

The Insolvency Act 1986

Statement of administrator's proposals

2.17B

Name of Company Art Founders Limited	Company number 04646021
In the High Court of Justice, Chancery Division, Companies Court, London (full name of court)	Court case number 3706 of 2010

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

We (a) Matthew Peter Bond and Jason James Godefroy of
MCR
43-45 Portman Square
London
W1H 6LY

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

* Delete as appropriate

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

(b) Insert date

(b) 29 June 2010

Signed

Joint Administrator

Dated

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

MCR
43-45 Portman Square
London
W1H 6LY

97 7240

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

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff



ACVLRBP

AIQ

01/07/2010

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COMPANIES HOUSE

THURSDAY

**Art Founders Limited
(In Administration)**

**Joint Administrators' Report to Creditors and Statement of Proposals
For the period from 14 May 2010 to 28 June 2010
pursuant to Paragraph 49 of Schedule B1
to the Insolvency Act 1986**

29 June 2010

Names of Joint Administrators: Matthew Peter Bond
Jason James Godefroy

Date of appointment: 14 May 2010

Date of report: 29 June 2010

Appointed by: The Director

Court reference: High Court of Justice Number 3706 of 2010

MCR
43-45 Portman Square
London
W1H 6LY

DEFINITIONS

Art Founders Limited	the Company / AFL
Matt Bond and Jason Godefroy	the Joint Administrators
Insolvency Act 1986	the Act
Insolvency Rules 1986 Insolvency (Amendment) Rules 2010	the Rules
Hilco Appraisal Limited	Hilco
MCR Receivables Management Limited	MCR RM
Lloyds TSB Bank Plc	Lloyds
HSBC Bank Plc	HSBC
National Westminster Bank Plc	NatWest
Department of Business, Innovation and Skills	DBIS
Statement of Affairs	SofA
EC Regulation on Insolvency Proceedings 2000	EC Regulation
Her Majesty's Revenue and Customs	HMRC
Creditors' Voluntary Liquidation	CVL
Statement of Insolvency Practice 9	SIP 9

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1. INTRODUCTION

- 1.1 Matthew Peter Bond and Jason James Godefroy of MCR were appointed Joint Administrators of AFL on 14 May 2010 by the director of the Company pursuant to Paragraph 22 of Schedule B1 to the Act.
- 1.2 In accordance with Paragraph 100(2) of Schedule B1 to the Act the functions of the Joint Administrators are being exercised by any of the Administrators.
- 1.3 This report sets out the circumstances leading up to the appointment of the Joint Administrators and the steps taken by them to date.
- 1.4 **You should complete the proof of debt form at Appendix 6 and return the completed form to the Joint Administrators' office together with all supporting documentation.**

2. BACKGROUND

- 2.1 AFL was incorporated on 23 January 2003. Statutory information on the Company and a summary of its financial position is included at Appendix 1.
- 2.2 In early 2003, Nautilus Fine Art Foundry and Burleighfield Arts, two well known and established art foundries, merged and incorporated under the name AFL. At this time, management decided to move the production and business activities of AFL to the current trading premises in Braintree, Essex.
- 2.3 Towards the end of 2005, AFL acquired the business and assets of Morris Singer Limited, a well known art foundry which was established over 150 years ago and had produced many high profile works including the fountain and two lions in Trafalgar Square and the figure of Justice atop of the Old Bailey. The acquisition of the business and assets of Morris Singer Limited took place out of a Compulsory Voluntary Arrangement and all of the production and activities of Morris Singer Limited were moved to the Company's existing premises in Braintree, Essex.
- 2.4 AFL continued to operate out of its premises in Braintree employing fifteen highly skilled members of staff to allow for high quality specialisation in pagination and casting of metals including bronze, aluminium and precious metals. The operations of AFL ceased in May 2010 when the Company was placed into Administration.

3. EVENTS LEADING UP TO THE ADMINISTRATION

- 3.1 In early 2010, it became apparent to management that the Company was no longer able to finance its current trading activities due to lack of working capital as the Company had breached its loan and overdraft facilities with Lloyds (a holder of a qualifying fixed/floating charge).
- 3.2 AFL came under pressure from various trade creditors in April 2010, including pressure from HMRC to settle its outstanding arrears in respect of both VAT and PAYE/NI. These arrears are understood to be in excess of £98,000.
- 3.3 Due to the above pressures, the director of the Company approached MCR on 20 April 2010 to carry out a review of the Company in order to advise on the potential options available.

- 3.4 It quickly became apparent from the review that the Company had no working capital available to continue to finance its trading. The Company was therefore not in a position to continue to pay the wages of its fifteen employees or make the necessary payments required on a day-to-day basis. As a result, the director of the Company made the decision to send home all of the Company's employees on 7 May 2010.
- 3.5 The business of AFL had now come to a standstill, however, the director continued to market the business and assets of the Company for sale with a view to achieve a going concern sale. MCR were involved on a consultancy basis, providing advice and assistance to the director on this matter
- 3.6 In order to achieve a going concern sale, extensive marketing activities were undertaken, including.
- An e-mail was sent on 28 April 2010 to over 100 potential interested parties known to MCR;
 - MCR contacted parties known to management;
 - An advert was placed on MCR's website under "Businesses for Sale"; and,
 - MCR also consulted with Hilco who placed an advert on their website.
- 3.7 Despite the above, no significant interest was shown. Therefore, as the Company had no existing working capital the director concluded that the Company was insolvent. Matt Bond and Jason Godefroy of MCR were subsequently appointed as Joint Administrators.
- 3.8 The Joint Administrators considered the position prior to accepting the appointment and, having regard to the Insolvency Practitioners Association's ethical guidelines, considered that there were no circumstances preventing them from accepting the appointment.

