

The Insolvency Act 1986

**Administrator's progress report**

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  
8 Manor Road  
Coventry  
CV1 2LHM T Coyne  
Poppleton & Appleby  
35 Ludgate Hill  
Birmingham  
B3 1EH

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

From

To

(b) Insert date

(b) 24 May 2011

(b) 23 November 2011

Signed

M. D. Hardy  
Joint / Administrator(s)

Dated

23. 11. 11.**Contact Details**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give will be visible to searchers of the

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

DX Number

02476 992799  
DX Exchange

SATURDAY



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26/11/2011

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COMPANIES HOUSE

When you have completed and signed this form, please send it to the Registrar of Companies at -  
**Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff**

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

Our Ref MDH/MTC/GGB/SLH/JS/D4S/04  
24 November 2011

Dear Sirs

**4D Art Limited - In Administration ("the Company")**

**Company Number: 06417861**

**Formerly Trading From 5 Church Green, Atherstone On Stour, Stratford Upon Avon, CV37 8NE  
In the Birmingham High Court Of Justice, Chancery Division, Birmingham District Registry No.  
8235 of 2011**

Further to previous correspondence and in accordance with Rule 2 47 of the Insolvency Rules 1986, I am writing to provide a report on the progress of the Administration for the period from 24 May 2011 to 23 November 2011

This report should be read in conjunction with my Proposals of 15 July 2011 which are available to download from this firm's website. These can be obtained using the same log-in details as this report

Creditors will recall that the purpose of the Administration was to realise property in order to make a distribution to one or more Secured or Preferential Creditors

**Statutory Information**

I attach Statutory Information required under Rule 2 47(1) of the Insolvency Rules 1986

**Receipts and Payments Account**

I attach a copy of my Receipts and Payments Account which covers the six month period from the date of my appointment, being 24 May 2011 to 23 November 2011

Continued

### **Fixed Charge Assets**

#### **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 at Companies House on 18 September 2008) providing a Fixed and Floating Charge over all of the Company's assets
- A Receivable Finance Agreement dated 16 September 2008 providing a Fixed Charge over the Company's Debtor ledger

The indebtedness to LTSBCF as at 24 May 2011 was approximately £38,240, subject to termination charges. I have been advised that as at 14 November 2011, LTSBCF are still owed £12,567. It is now unlikely that, due to bad debts, LTSBCF will be repaid in full.

Therefore there will not be a surplus available to the Administration.

### **Assets Subject to Floating Charge**

#### **Sale and Purchase Agreement dated 12 July 2011 ("SPA")**

As previously reported, on 12 July 2011 the Administration completed a sale of the Company's business and assets by way of a SPA with Carte Blanche Greetings Limited ("CBG"). CBG is a third party company which has no associations with the Company or any officer of the Company.

The SPA included the transfer of goodwill, intellectual property and databases, stock and all contracts for which I received £50,000 from CBG on 12 July 2011.

I would also remind Creditors that in order to complete the SPA I was required to pay a lieu to the Landlord of £10,000. This was to allow the release of the Company's Stock.

This sale was approved by agents, GoIndustry DoveBid, a firm qualified to act by the Royal Institute of Chartered Surveyors.

#### **Sales Royalties**

The Administration retained an interest in the sales of the Company's products in order to maximise realisations for Creditors. This clause in the SPA ensured a royalty payment of 5% of all net sales generated by CBG in respect of existing and future models in the product range.

This is on a UK and worldwide sales basis for the 12 month period following the transfer.

Continued

I was advised that net sales for August 2011 amounted to £9,734 and accordingly, I received £487 in respect of royalties

I am still awaiting sales information for September and October 2011 which has been requested from CBG

#### **VAT Refund**

The Company's stock was held in a bonded warehouse. The sale of the stock was included in the SPA. The import duty amounting to £8,650 was paid prior to the SPA and I was advised by the Directors that I would be able to recover £8,000 through normal VAT recovery channels.

I am currently pursuing this VAT refund which I would hope to receive within the next two months.

#### **Assets Remaining Unsold**

I can confirm that the assets which remain unrealised at this time are the royalties due from CBG which will continue until July 2012 and the VAT refund to be recovered in due course.

