

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company 4D Art Limited	Company number 06417861
In the Birmingham District Registry (full name of court)	Court case number 8235 of 2011

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

I/We (a)
M D Hardy
Poppleton & Appleby
35 Ludgate Hill
Birmingham
B3 1EH

M T Coyne
Poppleton & Appleby
35 Ludgate Hill
Birmingham
B3 1EH

*Delete as applicable

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

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

(b) 16 July 2011

Signed

M. D. Hardy
Joint / Administrator(s)

Dated

15 June 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

M D Hardy
Poppleton & Appleby
8 Manor Road
Coventry
CV1 2LH

DX Number

02476 992799
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

TUESDAY



A21

26/07/2011
COMPANIES HOUSE

312

TO ALL KNOWN MEMBERS AND CREDITORS

Our Ref: MDH/GGB/SLH/D4S/4

15 July 2011

Dear Sirs

4D Art Limited – In Administration (the "Company")

In accordance with the provisions of Paragraph 49(4) of Schedule B1 to the Insolvency Act 1986, I write to advise you of the proposals of the Joint Administrators to achieve the purpose of the Administration. I do not intend to convene a meeting of Creditors for the reasons set out in the report.

You will find enclosed with this letter the following documentation:

- 1 A copy of the Joint Administrators' report, which encompasses proposals for fulfilling the objectives of the Administration, and
- 2 A Proof of Debt form which you should complete if you have not already done so.

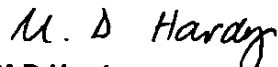
I would advise that in accordance with Paragraph 52(1) of Schedule B1 of the Insolvency Act 1986, an initial meeting of Creditors of the Company will not be convened as the Company has insufficient property to enable a distribution to be made to unsecured creditors.

However, pursuant to Paragraph 52(2) of the Insolvency Act 1986 any single creditor or group of creditors of the Company whose debt(s) amount to at least 10% of the total debts of the Company may, within 8 business days from the date of the Joint Administrators sending out their proposals, require them to summon a meeting of creditors. It should be noted that the expenses of summoning and holding such a meeting at the request of a creditor shall be paid by that person, who shall deposit with the Joint Administrators security for their payment. Rules 2.37(3) and (4) apply.

Creditors wishing to request such a meeting should therefore contact me as a matter of urgency so as to comply with the relevant rules.

Should you require any further information concerning the report, please do not hesitate to contact me.

Yours faithfully
For and on behalf of
4D Art Limited


M D Hardy
Joint Administrator

Enc

Please note that the Joint Administrators are agents of the Company and act without personal liability

IN THE HIGH COURT OF JUSTICE
BIRMINGHAM DISTRICT REGISTRY
CHANCERY DIVISION
COMPANIES COURT

NO 8235 OF 2011

**IN THE MATTER OF
THE INSOLVENCY ACT 1986
AND
4D ART LIMITED
IN ADMINISTRATION**

Company No. 06417861

**REPORT AND PROPOSALS BY THE JOINT ADMINISTRATORS
TO MEMBERS & CREDITORS**

Pursuant to Paragraph 49(1) of Schedule B1 to the Insolvency Act 1986
And Part 1 of the Insolvency Act 1986
And Part 1 Chapters 1 to 4 of the Insolvency Rules 1986
(as amended by the Insolvency Act 2000 and the
Insolvency Amendment No 2 Rules 2002)

Poppleton & Appleby
8 Manor Road
Coventry
CV1 2LH

Tel No 024 76992799
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Email info@poppletonandappleby.co.uk

4D Art Limited

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4D Art Limited (In Administration)
High Court of Justice, Birmingham District Registry, Chancery Division
Court No. 8235 of 2011

Joint Administrators' Report and Proposals

1. Introduction and Statement of Proposals

Messrs M D Hardy and M T Coyne, Licensed Insolvency Practitioners of Poppleton & Appleby, 35 Ludgate Hill, Birmingham, B3 1EH, were appointed Joint Administrators ("the Administrators") to 4D Art Limited ("the Company") on 24 May 2011

As creditors may be aware, the Joint Administrators are obliged to consider which of the specific objectives the Administration procedure is likely to achieve. The specific objectives are set out in Paragraph 3(1) of Schedule B1 of the Insolvency Act 1986 and I deal with each of these objectives as follows

- Rescuing the Company as a going concern

This was not a viable option as there were no funds available to the Joint Administrators to facilitate continued trading whilst a solution to repay creditors was being considered. Notwithstanding this, the trading forecasts of the business suggested there was little prospect of generating sufficient funds to form the basis of a settlement with creditors

- Achieving a better result for the Company's Creditors as a whole than would be likely if the Company were to be wound-up

It is not possible to state with any certainty at this stage as to whether there is likely to be a dividend to unsecured creditors and therefore this option is not currently appropriate. The distribution prospects are dependent on commission payments following the sale of the business and assets, further details of which are set out in the body of this report, together with the final outcome as to secured creditor claims and the costs of the Administration

I consider the objective I am most likely to be able to fulfil to be:

- Realising the property in order to make a distribution to one or more Secured or Preferential Creditors

In this report I set out the rationale for the Administration and how this objective is to be achieved. This report details our proposals to creditors in accordance with the provisions of Paragraph 49(1) of Schedule B1 to the Insolvency Act 1986. On present indications, it is only envisaged that funds will be available for the fixed and floating charge holder and the preferential creditors. I would therefore advise that in accordance with Paragraph 52(1) of Schedule B1 to the Insolvency Act 1986 an initial meeting of Creditors of the Company will not be convened as the Company has insufficient property to enable a distribution to be made to unsecured creditors

I would advise creditors that, pursuant to Paragraph 52 of Schedule B1 to the Insolvency Act 1986, any single Creditor, or group of Creditors, of the Company whose debt(s) amount to at least 10% of the total debts of the Company may, within 8 business days from the date of the Administrator sending out a resolution or proposals, require him to summon a Meeting of Creditors