4. PURPOSE OF THE ADMINISTRATION

- 4.1 The purpose of an Administration is to achieve one of the following hierarchical objectives
- Rescuing the Company as a going concern, or
 - 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
 - Realising property in order to make a distribution to one or more secured or preferential creditors.
- 4.2 In accordance with Paragraph 49(2) of the Act the Joint Administrators believe that the first objective referred to above cannot not achieved. The detailed explanation for this situation is contained within the following sections of this report but in summary the reason for this is that the Company ceased to trade prior to the Joint Administrators' appointment which reduced the likelihood of selling the business and assets of the Company as a going concern. Despite the Joint Administrators' efforts in marketing the business, no satisfactory offer was received and as a result, the Joint Administrators will proceed in realising the Company's assets on a piecemeal basis.
- 4.3 The Joint Administrators believe that the second and third objectives referred to above may be achieved as there may be a distribution to the Company's only secured creditor, Lloyds.
- 4.4 The proposals for achieving the purpose are set out in the remainder of this report.

5. PROGRESS OF THE ADMINISTRATION TO DATE

- 5.1 The manner in which the affairs and business of the Company have been managed since the appointment of Joint Administrators and will continue to be managed are set out below.

Sale of the business and assets of the Company as a going concern

- 5.2 Despite the efforts made by the director of the Company to sell the business and assets of the Company as a going concern prior to the Joint Administrators' appointment (see paragraphs 3.5 to 3.7 above), none of the parties contacted showed any significant interest until the Joint Administrators' appointment on 14 May 2010.
- 5.3 Following the Joint Administrators appointment, further marketing activities were undertaken including advertising the business for sale in the foundry industry trade journal. In addition, the press showed significant interest in the Company due to its historical heritage, with all of the national broadsheets covering the matter.
- 5.4 There were four parties which showed significant interest in the Company and the Joint Administrators received offers from two of the interested parties for the Company's business and assets. The Joint Administrators were unable to accept the first offer as it was of insufficient value when compared to Hilco's valuation of tangible assets. Second and third offers from the same interested party were received, but again these were rejected as being of insufficient value when compared to the tangible fixed asset value advice. In addition, the interested party required significant deferred consideration which was not acceptable to the Joint Administrators.
- 5.5 A significantly higher offer was received from the second interested party over two weeks into the Administration however due to the time elapsed, all of the employees had been made redundant at the time of the offer. The offer was accepted by the Joint Administrators, however the offer was subject to the purchaser reaching an agreement with the landlord of the Company's adjacent property in Braintree. Unfortunately, the Company's tenancy of this adjacent property had been terminated prior to the Joint Administrators appointment and the proposed buyer was not able to reach an agreement with the landlord and consequently withdrew their offer.
- 5.6 As a result of the above, the Joint Administrators have decided to sell the Company's assets on a piecemeal basis. The assets for sale are detailed in below.

Trade name – Morris Singer

- 5.7 As previously advised, the Company purchased the 'Morris Singer' trade name in 2005. The trade name was established over 150 years ago and is a recognised brand within the art foundry industry.
- 5.8 The Joint Administrators are currently looking to sell the Company's interest in 'Morris Singer' and to date a number of expressions of interest have been received and negotiations are still ongoing. In this regard, any parties wishing to acquire this asset should contact the Joint Administrators via email at the following address: ckastrup@mcr.uk.com. Further details with regard to the disposal of this asset will be provided in the Joint Administrators' next report to creditors.

Plant and machinery, Stock and Chattel assets

- 5.9 The Joint Administrators have instructed Hilco to dispose of the Company's plant and machinery, stock and chattel assets which are currently located at the Company's premises in Braintree.

- 5.10 Offers have been received for the Company's plant and machinery however, negotiations are still ongoing. In this regard, any parties wishing to acquire any one of these assets should therefore contact Peter Atkinson of Hilco via e-mail at the following address: patkinson@hilcoeuropa.com. Further details with regard to the disposal of this asset will be provided in the Joint Administrators' next report to creditors.

Book debts

- 5.11 The Joint Administrators have instructed MCR RM to collect the Company's outstanding book debts.
- 5.12 At the date of appointment, the Company's gross book debt ledger stood at £50,886. However, a review of the book debt ledger indicates that a significant portion of the debts have already been settled prior to the Joint Administrators' appointment. As a result, outstanding book debts are not likely to be substantial.
- 5.13 To date, MCR RM has collected book debts totalling £2,812 and they are continuing to pursue the remainder of the outstanding book debts. The Joint Administrators will provide a further update to creditors in their next report to creditors.

Employees

- 5.14 As previously advised in Paragraph 3.4, the director of the Company made the decision to send home all of the Company's employees on 7 May 2010 as the Company did not have the working capital available to continue to pay their wages.
- 5.15 However, a sale of the business and assets as a going concern was not achievable and as a result, the Company's employees were formally made redundant on 25 May 2010.

Leasehold Premises

- 5.16 The Company operated from two leasehold premises in Braintree, Essex.
- 5.17 The Company's main trading premises is located at 9 Swinbourne Drive, Springwood Industrial Estate, Braintree, Essex. The landlord of the premises is The DRS Partnership (which the Joint Administrators understand is controlled by the director). The Joint Administrators understand that the landlord is owed approximately £53,000 and that there is believed no realisable equity in this leasehold interest.
- 5.18 The second premises is located next to the main trading premises. The landlord of this premises is Finch Seaman Enfield Group Limited and the Joint Administrators understand that there are rent arrears of approximately £9,672 and that the tenancy was terminated prior to their appointment.