#### **Investigation**

In accordance with the Company Directors Disqualification Act 1986, as Administrator of the Company, I have duly submitted a report to the Department of Business Innovation & Skills ("BIS") as to the conduct of the Directors leading up to the date of my appointment as Joint Administrator.

I am unable to divulge the content of my report as this is strictly confidential between the Joint Administrators and BIS.

I can confirm, however, that our report has been duly submitted. Creditors are invited to forward any further information they may wish to bring to the Joint Administrators' attention.

#### **Costs of Proceedings**

##### **Professional Fees**

Agents, Accountants, Solicitors and the Company's Directors were instructed during the course of the Administration.

Continued

The scope of their engagement as well as the fees paid can be summarised as follows

Firm	Description	Agreed fee structure	Budgeted Costs (£)	Final total costs (£)
Lewis Onions Solicitors	Dealing with post appointment notification formalities and documents Advising on the sale of the business assets, preparation of sales contracts and dealing with purchaser's solicitors Assistance with landlord issues and other ad hoc advice	Time costs & disbursements	10,500	9,017
Murphy Salisbury	Advice regarding the tax implications of the sale	Time costs & disbursements	2,500	4,010
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 and advising on the sale of the business assets	Time costs & disbursements	3,500	3,055
David Blakeman & Tracey Tallis	Identifying and negotiating with interested parties and providing information for the sale of the business assets	Percentage of sales (5%)	5,000	5,000
<b>Total</b>			<b>21,500</b>	<b>17,072</b>

#### Pre-Appointment Administration Costs

I would remind Creditors that I sought approval from Secured and Preferential Creditors for the pre and post appointment remuneration and disbursements

I received confirmation on 5 November 2011 that the Joint Administrators are authorised to defray their pre appointment fees, fixed at £5,000 plus VAT, and as set out in the Joint Administrators' proposals of 15 July 2011 Furthermore, it was approved that the Joint Administrators are authorised to defray the pre appointment costs of their professional agents, as set out in the same proposals

Continued

A summary of the agreed costs, together with payments made in settlement of those costs is summarised below

Firm	Description	Agreed fee structure	Budgeted Costs (£)	Final total costs (£)
Lewis Onions Solicitors	Assistance, advice, drafting, serving notices and filing documents to secure the Joint Administrators' appointment	Time costs & disbursements	1,500	1,500
Poppleton & Appleby	Fees in relation to securing and identifying assets, and procuring the appointment of the Joint Administrators	Time costs & disbursements	5,000	5,000
<b>Total</b>				<b>£6,500</b>

#### Joint Administrators' Post Appointment Time Costs and Disbursements

As stated above, I sought approval from Secured and Preferential Creditors for the post appointment remuneration and disbursements

I received confirmation on 5 November 2011 that the Joint Administrators are authorised to defray their post appointment fees as set out in the Joint Administrators' proposals of 15 July 2011. Furthermore, it was approved that the Joint Administrators are authorised to defray the post appointment costs of their professional agents, as set out in the same proposals.

To date, I have not drawn any fees against my own total time costs of £28,937 in respect of dealing with all aspects of the Administration period up to 23 November 2011. The time costs incurred by this firm equate to 170 hours at an average charge out rate of £170 per hour.

Creditors should note that a significant amount of time was spent by my staff in liaising with various parties in order to secure the best offer in respect of the SPA.

In accordance with Statement of Insolvency Practice 9, I append to this report an analysis of time spent on the Administration together with all Category 2 disbursements incurred since 24 May 2011.

A Creditors' Guide to Administrator's Fees, which includes details of this firm's charge out rates and disbursements recovery policy, can be obtained at the following website or alternatively, a hard copy can be made available on request.

<http://www.poppletonandappleby.co.uk/creditors-login/creditors-guidance-notes/sip-9/administration/administration-post-april/>

Continued

Any additional information regarding the fees and expenses incurred for this period (not including pre appointment costs) is available from the Joint Administrators upon written request by any secured Creditor or any Unsecured Creditor(s) with at least 5% in value of the Unsecured Creditors. This request must be made within 21 days of receipt of this report.