It should be noted that the expenses of summoning and holding such a meeting at the request of a Creditor shall be paid by that person, who shall deposit with the Administrator security for their payment as would apply pursuant to Rules 2 37(3) and (4) of the Insolvency Rules 1986

In accordance with Paragraph 100(2) of Schedule B1 to the Act, I am required to confirm that the Administrators act on a joint and several basis, although the day to day conduct of the Administration rests with me, Matthew Douglas Hardy

I understand that the EC Regulations apply and that these proceedings are main proceedings as defined in Article 3 of the EC Regulations

2. Statutory Information

I attach at **Appendix 1** of this report the statutory information regarding the Company which deals with the relevant requirements of Rule 2 33 of the Insolvency Rules 1986

3. Events Leading to the Appointment of the Joint Administrators

I was first introduced to Mr Blakeman and Mrs Tallis, Directors of the Company, by the Company's accountants, Murphy Salisbury, on 21 April 2011. At this meeting the position of the Company was discussed and in particular the position with the Company's major creditor, Fine Makers HK Limited.

Mr Blakeman was due to visit the major creditor in China over the Easter break 2011 to discuss the Company's position and see if any form of deferred payment agreement could be reached

I attended a further meeting on 5 May 2011 with the Directors at which it became clear that no agreement could be reached with this creditor I discussed the Company's options including Administration. However before this decision was made I wanted further information regarding the Company's customer base, stock levels, design rights etc

A further meeting was held on site on 9 May 2011 to review this information and it was agreed that Administration would facilitate a possible sale of the Company's assets, in particular the goodwill and design rights Such a sale would be more difficult in a liquidation scenario as the lead time would most likely erode customer confidence and ultimately devalue the goodwill. If this could not be achieved then the Directors would assist in an orderly sale of the stock to current customers as this would provide better realisations than a forced sale

On 19 May 2011, the Directors decided that the Company could no longer continue to trade and all employees were made redundant

4. Statement of Affairs and Estimated Outcome Statement

Following my appointment, I requested that the Board of Directors submit a Statement of Affairs for the Company as at 24 May 2011.

I have included within this report a copy of the draft Statement of Affairs, which can be found at **Appendix 3** with supporting notes at **Appendix 4** These figures have been circulated amongst the Directors and whilst I have not yet received a signed copy of the Statement of Affairs and Statement of Concurrence from the Directors, I do not anticipate any material movement from these figures

The Statement of Affairs provides estimated values for the Company's assets and liabilities and does not include any provision for the costs of the Administration.

I have also enclosed at **Appendix 5** the Joint Administrators' Estimated Outcome Statement with respect to projected costs of the procedure

This statement serves as an illustration of the projected outcome and does not take into account any material changes to asset realisations, unsecured claims or further unexpected costs and is therefore subject to revision

At **Appendix 6** are the names and approximate amounts due to the creditors of the Company in accordance with the Company's records

5. Conduct of the Administration to Date

5.1 Marketing and Sale of the Business Assets

Immediately following the appointment, on 24 May 2011, a team from Poppleton & Appleby attended the Company's trading premises to undertake a review of the Company's affairs and to collate the information to be sent to prospective purchasers of the stock and goodwill.

The appointment of Administrators was communicated to all known creditors as soon as was practicably possible and to the Company's workforce who had been made redundant by the Company on 19 May 2011

The Company had a Receivables Finance Agreement in place with Lloyds TSB Commercial Finance Limited ("LTSBCF"). The agreement provided funding of 95% of the sales ledger and therefore there was no scope for extra funding to be provided

The Company had no work in progress as at 24 May 2011, although it had a strong sales book, with initial estimates showing that there was approximately £60,000 worth of sales already agreed. The Company could not fulfil these orders as it could not pay its suppliers for stock, some of which was held in a bonded warehouse

It was also clear that the Company had a strong brand name in the industry, it owned the majority of the intellectual property rights and designs for the well established range of quality sculptural giftware that it sold and therefore it was likely that there would most likely be substantial interest in acquiring either the business or the intellectual property rights

GoIndustry DoveBid, a firm qualified to act by the Royal Institute of Chartered Surveyors was instructed to assist with the sale of the business and assets of the Company. An advert for the sale of the business by private treaty was placed on its website

In conjunction with this, seventeen parties were contacted directly by Poppleton & Appleby. These parties were made known to us by the Directors as companies who may also be interested in purchasing the stock and intellectual property of the Company

From this initial contact, ten companies stated their interest and signed confidentiality agreements and a sales pack with a disclosure of the Company's financial information was sent to those interested parties

Due to the desire to preserve the Company's goodwill and sales ledger, a deadline for submitting offers was set for 3 June 2011 and five offers were received.

All offers were reviewed on their merits and it was decided that of these five offers, three offers were worth pursuing further. The remaining two offers were rejected on the basis

that they were either too low or the offer was for individual ranges and this would dilute the value of the whole range

Further discussions were held with the three interested parties and also some of the Company's designers in order to gauge which offer would offer the best return to creditors

Following lengthy discussions with all parties, an offer to purchase the Company's stock and intellectual property was accepted from Carte Blanche Greeting Limited ("Carte Blanche") The offer was to include the following

	(£)	
Goodwill	1	
Intellectual property and databases	1	(see also next paragraph)
Stock	49,997	
All contracts	1	

Furthermore, a royalty payment of 5% of all net sales generated by the purchaser of existing and future models in the product range on a UK and worldwide basis in the twelve month period following the date of transfer will also be paid to the Administration, subject to a maximum payment of £50,000

The Company's stock had been held in a bonded warehouse and as the stock was to be part of the sale agreement it was agreed that the Administration would meet the VAT and import duty amounting to £8,650 (of which £8,000 is believed to be recoverable VAT) and a further £10,000 plus VAT was paid in settlement of the outstanding liability to the bonded warehouse owner

There is no association between Carte Blanche and the Company or its former Directors

The offer was reviewed by the agents, GoIndustry DoveBid, who approved the offer as representing market value I also notified Fine Makers HK Ltd, being the largest creditor of the Company of my intent to sell to Carte Blanche, who, I was advised, already had a strong trading relationship with this creditor

The sum of £50,000 was received from the purchaser on 12 July 2011 and arrangements are in place to report and monitor the sale of products for the next 12 months.