Investigations

- 5.19 The Joint Administrators have a statutory obligation to file a report with the DBIS in respect of the conduct of the directors and officers of the Company that held office in the three years prior to the Administration. This report must be filed within six months from the appointment date and the content of this report is confidential.
- 5.20 The Joint Administrators also have the power to investigate antecedent transactions which include:
- Transactions at an undervalue in accordance with s238 of the Act;
 - Preferences in accordance with s239 of the Act, and,
 - Transactions to defraud creditors in accordance with s423 of the Act.

- 5.21 Should any creditors have any information with regard to the conduct of the directors that they would like to bring to the attention of the Joint Administrators, please would they send such comments in writing to this office for the attention of Arron York.

Receipts and Payments

- 5.22 A detailed receipts and payments account for the period 14 May 2010 to 27 June 2010 is shown in Appendix 2 and is self explanatory.

Joint Administrators' Agents and Solicitors

- 5.23 The Joint Administrators have engaged the following firms to assist with the sale of the business and assets of the Company and other matters:

Company	Role
Hilco	Valuation agents – Value plant and machinery, stock and chattel assets.
Osborne Clarke	Solicitors – Assist with placing the Company into Administration and other ad hoc legal matters.
Menzies LLP	Accountants – Payroll and tax advice.

- 5.25 The Joint Administrators' choice was based on the perception of the experience and ability to perform their work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

6. STATEMENT OF AFFAIRS

- 6.1 In accordance with Paragraph 47 of Schedule B1 to the Act the Joint Administrators have requested that the director of the Company provide them with a SofA in respect of the Company.
- 6.2 The director of the Company has yet to provide a completed SofA to date however, the Joint Administrators anticipate receiving the SofA shortly. As no SofA is available at present, set out below are the assets and liabilities of the Company known to the Joint Administrators.
- 6.3 A schedule of creditors' names and addresses is attached at Appendix 4. **Actual amounts owed to creditors may differ from those shown on the list. This does not affect creditors' ability to claim for different amounts.**
- 6.4 Please complete and return the proof of debt form attached at Appendix 6 if you have not done so already.

- 6.5 The major assets of the Company, according to the Company's management accounts for April 2010, were as follows:

Assets	£
Goodwill	20,443
Plant and machinery	121,881
Stock	37,000
Work-in-progress	367,621
Office equipment	5,860
Trade debtors	50,886
Leasehold improvements	11,620
Debtors and pre-payments	4,410
	619,721

- 6.6 A review of the work-in-progress position shows that there is no value in the majority of the work-in-progress items in a break-up scenario as most have been paid for up to, or in advance of, the stage completed at the date of appointment. The Joint Administrators continue to review the position for certain items.

- 6.7 As at the date of the Joint Administrators appointment, the Company's creditors were as follows:

Liabilities	£
Trade creditors	58,131
HMRC - PAYE	240,929
HMRC - VAT	91,358
Outstanding hire purchase agreements	28,416
Lloyds overdraft	175,000
	593,834

- 6.8 The estimated to realise figures for the assets will be lower than the book values detailed above.

7. STATEMENT OF PRE-ADMINISTRATION COSTS

- 7.1 Prior to the appointment of the Joint Administrators, MCR provided advisory services to the Company on a fixed fee basis, subject to a formal letter of engagement dated 21 April 2010.
- 7.2 As noted in Section 3, MCR provided assistance and advice to the Company on the Company's financial position and assisted in the marketing of the business for sale.
- 7.3 The work was carried out in an attempt to rescue the business as a going concern. After an extensive marketing exercise this was unfortunately unsuccessful. However, had a going concern sale been achieved, the Company's employees would have been transferred to the purchaser, eliminating any preferential claims against the Company and thereby reducing the general body of creditors as a whole.
- 7.4 MCR incurred £34,290 in time costs prior to the Joint Administrators' appointment. Of this, £5,000 was invoiced to the Company, however this invoice remains unpaid. The balance of the time costs will be written off.

8. JOINT ADMINISTRATORS' COSTS AND EXPENSES

- 8.1 The basis of the Joint Administrators remuneration has yet to be fixed and the Joint Administrators' Statement of Proposals suggests that their remuneration be fixed on the basis of time properly charged.
- 8.2 The time costs charged in the period by the Joint Administrators are as analysed at Appendix 4.
- 8.3 To date no remuneration has been drawn.
- 8.4 Information regarding the fees of the Joint Administrators in accordance with SIP 9, called a Creditors' guide to Administrators' fees can be found on our website at www.mcr.uk.com. Should you require a hard copy, please contact this office.
- 8.5 The Joint Administrators have incurred the following expenses in dealing with the Administration of the Company:

Company	Role	Amount Incurred to date
Hilco	Valuation agents – Value plant and machinery, stock and chattel assets.	TBC
Osborne Clarke LLP	Solicitors – Assist with placing the Company into Administration and other ad hoc legal matters.	TBC
Menzies LLP	Accountants – Payroll and tax advice	£700
Spreckley Partners Limited	Press release	£952
Willis Bond	Bonding of Company assets	TBC
Total Data Management	Collection and storing of the Company's books and records	TBC
Jardine Lloyd Thompson Limited	Asset insurers	TBC

- 8.6 At this stage of the Administration, the Joint Administrators have not received any invoices in respect of the expenses incurred by the above firms.
- 8.7 Any secured creditor, or any unsecured creditor (with the support of at least 10% in value of the creditors) or the permission of the Court, may apply to the Court on the grounds that the remuneration or basis fixed for the Joint Administrators' remuneration or the expenses incurred by the Joint Administrators are considered to be excessive. This application must be made no later than eight weeks after receipt of the Joint Administrators' progress report to creditors, where the charging of the remuneration or the incurring of expenses in question has occurred

9. DIVIDEND PROSPECTS / PRESCRIBED PART

Secured Creditors

Lloyds

- 9.1 In consideration for the monies advanced, the Company granted Lloyds a mortgage debenture which conferred fixed and floating charges over all of the assets of the Company registered at 2 June 2009.

