No vote shall be cast by virtue of a claim more than once on any resolution put to the meeting

(7) Where –

(a) a creditor is entitled to vote under this Rule,

(a) has lodged his claim in one or more sets of other proceedings, and

(b) votes (either in person or by proxy) on a resolution put to the meeting, and

(c) the member State liquidator casts a vote in respect of the same claim,

only the creditor's vote shall be counted

(8) Where –

(a) a creditor has lodged his claim in more than one set of other proceedings, and

(a) more than one member State liquidator seeks to vote by virtue of that claim,

the entitlement to vote by virtue of that claim is exercisable by the member State liquidator in main proceedings, whether or not the creditor has lodged his claim in the main proceedings

(9) For the purposes of paragraph (6), the claim of a creditor and of any member State liquidator in relation to the same debt are a single claim

(10) For the purposes of paragraphs (7) and (8), "other proceedings" means main proceedings, secondary proceedings or territorial proceedings in another member State

Proxy (Administration)

Branded Media Limited

Name of Creditor _____

Address _____

Name of Proxy Holder

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.

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 4th February 2011 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 For the **acceptance/rejection*** of the administrator's proposals as circulated

2 For the appointment of

of

representing _____

as a member of the creditors' committee

*Please delete as appropriate

3 In the event that a committee is not formed, for the **acceptance/rejection*** of the basis of administrators' remuneration and disbursements put forward in the administrators' proposals document

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

Remember there may be resolutions on the other side of this form

Branded Media Limited

Statement of claim

Name of creditor	
Address	
Contact name and title	
Account reference	
Telephone & facsimile	
Email address	
Amount of claim	State currency Please note that under UK insolvency law, the claim will be converted to £ sterling as at the date of liquidation and dividends will be paid in that currency
Details of how claim arose	
Supporting documents provided with this claim, eg statement	
If any part of the claim is estimated, please provide details and project when the claim will be finalised	
Recoverable VAT included in the above figure	
Details of any security or lien held over the company's assets	
Details of any retention of title claim (please ask for separate questionnaire)	