In view of the deferred element of the consideration, I considered the need for security or guarantees from the purchaser to protect the position of the Company However, Carte Blanche is a well established business with a worldwide turnover approaching \$1 billion In light of the structure of the business, it was considered impractical and difficult to achieve to put a debenture in place and I have therefore relied on the integrity of Carte Blanche to make good on the balance of the consideration.

5.2 Book Debts

At the date of my appointment, debtor accounts stood at approximately £49,988 and were subject to the finance agreement in favour of Lloyds TSB Commercial Finance ('LTSBCF'), whose current account at that time stood at £38,428.

I am pleased to report that debtor collections of more than £25,000 have so far been achieved The Directors have taken an active role in assisting LTSBCF in the collection process and it is envisaged that the majority of the balance of debtor accounts will be settled

It is hoped that a significant proportion of LTSBCF core debt will be repaid from collections, although I understand collection and termination charges will be added to the LTSBCF amount. At this stage, I have anticipated an overall shortfall of £5,000 to LTSBCF together with termination charges of £11,250, subject to clarification of the final outcome.

6. Receipts and Payments Account

I attach at **Appendix 7** a copy of my Receipts and Payments Account which provides details of funds received to date and payments made.

7. Proposal for Achieving the Objectives of the Administration

The primary issues remaining to be dealt with in the Administration, as far as asset realisations are concerned, is the receipt and monitoring of the collection of the additional sums from Carte Blanche.

I will also be assisting LTSBCF in the collection of outstanding debtor accounts.

I attach at **Appendix 2**, a summary of my proposals for dealing with these matters and concluding the Administration. As the Joint Administrators have made a statement pursuant to Paragraph 52(1), the proposals set out in this report and summarised in **Appendix 3** are deemed to be approved, subject to the provisions of Paragraph 52(2).

The proposals also include the provision for an exit route from the Administration.

It is anticipated that recoveries will only be sufficient to make a distribution to the secured creditor, LTSBCF, and the preferential creditors together with settlement of the costs of the Administration. I propose to seek an extension to the Administration for six months with the consent of these two classes of creditor. This will facilitate the completion of the twelve month royalty agreement, the distribution of funds and thereafter, the Company will be dissolved.

In the event that funds do become available for distribution to the unsecured creditors, then I will contact creditors with revised proposals for the distribution of those funds and for the exit from Administration.

8. Costs of the Administration

Creditors will note that I have requested that my remuneration be fixed by reference to time properly expended by my team in attending to matters arising from the Administration. In addition, approval is also requested for the costs of disbursements and expenses incurred by the Joint Administrators to be drawn from the Administration funds. At this stage, I have not drawn any Category 2 Disbursements.

In accordance with Statement of Insolvency Practice 9, I attach a detailed analysis of my time costs to date at **Appendix 8**. A summary of charge out rates, and a Creditors Guide to Fees in an Administration are included in **Appendices 9 and 10**.

I will also seek approval for the payment of the costs and expenses of the agents, accountants and solicitors instructed to assist the Joint Administrators in the Administration from the secured and preferential creditors.

As previously advised, GoIndustry DoveBid were instructed to assist the valuations of the various assets belonging to the Company. Lewis Onions Solicitors, a firm regulated by The Solicitors Regulation Authority, were instructed to assist with the appointment of the Administrators and the sale of the business assets.

Please note that, in addition to the post appointment time costs detailed in **Appendix 8**, the Joint Administrators have pre-appointment time costs of £7,191.50 of which £6,041 directly relates to time spent in securing the appointment as Joint Administrators, which will be sought to be recovered out of the assets of the Company. A detailed explanation of the work carried out with regards to the Joint Administrators pre-appointment time costs incurred have been provided in the report to creditors attached at **Appendix 11**

The balance of £1,150.50 plus VAT will be written off.

For the avoidance of doubt, I will seek to obtain a resolution from creditors to recover the following time costs incurred to date -

Description	Hours	Time spent (£)	Average hourly rate (£)
Pre-appointment time relating to the appointment as Joint Administrators.	32.2	6,041	187.61
Post-appointment time costs to date	93.60	15,660	167.31
Total Time Costs to be recovered	125.80	21,701	172.50

In addition to my own pre-appointment time costs, the following pre-appointment costs have been accrued but not yet paid, and I would seek approval for the payment of the costs and expenses of solicitors instructed to assist the Administrators

Firm	Description	Agreed fee structure	Total costs (£)
Lewis Onions Solicitors	Assistance, advice, drafting, serving notices and filing documents to secure the Joint Administrators' appointment	Time cost & disbursements	1,500
Total			1,500

I am not aware of any other fees or expenses that have been charged or incurred by any other person qualified to act as an Insolvency Practitioner

I can also confirm that none of the pre-Administration fees and expenses, as detailed on the schedule above, have been settled and therefore remain payable

The approval of the pre Administration fees and expenses will be subject to the approval of the creditors (or a Creditors Committee if one is appointed) in accordance with Rule 2.67A of the Insolvency Rules 1986. This approval is not sought as part of the Joint Administrators' proposals to creditors.

Where it is resolved that a creditors' committee be established for the purposes of the Administration, the committee shall consist of at least three and not more than five creditors of the Company. Any person claiming to be a creditor is entitled to be a member of the committee providing that:-

- That person's claim has neither been wholly disallowed for voting purposes, nor wholly rejected for the purpose of distribution or dividend; and
- The claim mentioned is not fully secured.

Any creditor wishing to establish a committee should contact my office.