9.2 At the date of the Joint Administrators' appointment, the Company's indebtedness to Lloyds was approximately £175,000 subject to accruing interest and charges

9.3 It is anticipated that there will be insufficient realisations to repay Lloyds in full.

HSBC

9.4 In consideration for the monies advanced, the Company granted HSBC a mortgage debenture which conferred fixed and floating charges over all of the assets of the Company registered at 24 June 2004.

9.5 The Joint Administrators understand that HSBC were repaid in full prior to their appointment and as a result, Form MG02 has subsequently been filed with the Registrar of Companies. The charge is no longer shown as outstanding at Companies House.

NatWest

9.6 In consideration for the monies advanced, the Company granted NatWest a mortgage debenture which conferred fixed and floating charges over all of the assets of the Company registered at 17 December 2003.

9.7 The Joint Administrators understand that NatWest were repaid in full prior to their appointment and as a result, Form MG02 has subsequently been filed with the Registrar of Companies. The charge is no longer shown as outstanding at Companies House.

Preferential Creditors

9.8 The Joint Administrators have yet to receive notification of the preferential creditors' claims. It is anticipated that there will be insufficient funds available to enable a distribution to be made to the preferential creditors.

9.9 It is likely that a significant element of the preferential claim will be employees' claims which are mostly subrogated to the DBIS, following payment by the Redundancy Payments Office.

9.10 Based on current information available, there will be insufficient realisations to enable a distribution to preferential creditors of the Company.

Prescribed Part

9.11 Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a "prescribed part" of the Company's net property shall be made available to unsecured creditors

9.12 The prescribed part is calculated as a percentage of net property, as follows:

Net property less than £10,000.	50%
Net property greater than £10,000:	50% up to £10,000 plus 20% thereafter to a maximum of £600,000.

9.13 Based on current information available, there will be insufficient realisations to enable a distribution to be made via the prescribed part

Non-Preferential Creditors

- 9.14 According to the Company's records, non-preferential creditors total £390,418. The non-preferential creditors can be summarised as follows:

Liabilities	£
Trade creditors	111,131
HMRC - PAYE	240,929
HMRC - VAT	91,358
	<u>443,418</u>

- 9.14 Based upon the current information available, it is anticipated that there will be insufficient realisations to enable a distribution to the non-preferential creditors of the Company.

10. EC REGULATION

- 10.1 It is the Joint Administrators' opinion that the EC Regulation apply and these proceedings are main proceedings as defined in Article 3 of the EC Regulation. The centre of main interest of the Company is in England.

11. CREDITORS' MEETING

- 11.1 In accordance with Paragraph 52(1) of Schedule B1 to the Act, a creditors' meeting will not be convened as the Joint Administrators believe that the Company will have insufficient property to enable a distribution to be made to unsecured creditors, other than via the prescribed part (if any).
- 11.2 However, the Joint Administrators shall summon an initial creditors' meeting, if requested to by the creditors of the Company, whose debts amount to at least 10% of the total debts of the Company, using the prescribed Form 2.21B, attached at Appendix 5, within eight business days from the date of this report.
- 11.3 Creditors are reminded that the costs of any meeting called shall be paid for by them and that a deposit will be required for such purpose. Such costs may be ordered to be paid as an expense of the Administration if the meeting so resolves.

12. END OF THE ADMINISTRATION

- 12.1 The options available to the Joint Administrators for the exit from the Administration are as follows:
- Compulsory Liquidation
 - Creditors' Voluntary Liquidation
 - Company Voluntary Arrangement
 - Return of control to the Director
 - Dissolution of Company
- 12.2 In the event that the Joint Administrators form the view that a distribution can be made to the non-preferential creditors, then the Joint Administrators recommend that they take steps to place the Company into CVL.

- 12.3 It is proposed that the Joint Administrators, namely Matt Bond and Jason Godefroy of MCR, would act as Joint Liquidators should the Company be placed into CVL.
- 12.4 In the event that there are insufficient realisations to permit a distribution to the non-preferential creditors, then the Joint Administrators recommend that the Company should be deregistered and dissolved. In this event, it is proposed that once all outstanding matters have been satisfactorily completed, the Joint Administrators will give notice ("the Notice") to the Registrar of Companies under Paragraph 84 of the Act to the effect that the Company has no further property to realise which might permit a distribution to the unsecured non-preferential creditors, at which time the Administration will cease. The Company will be dissolved three months following the registration of the Notice by the Registrar of Companies.
- 12.5 You will note from the Statement of Proposals section below that the Joint Administrators have left the choice of exit route from Administration open so that an alternative strategy can be adopted, should this prove more appropriate at the time.

13. JOINT ADMINISTRATORS' PROPOSALS

- 13.1 The Joint Administrators propose the following:
- 13.1.1 That the Joint Administrators continue the Administration to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect.
- 13.1.2 That the Joint Administrators do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the Administration.
- 13.1.3 That the Joint Administrators, once all outstanding matters have been satisfactorily completed, take the necessary steps to give notice under Paragraph 84 of Schedule B1 of the Act to the Registrar of Companies to the effect that the Company has no property which might permit a distribution to its creditors, at which stage the Administration will cease.
- 13.1.4 That the Joint Administrators, in the event that they form the view that a distribution can be made to unsecured creditors, take the necessary steps to put the Company into CVL. It is proposed that the Joint Administrators, currently Matthew Bond and Jason Godefroy of MCR, would act as Joint Liquidators should the Company be placed into CVL in accordance with Paragraph 83(7) of Schedule B1 to the Act and Rule 2.117(3) of the Rules the creditors may nominate a different person as the proposed liquidator, provided such nomination is made before these proposals are approved.
- 13.1.5 That the Joint Administrators be discharged from all liability pursuant to Paragraph 98 of Schedule B1 to the Act upon filing the end of the Administration or their appointment otherwise ceasing
- 13.1.6 That the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the Administration.
- 13.1.7 That the Joint Administrators be authorised to draw their firm's internal costs and expenses in dealing with the Administration ("Category 2 Disbursements"), if any.

