

The Insolvency Act 1986

Administrator's progress report**2.24B**

Name of Company SMS Agencies Limited	Company number 03529845
In the High Court of Justice [full name of court]	Court case number 780 of 2006

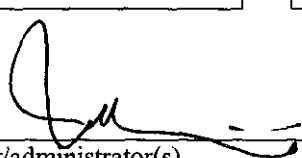
(a) Insert full name(s) and address(es) of administrator(s)

~~I/We~~ (a) Simon James Michaels and David Harry Gilbert of BDO Stoy Hayward LLP 8 Baker Street, London, W1U 3LL

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

	From	to
(b) Insert date	(b) 14 February 2006	(b) 13 August 2006

Signed


Joint/administrator(s)

Dated

15 AUG 2006**Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

BDO Stoy Hayward LLP, 8 Baker Street, London,	
W1U 3LL, . .	
Our Ref 7/CRP/CRP11296/A6	Tel 020 7486 5888
DX Number	DX Exchange

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COMPANIES HOUSE

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27/09/2006

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

0106435 PAD/SMR/HM

RECEIPTS		£
Brought forward from previous Abstract (if any)		0.00
Book Debts		2,447.91
Goodwill		1,200,000.00
FCF Sales Ledger Surplus		430,697.47
Re-Assigned book debts		109.92
Freehold Land & Property		110,000.00
Compensation Order		11,552.76
Intercompany: Big Wheelers		20,000.00
VAT Refund		80,162.98
Cash at Bank		20,358.03
Rent		15.00
Settlement with former employee		3,700.00
Bank Interest Net of Tax		710.14
Insurance Settlement		3,467.85
Utilities Refund		187.04
Rates Refund		6,964.73
Carried forward to		1,890,373.83
* continuation sheet / next abstract		
PAYMENTS		£
Brought forward from previous Abstract (if any)		0.00
Water Rates		46.47
Administrators Fees		115,683.25
Administrators Disbursements		2,015.10
Legal: Taylor Wessing		4,000.00
Undertaking: Branch Exp		309.76
Undertaking: Telecom/IT		8,840.66
Undertaking: Other		1,800.00
Fixed Charge : Fortis Bank		1,000,000.00
Computer Services		5,921.25
Debt Collection fees		48,718.36
Bache Treharne Fees (1)		13,079.16
Legal Fees (1)		25,720.20
Stationery & Postage		93.00
Legal fees - abortive bids		30,980.74
Statutory Advertising		371.59
Other Property Expenses		210.00
Insurance of Assets		2,956.48
Bank Charges		46.80
Vat Input		34,250.47
Carried forward to		1,295,043.29
* continuation sheet / next abstract		

* Delete as appropriate

* Delete as appropriate

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the Joint Administrator since he was appointed.



BDO Stoy Hayward LLP
Chartered Accountants

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Telephone: +44 (0)20 7486 5888
Facsimile: +44 (0)20 7935 3944
DX 9025 West End W1
Web site: www.bdo.co.uk

06 September 2006

Our Ref 7/HM/1/A6

Please ask for
Helena Mules
Direct line: 020 7893 3258

TO ALL CREDITORS

Dear Sir(s)/Madam

SMS Agencies Limited – In Administration

It is now six months since my appointment in respect of the Company. In accordance with Rule 2.47 of the Insolvency Rules 1986, I am now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration.

1 Statutory Information.

The Joint Administrators are Simon James Michaels and David Harry Gilbert of BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL and they were appointed in respect of the company on 14 February 2006. Under the provisions of Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the Joint Administrators carry out their functions jointly and severally and neither Joint Administrator has exclusive power to exercise any function.

The Joint Administrators were appointed by the board of directors, pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice and the court case number is 780 of 2006.

The company's registered office is situated at 8 Baker Street, London, W1U 3LL, and the registered number is 03529845.

I enclose, for your information, a summary of my receipts and payments to date showing a balance in hand of £796,229 and report as follows:

7/HM/1
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2 Receipts

The receipts shown are largely self-explanatory, although I would comment on a number of specific items.

Sale of Business and Assets

The sale of the business was completed on 14 February to The Best Connection Group Limited ("Best") for a total consideration of £1.2m. In addition, all company employees were transferred to the purchaser, therefore avoiding an estimated TUPE liability in excess of £1.5m.

Sale of Freehold Properties

The sale of the property at Eastgate Street, Gloucester was completed on 22 June 2006 for £110,000. The sale of the Portsmouth property was completed on 11 August 2006 for £201,000. The sales were in excess of the agent's initial valuations.

The head office in Crawley is still being marketed by the appointed agents.

Fortis Commercial Finance Limited ("FCF") Ledger

As at 14 February 2006, the estimated recoverable sales ledger totalled £2.11m. The Joint Administrators are pleased to report that book debts totalling £2.067m have been recovered. FCF has now been paid in full under the terms of its invoice discounting agreement with the company. The surplus of £430,697 has been received into the Administration.

3 Future of the Administration

At the meeting of creditors on 24 April 2006, it was resolved that the Joint Administrators should continue to manage the company's business to realise its assets in accordance with objective 2 of the statutory purpose of the Administration.

It was also resolved to exit the Administration by way of a Creditors' Voluntary Liquidation and that Simon James Michaels & David Harry Gilbert be appointed Joint Liquidators to deal with creditor's claims and the payment of any dividend.