In addition, Unsecured Creditors whose debts amount to at least 10% of the total value of unsecured claims, or any Secured Creditor, may apply to Court if they believe the remuneration charged or expense incurred by the Joint Administrators to be excessive or the basis fixed for the Joint Administrators to be inappropriate. This application should be made within eight weeks of receipt of this report.

### **Outcome for Creditors**

At this time, I am unable to predict with any certainty the estimated return to Creditors. As Creditors will appreciate from this report, the final realisations in this matter are dependent on the sales royalties in the next 12 months.

### **Secured Creditor – Lloyds TSB Commercial Finance Limited ("LTSBCF")**

As previously advised, the Company granted a Debenture in favour of LTSBCF dated 16 September 2008 which was duly registered at Companies House on 18 September 2008 comprising a Fixed and Floating Charge over the Company's assets.

At the date of my appointment, LTSBCF was owed approximately £38,240. I have been advised that LTSBCF are now owed approximately £12,567, with collections and termination charges yet to be applied to the account. Collections remain ongoing although it is now unlikely that LTSBCF will be repaid in full from book debt realisations.

I have been advised by Lewis Onions Solicitors, that as the SPA includes the royalties from the ongoing sales of the Company's former assets, these receipts constitute Fixed Charge assets. I am, therefore, in discussions with LTSBCF as to how these monies will be split between the Administration and themselves.

### **Preferential Creditor Claims**

The position as regards Preferential Creditors can be summarised best as follows -

Number of Preferential Creditor Claims	Estimated Statement of Affairs Value of Preferential Claims	Current Value of Preferential Creditor Claims
9	£13,914	£13,255

There will be no return to Preferential Creditors in these proceedings after the costs associated with it.

Continued

## Unsecured Creditors

The position as regards Unsecured Creditors can be summarised best as follows -

Number of Unsecured Creditor Claims	Estimated Statement of Affairs Value of Unsecured Claims	Current Value of Unsecured Creditor Claims
44	£597,939	£77,074

I confirm that there will be no dividend declared for the Unsecured Creditors as funds realised have been allocated to pay the costs and fees of the procedure. There have been no returns to Shareholders.

As there will be no return to this class of Creditor, I have not agreed claims and, therefore, Creditors should note that this is not a definitive position.

## Crown Creditors

I can confirm that the position as regards the claims from Crown Creditors can be summarised as follows -

Number of Crown Creditor Claims	Estimated Statement of Affairs Value of Crown Creditor Claims	Current Value of Crown Creditor Claims
2	£125,374	£126,197

## The Prescribed Part

In these proceedings there was not a triggering of the Prescribed Part, that is, a section of funds ring-fenced for the benefit of Unsecured Creditors as after costs there will be no net funds to enable a distribution.

## Future Strategy and Exit Route

There remain certain areas as detailed within this report which require further time to fully resolve. I will continue with my functions to progress this case to closure once these various matters have been resolved. It remains the intention of the Administration to apply for an extension of six months to allow maximum realisations under the SPA following which the Administration will end via dissolution.

It is proposed that the Joint Administrators continue to manage the affairs of the Company in order to achieve the purpose of the Administration and this will include

- Continued monitoring of sales by CBG in order to realise royalties,
- Finalising the Administration, including payment of the Administration costs and expenses subject to available funds,
- Dealing with statutory reporting and compliance obligations

Continued

**Future Reports**

In accordance with the Insolvency Act 1986, the next progress report is due within one month of the anniversary or its conclusion. Therefore, the next report is expected to be circulated to Stakeholders in May 2012.

If you should require any further information concerning this Administration then please do not hesitate to contact either myself or my Case Manager, Gavin Bates.

Yours faithfully  
For and on behalf of  
**4D Art Limited**

*M D Hardy*

**M D Hardy**  
**Joint Administrator**

Encs

## **4D ART LIMITED**

### **STATUTORY INFORMATION**

<b>Nature of Business</b>	Design and Wholesale of Ceramic Goods
<b>Company Number</b>	06417861
<b>Appointment Details</b>	24 May 2011
<b>Administrators</b>	Matthew Douglas Hardy Martin Thomas Coyne
<b>Court</b>	High Court of Justice Case Number 8235 of 2011
<b>Appointed By</b>	The Directors
<b>Office to Contact</b>	c/o Poppleton & Appleby, 8 Manor Road, Coventry, CV1 2LH
<b>Former Registered Office</b>	5 Church Green, Atherstone On Stour, Stratford Upon Avon, CV37 8NE
<b>Trading Address</b>	5 Church Green, Atherstone On Stour, Stratford Upon Avon, CV37 8NE
<b>Shareholders</b>	Name  David Blakeman Tracey Tallis Yee Hau Lam
<b>Allocation of Powers</b>	All powers and functions of the Administrators are exercisable by either or both of the appointed Administrators