- 13.1.8 That the Joint Administrators be authorised to instruct and pay MCR Receivables Management Limited to assist with the collection of book debts, where considered appropriate.
- 13.1.9 To seek an extension to the Administration period if deemed necessary by the Joint Administrators, for a period of six months or longer.
- 13.2 Pursuant to Rule 2.33(5) of the Rules, the proposals in paragraph 13.1 shall be deemed to be approved by the creditors on the expiry of the period in which a meeting can be requisitioned by creditors in the manner described in paragraph 11.2 above, provided that no meeting has been so requisitioned
- 13.3 The Joint Administrators will be seeking the following specific resolutions from the secured creditor:
- 13.3.1 That the Joint Administrators be discharged from all liability pursuant to Paragraph 98 of Schedule B1 to the Act, upon filing the end of the Administration or their appointment otherwise ceasing.
- 13.3.2 That the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the Administration
- 13.3.3 That the Joint Administrators be authorised to draw their firm's internal costs and expenses in dealing with the Administration ("Category 2 Disbursements"), if any.
- 13.3.4 That the Joint Administrators be authorised to instruct and pay MCR Receivables Management Limited to assist with the collection of book debts, where considered appropriate.

14. FURTHER INFORMATION

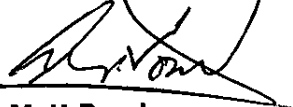
- 14.1 In accordance with Rule 2.48A of the Rules, secured creditor and unsecured creditors (with the concurrence of at least 5% in value of total claims) may make a request in writing to the Joint Administrators for further information about the remuneration or expenses set out in this report. This should be done within 21 days receipt of this report

15. OTHER MATTERS

- 15.1 If any creditor has any information concerning the Company's affairs that they would like to bring to the attention of the Joint Administrators, then please forward written details to this office.

If you require further information or assistance, please do not hesitate to contact my colleague Arron York.

Yours faithfully
For and on behalf of
Art Founders Limited



Matt Bond
Joint Administrator
Enc.

The affairs, business and property of the Company are being managed by the Joint Administrators, M P Bond and J J Godefroy, who act as agents of the Company and without personal liability. Both of the Joint Administrators are licensed by the Insolvency Practitioners Association.

APPENDIX 1

STATUTORY INFORMATION

Date of incorporation 23 January 2003

Registered number 04646021

Company director Mr Rodney Seaman

Company secretary Mr Rodney Seaman

Shareholders

	Ordinary 'A' Shares	Ordinary 'B' Shares
Finch Seaman Enfield Group Limited	13938	122000
Mr Rodney Seaman	124062	0

Trading address 9 Swinborne Drive
Springwood Industrial Estate
Braintree
Essex
CM7 2YP

Registered Office

Current:

c/o MCR
43-45 Portman Square
London
W1H 6LY

Formerly:

3 Warners Mill
Silks Way
Braintree
Essex
CM7 4GB

Any Other Trading Names Morris Singer

Financial information

	Period Ended 31 March 2009 (Unaudited) £	Period Ended 31 March 2008 (Unaudited) £
Balance Sheet		
Fixed assets	189,422	209,320
Net current assets / (Liabilities)	(171,038)	(229,725)
Long term liabilities	(28,504)	(37,379)
Net assets / (Liabilities)	(10,120)	(57,784)
Called up share capital	260,000	260,000
Revaluation reserve	15,000	15,000
Profit and loss account	(285,120)	(332,784)
Shareholders' funds	(10,120)	(57,784)



APPENDIX 2

**Art Founders Limited
(In Administration)**

**Joint Administrators' receipts and payments account for the period
14 May 2010 to 28 June 2010**

	Fixed Charge £	Floating Charge £	Total £
INCOME			
Debtors	-	2,812 38	2,812 38
	0.00	2,812.38	2,812.38
EXPENDITURE			
Statutory Advertising		75.60	75.60
	0.00	75.60	75.60
Balance	0.00	2,736.78	2,736.78
MADE UP AS FOLLOWS			
VAT Receivable			13.23
Floating charge account			2,723 55
			2,736.78