4 Prospects for Creditors

As at the date of the Joint Administrators' appointment, the following creditors held security over the assets of the company:

a) **Fortis Bank S.A./N.V. ("Fortis")**

As at 14 February 2006, the sum of £2.25m was due to Fortis in relation to a term loan facility made available to SMS Agencies Holdings Limited. The facility was cross guaranteed by the company. This debt has been paid in full.

b) **Fortis Commercial Finance Limited ("FCF")**

As at 14 February 2006, FCF held a fixed and floating charge over the assets of the company that was secured by a debenture. The debt has now been paid in full from book debt realisations.

The Joint Administrators do not anticipate receiving any preferential claims, as employee contracts and rights were transferred to Best under the contract for the sale of the business.

The claims of the unsecured creditors of the Company are estimated at £7,170,898 and can be broken down as follows, please note that these claims are subject to adjudication. No claims have been admitted for dividend purposes:

HM Revenue and Customs – VAT	1,857,608
HM Revenue and Customs – PAYE	1,418,120
Trade Creditors	225,170
NVM	3,670,000
	<u>£ 7,170,898</u>

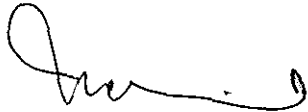
Under the provisions of Section 176A of the Insolvency Act 1986, the Joint Administrators must state the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies where the company has granted a floating charge to a creditor after 15 September 2003. The holders of the floating charge have been paid in full from fixed charge realisations and therefore all floating charge realisations, net of administration costs and after payment in full of any preferential claims, will be available to unsecured creditors. Therefore the prescribed part does not apply in this instance.

5 Administrators' Remuneration

The creditors have already approved the Joint Administrators' remuneration on a time costs basis and to date I have drawn £121,552.76 in respect of remuneration as shown on the attached receipts and payments account. I attach a schedule which summarises the time costs accrued to date and indicates the work undertaken in that respect.

We trust this report provides you with sufficient information. Should you have any queries, please write to me at the above address.

Yours faithfully
for and on behalf of
SMS Agencies Limited



S Michaels
Joint Administrator
Authorised by the Institute of Chartered Accountants in England & Wales

Enc

SMS Agencies Limited

**Summary of Joint Administrator's receipts and payments for the period
14 February 2006 (date of appointment) to 25 August 2006**

RECEIPTS	Total (£)
Book debts	2,447.91
Goodwill	1,200,000.00
FCF Sales Ledger Surplus	430,697.47
Re-Assigned book debts	109.92
Freehold Land & Property	311,000.00
Intercompany: Big Wheelers	20,000.00
VAT Refund	80,162.98
Cash at Bank	20,358.03
Rent	15.00
Recoveries against former employees	15,252.76
Bank Interest Net of Tax	710.14
Insurance Settlement	3,467.85
Utilities Refund	187.04
Rates Refund	6,964.73
	<u>2,091,373.83</u>

PAYMENTS

Utilities	46.47
Joint Administrators' remuneration	115,683.25
Joint Administrators' disbursements	2,015.10
Legal fees and disbursements	60,700.94
Debt Collection Costs	101.00
Undertaking: Branch Expenses	309.76
Undertaking: Telecom/IT	14,761.91
Undertaking: Other	1,800.00
Fixed Charge : Fortis Bank	1,000,000.00
Debt Collection fees	48,718.36
Agents fees	13,079.16
Stationery & Postage	93.00
Statutory Advertising	371.59
Other Property Expenses	210.00
Insurance of Assets	2,956.48
Bank charges	46.80
Vat input	<u>34,250.47</u>
	1,295,144.29
Balances in Hand	796,229.54
	<u>2,091,373.83</u>

BDO Stoy Hayward LLP
8 Baker Street
London W1U 3LL

25 August 2006
S Michaels & D Gilbert
Joint Administrators

Summary of Time Charged and Rates Applicable for the Period From 28/01/2006 to 25/08/2006

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AV RT
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
B. Steps on Appointment	4.00	1,956.00	22.00	6,710.00			36.25	6,996.25	15.00	1,050.00			51.25	8,046.25	157.00
C. Planning and Strategy	3.00	1,467.00	10.50	3,202.50	6.95	492.50	87.50	16,887.50	80.40	5,763.50	6.25	445.10	26.00	8,666.00	333.31
D. General Administration			183.50	56,655.50			28.75	5,548.75	83.85	6,013.40			194.60	28,258.10	145.21
E. Assets Realisation/Deali									11.25	787.50			296.10	68,217.65	230.39
F. Trading Related Matter							4.25	820.25	63.75	4,571.50			11.25	787.50	70.00
G. Employee Matters							14.50	2,798.50	73.00	5,516.50			68.00	5,391.75	79.29
H. Creditor Claims			36.50	11,132.50									87.50	8,315.00	95.03
I. Reporting			15.00	4,575.00					18.00	1,296.00			54.50	12,428.50	228.05
K. Work	14.50	7,090.50							6.00	666.00	7.50	525.00	43.00	12,856.50	298.99
	21.50	10,513.50	267.50	82,275.50	6.95	492.50	171.25	33,051.25	351.25	25,664.40	13.75	970.10			

Net Total

832.20

152,967.25

Secretarial Expense

0.00

Other Disbursements

2,507.73

Billed

-118,069.94

Grand Total

37,405.04