**4D Art Limited**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**  
**To 23/11/2011**

S of A £		£	£
	<b>FIXED CHARGE ASSETS</b>		
38,804 77	Factored Book Debts	NIL	NIL
	<b>FIXED CHARGE COSTS</b>		
(38,420 00)	Lloyds TSB Commercial Finance LTD	NIL	NIL
	<b>ASSETS NOT PLEDGED</b>		
	Goodwill	488 00	
NIL	Office Furniture & Equip	NIL	
NIL	Fixtures & Fittings	NIL	
50,000 00	IPR	1 00	
NIL	Other Debtors	NIL	
NIL	Prepayments	NIL	
49,997 00	Stock in Trade	49,997 00	
NIL	Other Debtors	NIL	
NIL	S 419 Tax	NIL	
	All contracts	1 00	
			50,487 00
	<b>COST OF REALISATIONS</b>		
	Agents Costs	3,055 57	
	Solicitors Fees	10,552 00	
	Statement of Affairs Fee	5,000 00	
	Stationery, Printing & Carriage	37 88	
	Specific Bond	135 00	
	Landlord lien	10,000 00	
	Utilities	183 60	
	Collection of Paint Thinners	244 00	
	Storage Costs	90 00	
	Motor Expenses	134 25	
	Mobile Telephone Charges	390 80	
	Sales Consultancy	5,000 00	
			(34,823 10)
	<b>PREFERENTIAL CREDITORS</b>		
(13,914 31)	Wages Employees	NIL	NIL
	<b>UNSECURED CREDITORS</b>		
(537,943 79)	Trade & Expense Creditors	NIL	
(110,391 63)	HMRC - Inland Revenue	NIL	
(14,982 38)	HMRC - VAT	NIL	
(23,263 09)	Banks/Institutions	NIL	
(36,731 98)	Employees	NIL	
			NIL
	<b>DISTRIBUTIONS</b>		
(1,000 00)	Ordinary Shareholders	NIL	NIL
<b>(637,845 41)</b>			<b>15,663 90</b>

**4D Art Limited  
(In Administration)  
Joint Administrators' Abstract of Receipts & Payments  
To 23/11/2011**

<b>S of A £</b>	<b>£</b>	<b>£</b>
REPRESENTED BY		
VAT Input		15,142 45
Bank		521 45
		<b>15,663 90</b>

**SIP 9 - Time & Cost Summary**

Period 24/05/11 23/11/11

## Time Summary

Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	10 50	12 80	30 50	9 90	63 70	10 345 50	162 41
Investigations	0 00	1 50	3 50	0 30	5 30	797 50	150 47
Realisations of assets	22 50	6 10	52 40	0 50	81 50	15 188 00	186 36
Trading	0 00	0 30	0 00	0 00	0 30	58 50	195 00
Creditors	0 50	4 30	9 40	4 90	19 10	2 547 00	133 35
Case specific matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
<b>Total Hours</b>	<b>33 50</b>	<b>25 00</b>	<b>95 80</b>	<b>15 60</b>	<b>169 90</b>	<b>28 936 50</b>	<b>170 31</b>
<b>Total Fees Claimed</b>						<b>0 00</b>	

**SIP 9 - Time & Cost Summary**

Period 24/05/11 23/11/11

## Category 2 Disbursements

Other amounts paid or payable to the office holder's firm or to party in which the office holder or his firm or any associate has an interest

Transaction Date	Type And Purpose	Amount
07/07/11	Mileage GGB 07/07/11	26 40
13/10/11	Storage charge to 31st August 2011	30 00
18/10/11	Storage Charges Sept 2011	30 00
31/10/11	Storage	30 00
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	Total	116 40