I have instructed a team of solicitors, former accountants and valuers to assist with the Administration and provide below details of the scope of work to be performed together with a note of their agreed fee structure -

Firm	Scope	Agreed fee structure	Budgeted Costs (£)	Costs accrued to date but not paid (£)
Murphy Salisbury	Advice regarding the tax implications of the sale	Time cost & disbursements	2,500	Nil
Lewis Onions Solicitors	Dealing with Post appointment notification formalities and documents	Time cost & disbursements	1,500	1,500
	Advising on the sale of the business assets, preparation of sales contracts and dealing with purchaser's solicitors Also, assistance with landlord and other ad hoc advice during Administration	Time cost & disbursements	9,000	6,500
GoIndustry DoveBid	Advertising and procurement of databases for sending of email marketing, production of the email flyer, sending out sales packs, dealing with interested parties Advising on the sale of the business assets	Time cost & disbursements	3,500	3,055

Further time costs will be incurred in the Administration and it is proposed that these are recovered from the assets of the Company

The Directors have been instrumental in assisting with the sale of the business, identifying potential purchasers and participating in negotiations with interested parties As the entire workforce was made redundant before my appointment, the Directors have not been paid a salary for their services

Therefore, in addition to the costs as stated above I propose to make a payment to the Directors for their services based on a modest percentage of the sales value eventually achieved for the assets, which I envisage will be circa 5%.

I will discuss this matter further with the relevant creditors before committing to a payment as an expense of the Administration

Category 2 Disbursements

In addition, approval will also be requested for the costs of disbursements and expenses incurred by the Joint Administrators. To date I have yet to draw any Category 2 Disbursements, however, full details of this firm's scale of charges can be found at **Appendix 10**

9. Estimated Return for Creditors

I refer to the Joint Administrators' Estimated Outcome Statement at **Appendix 4** and comment as follows -

9.1 Secured Creditors

Lloyds TSB Commercial Finance Limited ("LTSBCF")

The following security is held by LTSBCF in support of the Company's borrowings:

- A Mortgage Debenture created 16 September 2008 (registered 18 September 2008) providing Fixed and Floating Charges over all of the Company's assets.
- A Receivables Finance Agreement dated 16 September 2008 providing a Fixed Charge over the Company's debtor ledger

The amount due to LTSBCF as at 24 May 2011 was approximately £38,420, subject to final termination charges. I have been advised that as at 12 July 2011, LTSBCF were owed £20,061, although collections and termination charges have yet to be applied to the account.

It is currently anticipated that LTSBCF's secured debt will be settled in full from the debtor ledger, although at this stage I am unable to state the amount of any surplus that may be available for the Administration, if any, after the application of the final charges. For the purposes of the attached Estimated Outcome Statement, I have provided for a modest shortfall of £5,000 and termination charges of £11,250 although I should stress these figures are for illustration purposes only and are subject to quantification in due course

9.2 Preferential Creditors

The Company's workforce was made redundant prior to the appointment of Administrators. There will be preferential claims for outstanding wages and holiday pay

As previously advised, a return to this class of creditor is not certain at this stage. However, should matters change, creditors will be notified accordingly.

9.3 Unsecured Creditors

The estimated claims of unsecured creditors are summarised in the Statement of Affairs although at this stage, it is not a definitive position

As previously advised, a return to this class of creditor is not certain at this stage. However, should matters change, creditors will be notified accordingly.

9.4 Genesis Forwarding Services Limited

The Company had a delivery of stock from its overseas suppliers in February 2011. Due to the financial situation that had developed at that time, it was not able to pay the import duties that were incurred nor was it able to pay for the storage costs. These costs stood at £8,650 and £22,000 respectively

Genesis's storage agreement meant that it was able to impose a lien over the stock for the unpaid costs and therefore, in order to secure the sale agreement, it was agreed that VAT and import duty amounting to £8,650 would be paid with a further £10,000 plus VAT being paid in full and final settlement of the outstanding liability to Genesis

It is believed that £8,000 relating to the VAT element will be recoverable in the Administration

10. Conclusion

As you will see from the information contained in this report and appendices it is envisaged that the Administration will end via dissolution. There are, however, a number of issues outstanding which are fundamental to the final outcome and the appropriate exit from Administration

If it is subsequently decided that the Administration should conclude in a different manner, creditors will be advised accordingly

Should any Creditor wish to discuss the content of the report, or the proposals of the Administrators, please contact either myself or my Senior Case Manager Gavin Bates on 024 76992799

Signed *M. D. Hardy*

**M D Hardy - Joint Administrator of
4D Art Limited**

**Poppleton & Appleby
35 Ludgate Hill
Birmingham
B3 1EH**

Dated: 15 July 2011

4D ART LIMITED
STATUTORY INFORMATION

Company Number	06417861		
Date of Incorporation	5 November 2007		
Changes of Name	None		
Objects	Design and Wholesale of Ceramic Goods		
Registered Office	c/o Poppleton & Appleby 35 Ludgate Hill Birmingham B3 1EH		
Trading Address	5 Church Green Atherstone On Stour Stratford Upon Avon CV37 8NE		
Directors	Name	Appointed	Resigned
	David Blakeman	05 11 2007	N/A
	Tracey Tallis	05 11 2007	N/A
Company Secretary	David Blakeman	05.11 2007	N/A
Share Capital	£1,000 divided into 670 ordinary shares and 330 'A' ordinary shares of which 1,000 shares have been issued and are held as follows.		
Shareholders	Name	Shares	Type
	David Blakeman	340	Ordinary
	Tracey Tallis	330	Ordinary
	Yee Hau Lam	330	'A' Ordinary
Bankers	Lloyds TSB Bank plc		
Charges Registered	<p>Debenture in favour of Lloyds TSB Commercial Finance Ltd dated 16 September 2008 and registered at Companies House on 18 September 2008. Comprising fixed and floating charges over all property assets, goodwill, buildings, fixtures, fixed Plant and Machinery</p> <p>Lloyds TSB Bank plc has personal guarantees from T Tallis and D Blakeman to a maximum of £25,000</p>		