APPENDIX 3

MCR
Art Founders Limited
B - Company Creditors

Key	Name	Address	£
CA02	AIR BLAST (EAST ANGLIA)	UNITS 2/3, THE OLD AIRFIELD, GOSFIELD, C09 IAS	669.75
CA00	ALBURY ASSET RENTALS	PO BOX 6227, NORTHERN CROSS BASING VIEW, BASINGSTOKE, HAMPSHIRE, RG21 47Q	0.00
CU03	ARCO LIMITED	PO BOX 21, HEAD OFFICE, WAVERLEY STREET, JULL, HU1 2SJ	200.30
CA01	ARMILL LIFT TRUCKS LTD	3A CRITTALL DRIVE, SPRINGWOOD IND ESTATE, BRAINTREE, ESSEX, CM7 2RT	21.53
CA03	ATOM HYDRAULICS LIMITED	UNIT 1, WICKS CLOSE, SPRINGWOOD INDUSTRIAL ESTATE, BRAINTREE, ESSEX, CM7 2EG	0.00
CB03	BIFFA WASTE SERVICES	CORONATION ROAD, HIGH WYCOMBE, HP12 3TZ	139.48
CB00	BOC	CUSTOMER SERVICE CENTRE, PO BOX 12, PRIESTLEY ROAD, WORSLEY, MANCHESTER, M28 2UT	2,572.11
CB07	BOYESEN DESIGN PARTNERSHIP	THE OLD BARNS, LLANDYSUL, CEREDIGION, SA44 6AD	177.50
CB08	BRAINTREE CHAMBER OF TRADE AND COMMER	THE CORNER HOUSE, MARKET PLACE, BRAINTREE, ESSEX, CM7 3HQ	60.00
CB02	BRANDON HIRE	72-75 FEEDER ROAD, BRISTOL, BS2 0TQ	0.00
CB05	BRECKLAND HYGIENE & INDUSTRIAL SUPPLIES	UNIT 5-7 TELFORD WAY, THETFORD, SUFFOLK, IP24 1HU	253.84
CU01	BRITISH GAS BUSINESS	PO BOX 254, CAMBERLEY, SURREY, GU15 3WA	3,957.07
CB04	BRITISH TELECOM		0.00
CB01	BROOKSIDE METAL COMPANY	BILSTON LANE, WILLENHALL, WEST MIDLANDS, WV13 2QE	0.00
CC01	CALOR GAS LIMITED	CORYTON CALOR CENTRE DIRECT, MANOR WAY, STANFORD-LE-HOPE, ESSEX, SS17 9LW	0.00
CC03	CAPITAL REFRACTORIES LIMITED	STATION ROAD, CLOWNE, DERBYSHIRE, S43 4AB	1,575.69
CU00	CCS MEDIA	OLD BIRDHOLME HOUSE, DERBY ROAD, CHESTERFIELD, DERBYSHIRE, S40 2EX	55.23
CC04	CEMEX UK OPERATIONS LIMITED	PO BOX 104, STOCKTON ON TEES, TS17 6WZ	600.87
CC00	CLOSE PREMIUM FINANCE	21ST FLOOR, TOLWORTH TOWER, EWELL ROAD, TOLWORTH, SURBITON, SURREY, KT6 7EL	0.00
CC05	CM PATTERNMAKING	22 FINCH DRIVE, SPRINGWOOD INDUSTRIAL ESTATE, BRAINTREE	0.00
CC02	COLCHESTER HOSPITAL UNIVERSITY	FINANCIAL SERVICES, NORTH LODGE, COLCHESTER HOSPITAL, TURNER ROAD, COLCHESTER, ESSEX, CO4 5JL	353.73
CC06	CONSULT X LIMITED	THE OAKS, BADGERS CROFT, HEMEL HEMPSTEAD, HERTFORDSHIRE, HP2 4NE	204.81
CE01	EON ENERGY	BUSINESS CUSTOMER SERVICE, E.ON ENERGY LIMITED, NEWLAND HOUSE, 49 MOUNT STREET, NOTTINGHAM, NG1 6PG	0.00
CU04	ERNEST DOE	ULTING, MALDON ESSEX, CM9 6QH	0.00
CE00	ESSEX ENGINEERS SUPPLIES LTD	UNIT 12 WARNER DRIVE, SPRINGWOOD INDUSTRIAL ESTATE, RAYNE ROAD, BRAINTREE, ESSEX, CM7 2YW	46.85

MCR
Art Founders Limited
B - Company Creditors

Key	Name	Address	£
CF00	FINCH SEAMAN ENFIELD	11 SWINBOURNE DRIVE, SPRINGWOOD INDUSTRIAL ESTATE, BRAINTREE, ESSEX, CM7 2YP	0 00
CF01	FINCH SEAMAN ENFIELD GROUP	11 SWINBOURNE DRIVE, SPRINGWOOD INDUSTRIAL ESTATE, BRAINTREE, ESSEX, CM7 2YP	3,736.28
CE02	GRENDALL LIMITED	RUSSELL HOUSE, ICKNIELD WAY, LETCHWORTH, HERTS, SG6 1EL	2,446.94
CR00	H G Rant	Oakmead Works, Desborough Street, High Wycombe, Bucks, HP11 2LX	68.18
CH00	H M Revenue & Customs	Insolvency Operations, Queens Dock, Liverpool, Merseyside, L74 4AF	0.00
CO00	HAVENDENE LTD T/A OFFICE LORO	UNITS 4/6, BENFIELD WAY, BRAINTREE, ESSEX, CM7 3YS	319.70
CH03	HAZE AND SAFETY LIMITED	27 MEADOWSIDE, BRAINTREE, ESSEX, CM7 5UG	870 00
CH06	HEALTH AND SAFETY LABORATORY	FINANCE SECTION, HARPUR HILL, BUXTON, DERBYSHIRE, SK17 9JN	140 00
CH02	HM Revenue & Customs	Enforcement & Insolvency Service, Durrington Bridge House, Worthing, West Sussex, BN12 4SE	0.00
CH05	HOBEN INTERNATIONAL LTD	PO BOX 37 (STOKE), IVY HOUSE ROAD, STOKE ON TRENT, ST1 3RU	0.00
CI01	ING Lease (UK) Limited	60 High Street, Redhill, Surrey, RH1 1NY	0 00
CI00	INTERCOMM SERVICES LIMITED	GLOBE WORKS, 11 SWINBORNE DRIVE, BRAINTREE, ESSEX, CM7 2YP	2,612.56
CJ00	JOHN WINTER & CO LTD	FOUNDRY & DENTAL SUPPLIES, PO BOX 21, WASHER LANE, HALIFAX, WEST YORKSHIRE	1,052.22
CK00	KINGSDOWN COMPRESSED AIR SYSTEMS LTD	UNIT 8, INVICTA BUSINESS PARK, LONDON ROAD, WROTHAM, KENT, TN15 7RJ	193 72
CL00	Lambert Chapman	3 Warners Mill, Silks Way, Braintree, Essex, CM7 3GB	3,542.63
CL02	LIBERON LIMITED	MOUNTFIELD INDUSTRIAL ESTATE, NEW ROMNEY, KENT, TN28 8XY	118.62
CL04	LLOYDS TSB BANK PLC	2-4 BANK STREET, BRAINTREE, ESSEX, CM7 1UN	0.00
CL03	LOMBARD	PO BOX 520, ROTHERHAM, SOUTH YORKSHIRE, S63 3BR	0 00
CL01	LUNTS CASTINGS LTD	MIDDLEMORE ROAD, BIRMINGHAM, B21 0BJ	100 46
CM01	MOULD LIFE	C/O LLOYDS TSB COMMERCIAL FINANCE, PO BOX 1044 HARLOW, ESSEX, CM20 9GY	658 08
EP00	Mr A Palmer	1 Goldingham Drive, Braintree, Essex, CM7 1BJ	0.00
EB02	Mr C Boverthoff	3 Queens Road, Lychpit, Basingstoke, Hampshire, RG21 7RF	0.00
ED00	Mr C Dearing	26 Anfield Lane, Braintree, Essex, CM7 2TH	0.00
ED01	MR D DEARING	6 DEAN ROGERS PLACE, BRAINTREE, ESSEX, CM7 5ST	0.00
EC00	Mr E Triplow	24 Challis Lane, Braintree, Essex, CM7 1AN	0.00
EH00	Mr Hamblin	The West Lodge, Sailing Grove, Great Sailing, Braintree, Essex, CM7 5DP	0.00
EG00	Mr J Guy	East Lodge, Great Sailing, CM7 5DW	0.00
EB01	Mr K Bellamy	47 Mounts Road, Braintree, Essex, CM7 3JA	0.00

MCR
Art Founders Limited
B - Company Creditors

Key	Name	Address	£
ES00	Mr P Swan	28 Lupin Way, Crackton On Sea, Essex, CO16 7DX	0.00
ET00	MR P TUREK	10 Faraday Close, Braintree, CM7 1JD	0.00
RS00	Mr R Seaman	167 London Road, Braintree, Essex, CM7 8PT	0.00
EB00	Mr S Breaker-Rolfe	142 Jeffreys Road, Braintree, Essex, CM7 8JJ	0.00
EF00	MS E FROST	2 HOLLILAND CROFT, GREAT TEY, COLCHESTER, ESSEX, CO6 1BB	0.00
ES01	Ms P Slusarczyk	119 Rayne Road, CM7 2QD	0.00
ET01	Ms Tesmer	8 St Peters Close, Braintree, Essex, CM7 9AW	0.00
EW00	Ms Walls	27 Walter Way, Silver End, Witham, Essex, CM8 3RJ	0.00
CM00	MTEC WAREHOUSING LIMITED	UNIT 10 , GENTLEMENS FIELD, WESTMILL ROAD, WARE, HERTS, SG12 OEF	6,160.45
CN02	NICHE LIMITED	UNIT 4 CHILFORD COURT, RAYNE ROAD, BRAINTREE, ESSEX, CM7 2QS	485.57
CN00	Nordair Niche Limited	Unit 4, Chilford Court, Braintree, Essex, CM7 2QS	0.00
CN01	NOTCUTT LTD	HOMWOOD FARM, NEWARK LANE, RIPLEY, SURREY, GU23 6DJ	9,919.90
CP01	P J MULLINS	7 Gleave Close, St Albans, Herts, AL1 4QE	4,545.00
CP03	PEAR TREE COTTAGE BED AND BREAKFAST	LAMBERTS LANE, MIDHURST, WEST SUSSEX, GU29 93F	0.00
CP00	PHILIP CLEEVE	PEAR TREE COTTAGE, LAMBERTS LANE, MIDHURST, WEST SUSSEX, GU29 9EF	0.00
CP02	POTCLAYS	BRICKKILN LATE, ETRURIA, STOKE ON TRENT, STAFFS, ST4 7BP	319.70
CQ00	QUICK SAND	THE CORDONS, LONG GREEN, CRESSING, BRAINTREE, CM77 8DL	0.00
CR01	R L SLAUGHTER	11-12 UPMINSTER TRADING PARK, WARLEY ST, UPMINSTER, ESSEX, RM14 3PJ	1,065.93
CS00	SAGE UK LIMITED	NORTH PARK, NEWCASTLE UPON TYNE, NE13 9AA	0.00
CS04	SMALL VAN HIRE	9 SWINBORNE DRIVE, SPRINGWOOD INDUSTRIAL ESTATE, BRAINTREE, ESSEX, CM7 2YP	4,262.90
CS02	SMITH LAW PARTNERSHIP	GORDON HOUSE, 22 RAYME ROAD, BRAINTREE, ESSEX, CM7 2QW	0.00
CS05	SOUTH WESTERN INDUSTRIAL PLASTERS	63 NETHERSTREET, BROMHAM, CHIPPENHAM, WILTS, SN15 2DP	3,335.69
CS01	ST ANNES HAULAGE (ESSEX) LIMITED	40 ORION WAY, BRAINTREE, ESSEX, CM7 9UR	346.62
CS06	STRIKO UK LTD	UNIT 24, JUPITER BUSINESS PARK, HIXON, STAFFORDSHIRE, ST18 OPF	236.43
CS03	SYNTEL INDUSTRIES LTD	TRANSPLUTECH HS, 19 HEATHER PARK DRIVE, WEMBLEY, MIDDLESEX, HA0 1SS	64.63
CT03	TAYLORS FOUNDRY LIMITED	21 HOLLANDS ROAD, HAVERHILL, SUFFOLK, CB9 8PU	0.00
CB06	THE BRITISH WAX REFINING COMPANY LTD	62 HOLMETHORPE AVENUE, HOLMETHORPE INDUSTRIAL ESTATE, REDHILL, SURREY, RH1 2NL	254.92
CD00	THE DRS PARTNERSHIP	167 LONDON ROAD, BRAINTREE, ESSEX, CM77 8PT	53,000.00
CU05	THE FINE ART SOCIETY	148 NEW BOND STREET, LONDON, W1S 2JT	0.00
CT00	THE SOCIETY OF PORTRAIT SCULPTORS	FARM PLACE, ISFIELD, NR UCKFIELD, EAST SUSSEX, TN22 5TY	0.00