4D ART LIMITED
EXTRACTS FROM THE ACCOUNTS

	12 Months to 31 12 09 Unaudited £	12 Months to 31 12 08 Unaudited £
Turnover	582,456	175,191
Gross Profit/(Loss)	209,927	68,220
Gross Profit/(Loss) %	36.0	38.9
Directors Remuneration	15,600	11,700
Net Profit/ (Loss)	(313,864)	(179,089)
Dividends	-	-
Accumulated Surplus/ (Deficit)	(312,864)	(178,089)

**4D ART LIMITED
IN ADMINISTRATION**

**SUMMARY OF THE PROPOSALS OF THE JOINT ADMINISTRATORS IN
ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH 49 (1) OF SCHEDULE B1
TO THE INSOLVENCY ACT 1986**

These proposals form part of and should be read in conjunction with the Joint Administrators Report to Creditors dated 15 July 2011

The proposals of the Joint Administrators are that

- The Administration shall continue for as long as the Joint Administrators consider necessary for the efficient realisation of the Company's assets and the earliest possible achievement of the purpose of the Administration. Having regard to the timescales for payment of commissions this may involve an extension of six months to the period of Administration with the consent of the relevant creditors or by way of an application to Court as appropriate at the time
- At the conclusion of the Administration, the Joint Administrators shall take steps to have the Company dissolved in accordance with Paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 if all property is realised and there are insufficient funds to make a distribution to creditors
- The Joint Administrators are authorised to defray the costs and fees of the Administration to date as detailed in the Joint Administrators' report dated 15 July 2011 as well as future time costs incurred from time to time. The Joint Administrators' remuneration should be based upon time costs as set out in the Creditors Guide to Fees in Administration included at **Appendices 9 and 10** to this report
- The Joint Administrators are authorised to recover expenses and disbursements, where there is an element of overhead recovery (Category 2 Disbursements). The Creditors Guide to Fees attached at **Appendices 9 and 10** to this report sets out details of the manner in which Poppleton & Appleby seeks to recover expenses and disbursements
- Upon vacation of office the Joint Administrators will obtain their discharge from liability pursuant to paragraph 98 of Schedule B1 to the Insolvency Act 1986.

4D Art Limited

Appendix 3

Estimated Statement of Affairs

	Book Value		Estimated to Realise		Notes
	£	£	£	£	
CHARGED ASSETS					
IPR		50 765		50 000	1
Trade debtors		49,968	32 492		2
Less Lloyds TSB Commercial Finance Ltd			(38,428)		3
Less Estimated Termination Charges			(11 250)	(17 186)	4
				32,814	
UNCHARGED ASSETS					
Fixtures, fittings and computer equipment		5 492		0	5
Stock		36,950		49 997	6
ESTIMATED ASSETS AVAILABLE FOR PREFERENTIAL CREDITORS		<u>42,442</u>		<u>82,811</u>	
LIABILITIES					
Preferential Creditors					
Wages & Holiday Pay				(13,914)	
ESTIMATED SURPLUS / (DEFICIENCY) AS REGARDS FLOATING CHARGEHOLDERS				68,897	
Floating Chargeholders					
None				Nil	
ESTIMATED SURPLUS / (DEFICIENCY) AS REGARDS NON-PREFERENTIAL UNSECURED CREDITORS				68,897	
Non-preferential Creditors					
HM Revenue & Customs - VAT			14,982		
HM Revenue & Customs - PAYE / NIC			110,392		
Trade & Expense Creditors			537 944		
Redundancy & Pay in Lieu of Notice			36 732		
Bank overdraft			23,263		
				(723 313)	
ESTIMATED SURPLUS / (DEFICIENCY) AS REGARDS NON-PREFERENTIAL UNSECURED CREDITORS				(654 416)	
Issued and Called Up Capital					
Ordinary Shares				1,000	
ESTIMATED TOTAL SURPLUS / (DEFICIENCY) AS REGARDS MEMBERS				<u>(655,416)</u>	

Notes

- 1 This represents the agreed maximum royalty amount to be recieved from Carte Blanche Greetings Limited on the asset sale agreement.
- 2 A provision for bad debts amounting to 35% has been applied
- 3 This represents the liability owing to Lloyds TSB Commercial Finance Limited as at the date of appointment.
- 4 The termination charges have been estimated at 15% of the average book debt ledger value
- 5 The chattel assets are aged and have little re-sale value The computer equipment is also aged and therefore thought to have little re-sale value
- 6 The stock has been valued by the director at cost

4D Art Limited

Estimated Outcome Statement
as at 15th July 2011

	Administration	
	£	£
REALISATIONS		
ASSETS SUBJECT TO A FIXED CHARGE		
Royalties for Intellectual Property(at <u>Maximum</u> value)		50,000
Lloyds TSB Commercial Finance		
Provision for shortfall in collections		(5,000)
Termination Charges		<u>(11,250)</u>
Maximum Anticipated Surplus		33,750
ASSETS SUBJECT TO FLOATING CHARGE		
Sale of Assets		<u>50,000</u>
ASSETS AVAILABLE		83 750
Estimated Costs of the Administration (excluding VAT)		
Pre-Appointment Fees	6,041	
Statutory Bonding	54	
Administrator's Fees and Disbursements (Provision)	27,000	
Legal Fees (pre and post Administration and provision for future fees)	12,000	
Payment for Stock Release	10,650	
Valuation Agents Fees	3,500	
Accounts Fees / Tax advice	2,500	
Commission fee on sale of business (provision subject to creditor approval)	5,000	
General Provision for costs and disbursements	3,000	
		<u>(69,745)</u>
ESTIMATED SURPLUS AVAILABLE FOR PREFERENTIAL CREDITORS		14 005
LIABILITIES		
Preferential Creditors		
Employees' Claims		
Holiday Pay & Wages	<u>13,914</u>	<u>13,914</u>
ESTIMATED SURPLUS / (DEFICIENCY) AS REGARDS FLOATING CHARGEHOLDERS		91
Floating Chargeholders		
None		<u>0</u>
ESTIMATED SURPLUS / (DEFICIENCY) AS REGARDS NON-PREFERENTIAL UNSECURED CREDITORS		91
Non-preferential Creditors		
HM Revenue & Customs - VAT	14,982	
HM Revenue & Customs - PAYE/NIC	110,392	
Trade & Expense Creditors	537,944	
Redundancy & Pay in Lieu of Notice	36,732	
Bank overdraft	<u>23,263</u>	<u>723,313</u>
ESTIMATED SURPLUS / (DEFICIENCY) AS REGARDS NON-PREFERENTIAL UNSECURED CREDITORS		<u>(723,222)</u>
Issued and Called Up Capital		
Ordinary Shares		<u>1,000</u>
ESTIMATED TOTAL SURPLUS / (DEFICIENCY) AS REGARDS MEMBERS		<u>(724,222)</u>
Representing a dividend to preferential creditors of	100 p	In the £
Representing a dividend to non-preferential unsecured creditors of	Nil p	In the £