MCR
Art Founders Limited
B - Company Creditors

Key	Name	Address	£
CT02	TUPLIN (GATWICK) LIMITED	UNITS 7/8 BRIDGE IND. ESTATE, BALCOMBE ROAD, HORLEY, SURREY, RH6 9HU	0.00
CU02	UNITED WELDING SUPPLIES LIMITED	UNIT 32, THE CAM CENTRE, HILBRUY WAY, HITCHIN, HERTS, SG4 0TW	0.00
CW00	WEST LONDON SHOTBLAST CENTRE LTD	SOUTHWOOD MANOR, BURHILL, HERSHAM, SURREY, KT12 4BJ	384.68
CY00	YELL LIMITED	YELL CUSTOMER SERVICE TEAM, QUEENS WALK, OCFORD ROAD, READING, RG1 7PT	0.00
87 Entries Totalling			111,130.57

APPENDIX 4



Art Founders Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 14 May 2010 to 28 June 2010

Classification of Work Function	Hours					Total Hours	Time Cost £	Av hourly Rate £
	Partner	Manager	Senior	Assistant	Support			
Administration and Planning								
Strategy planning & control	2 60	20 70	0 90	17 50		41 70	11,198 50	268 55
Statutory matters (Meetings, Reports and Notices)	0 40	1 40		32 60		34 40	4,609 50	134 00
Dealings with Directors and Management		5 10		3 00		8 10	2,149 00	265 31
Statement of affairs	0 20	0 90		3 00		4 10	883 50	215 49
Case review and Case Diary management	0 20	0 40		2 40		3 00	569 00	189 67
IPS set up & maintenance		0 10		4 50		4 60	551 50	119 89
Cashiering & accounting	0 10	0 30	1 00	0 90		2 30	549 50	238 91
Insurance		0 10		1 60		1 70	245 00	144 12
Tax Compliance/Planning		0 10		0 50		0 60	96 50	160 83
Realisation of Assets								
Sale of business	1 00	14 80		8 50		24 30	6,934 50	285 37
Stock and Work In Progress		4 40		3 00		7 40	1,900 50	256 82
Book debts		2 30		0 80		3 10	913 00	294 52
Plant, Machinery, Fixtures and Motor Vehicles	0 10	1 30		0 50		1 90	561 00	295 26
Other Tangible Assets				2 00		2 00	200 00	100 00
Hire Purchase and Lease Assets				0 70		0 70	97 50	139 29
Freehold and Leasehold Property				0 50		0 50	50 00	100 00
Other Intangible Assets				0 30		0 30	46 50	155 00
Goodwill and Intellectual Property Rights		0 10				0 10	35 50	355 00
Trading								
Trading - Retention of Title, Claims handling		0 10		0 90		1 00	125 50	125 50
Creditors								
Communications with Creditors/Employees		2 70		19 60		22 30	3,001 00	134 57
Non Pref Creditors/Employee claims handling	0 80	1 40		16 00		18 20	2,917 50	160 30
Secured Creditors	0 40	1 90				2 30	872 50	379 35
Pref claims adjudication and distribution				1 00		1 00	100 00	100 00
Creditors committee				0 40		0 40	40 00	100 00
Total Hours	5 80	58 10	1 90	120 20	0 00	186 00		207 78
Total Fees Claimed (£)	2,871 00	20,637 50	517 00	14,621 50	0.00		38,647 00	

Category 2 Disbursements:

There are no category 2 disbursements for this case to date

APPENDIX 5

Rule 2.37

Creditor's request for a meeting

Name of Company

Art Founders Limited

Company number

04646021

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

Court case number

3706 of 2010

(a) Insert full name and
address of the creditor
making the request

I (a)

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

request a meeting of the creditors of Art Founders Limited

(b) Registered Office
c/o MCR
43-45 Portman Square
London
W1H 6LY

(c) Insert amount of claim

My claim in the Administration is (c)

(d) Insert full name(s) and
address(es) of creditors
concurring with the
request (if any) and their
claims in the
administration if the
Requesting creditor's claim
is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of
concurrence(e) Insert details of the
purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated

APPENDIX 6

Proof of Debt – General Form

Art Founders Limited (In Administration)

Date of administration 14 May 2010

1.	Name of creditor (If a company please also give company registration number)	
2	Address of creditor for correspondence	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into administration	
4	Details of any documents by reference to which the debt can be substantiated (Note: There is no need to attach them now but the administrator may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting)	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount.	£
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)	
7	Particulars of any security held, the value of the security, and the date it was given	
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates	
9	Signature of creditor or person authorised to act on his behalf _____	
	Name in BLOCK LETTERS _____	
	Position with or in relation to creditor _____ Address of person signing (if different from 2 above) _____	

For Administrators' Use only

Admitted to vote for	Admitted for dividend for
£	£
Date	Date
Administrator	Administrator