4D Art Limited
B - Company Creditors

Key	Name	Address	£
CA00	ADT Fire & Security Plc	PO Box 352 Manchester, M16 9XY	103 31
CA01	Agnew Agencies	13 Parknasilla Cres Aghagallon Lurgan N Ireland, BT67 0AN	840 04
CA02	Craig Aldwinckle	9 Juliet Drive, Warwick Gates, Warwickshire, CV34 6GN	2,687 00
CA03	Jane Anderson	19 Ardmillan Terrace, Edinburgh EH11 2JW	2,493 43
CA04	Associated Independent Stores Limited	Sheward House, Cranmore Avenue, Shirley, B90 4LF	570 00
CB00	David Blackman	33 Fame Avenue, Worcester, WR5 3PH	354 70
CB01	Steven Boss	8 Middlemarch Road, Radford, Coventry, CV8 3GF	2,977 04
CC00	Coynes & Company	7400 Boone Avenue North, Brooklyn Park Minneapolis Minnesota 55428, USA	5 442 17
CC01	Chris Franklin Agencies	Manlyns, Weston Subedge Chipping Camden, Gloucestershire, GL55 6QG	500 00
CC02	Chris King Agencies	Kingfisher House, 6 Plumstead Road, Thorpe End, Norwich, NR13 5BS	595 75
CD00	DHL Express (UK) Limited	Hillblom House, 1 Dukes Green Avenue, Faggs Road, Feltham, Middlesex, TW14 0LR	1,150 15
CD01	Daisy Communications	Daisy House, Lindred Road Business Park, Nelson, Lancashire, BB8 5SR	341 45
CD02	Mr P Dart	72 Southbourne Grove, Westcliffe on Sea SS0 9UT	908 42
CE00	Evesons Fuels	Eveson House, Birmingham Road, Kenilworth, Warwickshire, CV8 1PT	477 38
CF00	Fine Makers (HK) Limited	Room 2109 - 2111 21/F Hong Kong Plaza, 186 - 181 Connaught Road West, HONG KONG	445,017 99
CG00	Genesis Forwarding Services Limited	Unit 10 & 11 Erdington Ind Estate, Chester Road, Birmingham B24 0RD	23,118 18
CG01	Grundon Waste Management Limited	PO Box 132, Goulds Grove, Ewelme, Wallingford, OX10 8BY	68 94
CH00	The Cygen Fund	The Estate Office 1 Grove Business Park, Atherstone on Stour, Stratford Upon Avon, CV37 8DX	12,385 93
CH01	HM Revenue & Customs	Dumington Bridge House, Barnington Road, Worthing, West Sussex, BV12 4SE	110 391 63
CH02	HM Revenue & Customs	Recovery Unit, 3rd Floor, Queen's Dock Liverpool L74 4AF	14,982 38
CH03	Mr D Humphries		384 00
CI02	ITD Logistics	77 Windsor Road, Prestwich, Manchester, M25 0DB	476 72
CK00	Kall Kwik	71 High Street, Winchester Hampshire, SO23 9DA	4,228 00
CK01	Dean Kendrick	48 Grove Road, Stratford Upon Avon, Warwickshire, CV37 6PB	2,973 50
CL00	Lloyds TSB Bank Plc	22 Bridge Street, Stratford Upon Avon, Warks, CV37 6AG	23,283 09
CL02	Links Products	Home Distribution Centre, Moorland Way, Triton Road, Lincoln, Lincolnshire, LN6 7LR	300 00
CM00	Murphy Sailsbury	15 Warwick Road Stratford Upon Avon, Warks, CV37 6YW	6,850 88
CM01	Vickie Moore	65 Lord Street, Macclesfield, Cheshire, SK11 6TB	6,569 01
CO00	Telefonica O2 UK Limited	PO Box 202, Houghton Regis, LU8 9AG	579 38
CO01	Richard Oliver	Industrial Estate, Castlebar, Co Mayo, IRELAND	53 50

4D Art Limited
B - Company Creditors

Key	Name	Address	£
CO02	Opus Energy Limited	Royal Pavilion, 2 Summerhouse Road, Northampton, NN3 6BJ	199 35
CR00	RBS Invoice Finance Limited	C/o Wacnet, Smith House, PO Box 50, Elmwood Avenue, Feltham TW13 7Q	88 90
CS00	Stephen Dawson	Mauriston, New House Lane, Pulverbatch, Shrewsbury, SY5 8DE	1,480 58
CS01	Sage (UK) Limited	North Park, Newcastle Upon Tyne, NE13 9AA	1,540 00
CS02	Single Tree Art Industry Co Limited	Zhen Long Town, Hui Yang City, Guang Dong, HONG KONG	9,545 28
CS03	Staples Retail Limited	PO Box 1035, Doncaster, CN1 9JB	119 11
CS04	Sue Wood Agencies	20 Burton Road Homeses, East Yorkshire, HU18 1QY	876 95
CS06	Shimmer Telecom	Quayside Business Centre, Albion Row, East Quayside, Newcastle Upon Tyne, NE6 1LL	48 00
CT00	Tracey Tallis	12 Willowmead Close, Wash Commo, Newbury, RG14 6RW	545 09
CT01	Total Computer & Network	The IBIC, Holt Court South, Jennens Road, Aston Science Park Birmingham, B7 4EJ	1,177 68
EB00	Mr David Blakeman	33 Fame Avenue, Worcester, WR5 3PH	8,788 35
EB01	Ms Carol Bradnock	8 Manor Farm, South Littleton, Nr Evesham, Worcestershire, WR11 8UA	7,486 51
EB02	Sarah Blakeman	33 Fame Avenue, Worcester, WR5 3PH	2,188 88
EG00	Jane George	2 Mandeville Cottage, Evesham Road, Harvington, Evesham, WR11 8AD	3,422 50
EK00	Dean Kendrick	25 Silingates Road, Startford Upon Avon, Warks, CV37 6ST	8,901 84
EM00	Vickie Moore	65 Lord Street, Macclesfield Cheshire, SK11 8TB	8,678 74
EP00	Sue Philpot	Tidmington Farm Cottage, Tidmington Nr Shipston On Stour, Warks, CV38 5LR	1,039 50
ET00	Tracey Tallis	12 Willowmead Close, Wash Commo, Newbury, RG14 6RW	7,800 63
ET01	Andrew Tallis	12 Willowmead Close, Wash Commo, Newbury, RG14 6RW	2,361 34
49 Entries Totalling			737,227.18

4D Art Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

From 24 May 2011 to 15 July 2011

	£	£
FIXED CHARGE ASSETS		
IPR	1 00	
Goodwill	<u>1 00</u>	
		2.00
 ASSETS NOT PLEDGED		
Stock	49,997 00	
All contracts	<u>1 00</u>	
		49,998.00
 COSTS OF REALISATIONS		
Import Duty	650 00	
Warehouse Bond	<u>10,000 00</u>	
		10,650 00
		<u>39,350.00</u>

D4S

4D Art Limited

SIP 9 - Time & Cost Summary

Period 24/05/11 15/07/11

Time Summary

Classification of work function	Hours					Time Cost (£)	Average hourly rate (£)
	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	0 00	5 50	6 80	3 50	15 80	2 189.50	139.21
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Realisations of assets	15 80	8 00	45 40	0 00	67 20	12 187.00	181.35
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	0 50	0 00	6 90	3 20	10 60	1 273.50	120.14
Case specific matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	16 30	11 50	59 10	6 70	93 60	15,860.00	187.31
Total Fees Claimed						0 00	

Appendix 8i

4D Art Limited (In Administration)

Category 1 Disbursements as at 15th July 2011

Shimmer Telecom Limited – broadband	£144 00
County Waste – skip hire	£220 32
TCNS – PC support contract	£313 50

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES ENGLAND AND WALES

1 Introduction

1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

2 The nature of administration

2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or if the administrator thinks neither of these objectives is reasonably practicable.

- realising property in order to make a distribution to secured or preferential creditors.

3 The creditors' committee

3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one or

when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's remuneration

4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed:

- as a percentage of the value of the property which the administrator has to deal with,
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration, or
- as a set amount.

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator.

It is for the creditors' committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied, and where it is a set amount, to determine that amount. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the administrator;
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties,
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee or the committee does not make the requisite determination (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it

will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment.

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets.

In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of:

- each secured creditor of the company, or

- if the administrator has made or intends to make a distribution to preferential creditors -

- each secured creditor of the company, and
- preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would. Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence.

5 Review of remuneration

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator may request that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.

6 Approval of pre-administration costs

6.1 Sometimes the administrator may need to seek approval for

the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Details of such costs must be included in the administrator's proposals.

6.2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.

6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

7 What information should be provided by the administrator?

7.1 When seeking remuneration approval

7.1.1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on:

- the nature of the approval being sought,
- the stage during the administration of the case at which it is being sought, and
- the size and complexity of the case.

7.1.2 Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.

7.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff:

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial

assessment including the anticipated return to creditors. To the extent applicable it should also explain:

- Any significant aspects of the case, particularly those that affect the amount of time spent
- The reasons for subsequent changes in strategy
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make
- The steps taken to establish the views of creditors particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement
- Any existing agreement about fees
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases.

7.1.4 Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff.

7.2 After remuneration approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution (see further paragraph 8.1 below). Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 7.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 7.1.4 above regarding work

which has been sub-contracted out.

7.3 Disbursements and other expenses

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements, but there is provision for the creditors to challenge them, as described below. Professional guidance issued to insolvency practitioners requires that, where the administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

8 Progress reports and requests for further information

8.1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include:

- details of the basis fixed for the remuneration of the administrator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it).
- If the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report).
- If the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report.
- A statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period.
- The date of approval of any pre-administration costs and the amount approved.
- A statement of the creditors' rights to request further information, as explained in paragraph 8.2, and their right to

challenge the administrator's remuneration and expenses.

8.2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

8.3 The administrator must provide the requested information within 14 days unless he considers that:

- the time and cost involved in preparing the information would be excessive or
 - disclosure would be prejudicial to the conduct of the administration or might be expected to lead to violence against any person, or
 - the administrator is subject to an obligation of confidentiality in relation to the information requested, in which case he must give the reasons for not providing the information.
- Any creditor may apply to the court within 21 days of the administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information.

9 Provision of information - additional requirements

The administrator must provide certain information about time spent on a case, fees of charge, upon request by any creditor, director or shareholder of the company.

The information which must be provided is -

- the total number of hours spent on the case by the administrator or staff assigned to the case,
- for each grade of staff, the average hourly rate at which they are charged out,
- the number of hours spent by each grade of staff in the relevant period.

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office.

The information must be provided within 28 days of receipt of the request by the

administrator, and requests must be made within two years from vacation of office

10 What if a creditor is dissatisfied?

10.1 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court

10.2 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting

evidence at least 14 days before the hearing

10.3 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration.

11 What if the administrator is dissatisfied?

11.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient or that the basis used to fix it is inappropriate he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be

represented on the application. If there is no committee, the administrator's notice of his application must be sent to each of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

12 Other matters relating to remuneration

12.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.

12.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

12.3 If a new administrator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have

effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made.

12.4 Where the basis of the remuneration is a set amount, and the administrator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them.

13 Effective date

This guide applies where a company enters administration on or after 6 April 2010, except where:

- the application for an administration order was made before that date, or
- where the administration was preceded by a liquidation which commenced before that date.

**A CREDITORS' GUIDE TO ADMINISTRATORS' FEES
ENGLAND AND WALES**

Poppleton and Appleby

Fees and Disbursements in Administrations

Fees

The fees of the Administrator are fixed by reference to time properly spent by the Administrator and his staff in attending to all matters arising in the administration unless otherwise agreed with the creditors. The Administrator and his staff charge time to all insolvency cases in units of 6 minutes. The following charge out rates are applicable from 5th January 2009

	<i>£/hour</i>
Partner	295
Managers	160 - 195
Administrators	80 - 140
Cashier	120
Secretarial and support staff	no charge

Disbursements

In dealing with the administration, the Administrator will incur expenses and disbursements that are recoverable from the assets available in the administration in accordance with Rule 2.67 of the Insolvency Rules. In addition to out of pocket expenditure, the Administrator will also recover shared or allocated costs. Where applicable, these costs are calculated as follows

Expense Type	Basis of Charge
Room Hire (for each statutory meeting of creditors)	£175.00 per meeting*
Mileage	40 - 75p per mile
Storage of company books and records	£2.50 per box per month**

* A charge for room hire will still be made if there are no attendees at the meeting

** Where funds permit, a charge for storage of boxes for 12 months after closure of the administration is made to cover storage costs until such time as destruction of the records is permitted

Should any creditor require further clarification in respect of fees or expenses, then please contact the Administrator or case manager as identified in the correspondence concerning the administration in question.

Poppleton and Appleby	Telephone	0121 200 2962
35 Ludgate Hill	Fax	0121 236 8340
Birmingham	Email	info@poppletonandappleby.co.uk
B3 1EH		

Updated May 2010

4D Art Limited**Administrators Unpaid Pre-Appointment Costs**

I am seeking approval from the Creditors for certain of my pre-appointment fees and expenses to be paid as a cost of the Administration under the terms of Rule 2.33(2B) of the Insolvency Rules 1986. I provide below further information as to these fees and expenses.

I was first introduced to Mr Blakeman and Mrs Tallis, Directors of the Company, by the Company's Accountants Murphy Salisbury on 21 April 2011. At this meeting the position of the Company was discussed and in particular the position with the major creditor, Fine Makers HK Limited. Mr Blakeman was due to visit the major creditor in China over the Easter break to discuss the Company's position and see if any form of deferred payment agreement could be reached.

A further meeting was held on 5 May and it became clear that no agreement could be reached with this creditor. I discussed the Company's options including Administration. However, before this decision was made, I wanted further information regarding the Company's customer base, stock levels, design rights.

A further meeting was held on site on 9 May to review this information and it was agreed that Administration allowed the possible sale of the Company's assets, in particular its goodwill and design rights. If this could not be achieved then the Directors would assist in an orderly sale of the stock to current customers as this would provide better realisations than a forced sale.

These discussions were to specifically consider the appointment and to assist with the preparation of the statutory forms required to place the Company into Administration, including the filing of documents with the Court. My Solicitors also assisted in a number of matters of this nature.

On 12 May 2011, the Directors signed an engagement letter. The policy for charging and recovering fees and expenses were set out in an engagement letter to the Company. The engagement letter sets out in detail the services provided to the Company and in particular the assistance to be provided in dealing with the sale of the business and to take the necessary steps to place the Company into Administration.

I would advise that the work carried out ahead of my formal appointment has assisted in identifying and ultimately achieving the statutory purpose of the Administration. If any Creditor requires further information or clarification, then please do not hesitate to contact me.

The fees and expenses for which I am seeking approval for payment are summarised as follows.

	Pre-Appointment time costs to 24 May 2011	Time Spent Hours
	£	
Poppleton & Appleby	6,041	32 2
Lewis Onions Solicitors	2,500	15

An analysis of my own time is attached at Appendix 8 and further copies and details are available on request. There were no other advisors involved in this matter prior to my appointment other than myself and my solicitors and therefore there are no fees or expenses payable to any other party. No payment on account of my costs has been received.

The approval of the fees and expenses will be subject to the approval of the relevant Creditors in accordance with Rule 2.67A of the Insolvency Rules 1986. The approval is sought in addition to my proposals put forward in the attached report dated 15 July 2011.

For the sake of clarity, the secured and preferential creditors will be asked to consider the following resolutions:

Resolution 1 – for the acceptance / rejection of the recovery of the pre-Administration costs (as detailed above)

Resolution 2 - The Joint Administrators are authorised to defray the costs and fees of the Administration to date as detailed in the Joint Administrators' report dated 15 July 2011 as well as future time costs incurred from time to time.

Resolution 3 - The Joint Administrators are authorised to recover expenses and disbursements, where there is an element of overhead recovery (Category 2 Disbursements).

I trust this clarifies the matter although should you require any further information, then please do not hesitate to contact me.

PROOF OF DEBT - GENERAL FORM

**In the matter of 4D Art Limited
In Administration
and in the matter of The Insolvency Act 1986**

Date of Administration 24 May 2011

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	