

The Insolvency Act 1986

Administrator's progress report

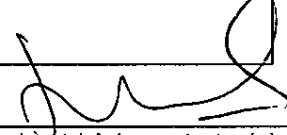
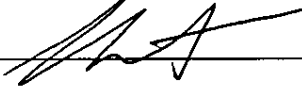
Name of Company Conexion Music Limited	Company number 01356293
In the High Court of Justice, Chancery Division, Leeds District Registry (full name of court)	Court case number 59 of 2016

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

I/We (a)
Peter Hart
Geoffrey Martin & Co
1 Westferry Circus
Canary Wharf
London
E14 4HD

Stephen Goderski
Geoffrey Martin & Co
1 Westferry Circus
Canary Wharf
London
E14 4HD

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

(b) Insert date	From (b) 1 August 2016	To (b) 5 January 2017
	Signed  Joint / Administrator(s)	
	Dated 10/01/2017	

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

Peter Hart
Geoffrey Martin & Co
1 Westferry Circus
Canary Wharf
London
E14 4HD

DX Number

020 7495 1100
DX Exchange



A19 11/01/2017 #172
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

WEDNESDAY

10 January 2017

To all known creditors

Our Ref PH/SG/JM/CONE404/RB4/PR02

Dear Sirs

**Conexion Music Limited – In Liquidation (“the Company”)
In The High Court of Justice, Chancery Division, Leeds District Registry Court No: 59 of 2016**

Following my appointment as Joint Administrator on 1 February 2016, I write to provide creditors with my final report on the progress of the Administration pursuant to Rule 2 47 of the Insolvency Rules 1986 (“the Rules”)

I confirm that the Company was moved from Administration to Liquidation on 5 January 2017 and this report covers the statutory period 1 August 2016 to 4 January 2017

This report should be read in conjunction with my Statement and Proposals dated 24 March 2016 prepared pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 (“the Act”) and my sixth month progress report dated 25 August 2016

The information that is required to be disclosed in accordance with Rule 2 47(a) to (c) of the Rules is attached at Appendix A

1. Executive Summary

The Final Outcome Statement (“FOS”) updated to 5 January 2017 is attached as Appendix C

As advised in my Statement and Proposals issued in accordance with Paragraph 49 of Schedule B1 to the Act, certain assets of the Company, were sold to Copyright Administration Services Limited (“CAS”) and BMG Rights Management (UK) Limited (“BMG”) The cash consideration for these transactions, has been realised in full

I attach at Appendix B an abstract of the Joint Administrators’ final receipts and payments covering the period from 1 August 2016 to 5 January 2017 and cumulatively for the Administration

The Joint Administrators have recently concluded the asset realisation process and the only outstanding matter in the Administration is an apportionment of holding and realisation costs across the group companies and the drawing of outstanding fees and professional costs, which will shortly be completed

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Also at 4 Carlton Court Brown Lane West Leeds LS12 6LT

2 Joint Administrators' Proposals

The Joint Administrators' proposals for achieving the purpose of the Administration, as detailed in my report dated 24 March 2016, were approved without modification

The objective of the Administration remains that of achieving a better outcome for creditors than would have been possible if the Company had entered into Liquidation, without first having been in Administration

3 Asset Realisations

As detailed previously, I attach at Appendix B an abstract of the Joint Administrators' final receipts and payments covering the period from 1 August 2016 to 5 January 2017 and cumulatively for the Administration

Details of asset realisations in the Administration are provided below

3.1 Owned Music Rights

The Conexion Group ("the Group") accounts showed that it retained a number of owned music catalogues. The rights arising from these catalogues generated royalty income for the Group based on usage of the songs and other music titles contained within the portfolios

Following the Administration, a review of the owned music rights was conducted by Charterfields Limited ("Charterfields") to determine whether they held any value that could be realised for the benefit of creditors. This review concluded that the owned rights held value as they had an ongoing commercial benefit to their owner, were not adversely impacted by the Administration and were transferrable

The owned music rights were marketed by the Joint Administrators through a number of channels, including

- 1 An advertisement placed on the www.charterfields.com website
- 2 A mailshot sent to the Company's shareholders and other stakeholders who may have had an interest in acquiring the assets
- 3 Direct contact with parties who had previously expressed an interest in acquiring certain assets of the Company (the Company had previously attempted to dispose of certain of its own music rights in an effort to raise additional capital)

The owned music rights were marketed for three weeks following the Administration, with a closing date for offers of 12 00pm on 22 February 2016. A total of four parties made offers for either the whole or part of the Group's portfolio of owned music rights. One of these offers was significantly higher than the others received, although this offer was subject to further due diligence. Given the significant uplift in the value of this offer over the other interest received, it was decided that this offer should be accepted

This party undertook additional due diligence and the offer was subsequently confirmed on 29 February 2016, subject to contract and commercial confidentiality

The Joint Administrators have now concluded the sale of the owned music rights to BMG and have realised a total of £311,084 into the Administration estate, being the proportion of gross sale proceeds, apportioned to the Company from the total Group portfolio

3.2 Administration Contracts

In addition to the owned music rights, the Group also held administration contracts to collect royalties on behalf of a number of third parties, where the Company charged a commission for collection

The Company had ceased trading prior to the Administration and as such a solution was required to deal with the Group's Administration contracts going forward

The Administration contracts contain insolvency clauses enabling the client to potentially terminate them in the event of insolvency, however it was established that there was potential value in these contracts in the event that another collection agency contacted the administration clients to offer them a continuity service

A brief marketing exercise was conducted between the date of appointment and 29 February 2016 to establish whether there were any parties interested in making an offer to acquire such right and title the Group held in its administration contracts. These marketing activities mirrored those conducted for the owned music rights

As detailed in my proposals, a sole interested party, CAS, made an offer to acquire the entire Group's interest in its administered contracts. The terms of this offer are set out below

- An initial payment of £87,500 due on completion
- A deferred payment, due after 3 months, which was calculated at £87,500 less a provision for those administration clients with annual royalty income of over £500 who do not choose to transfer the administration of their music rights to CAS

The above offer was subsequently accepted by the Joint Administration and the sale completed on 16 March 2016. Charterfields confirmed that, given the circumstances and the lack of further interest, the sale represented the best outcome for creditors in respect of the Administration contracts

The balance due under the deferred payment was dependent on the number of Administration clients who elected to transfer their contracts to CAS and subsequently realised a further £24,666 after allowable deductions

The total value of the realisations from this source totalled £112,166 of which £73,362 represents the Company's proportional interest in the Group's assets

3.3 Bank interest

Bank interest of £336 has accrued on the Administration bank account since 1 February 2016, with £154 being accrued specifically in the period covered by this report

3.4 Cash at Bank

The Company held cash at bank of £28,584 at the date of Administration. This balance has been recovered into the Administration estate account

3.5 Society Memberships

The Group held memberships to a number of societies, who recovered royalty payments from end users and passed them to the Group companies for onward distribution to their respective Administration clients

As detailed in my proposals, the memberships were marketed for sale together with the Administration Contracts. As with the Administration contracts, a sole interested party made an offer for these assets

An offer was subsequently accepted from CAS to acquire the Group's UK based memberships for £25,000. This sale was concluded on 11 March 2016 and the consideration of £25,000 plus VAT has been received. The proportion of this sale relating to the Company's assets has been calculated at £22,727 and has been received into the Administration estate

There are a small number of memberships remaining which relate to Overseas territories. It is uncertain as to whether the Joint Administrators will be able to extract any value from these memberships however, all options are being explored in order to maximise realisations and

this will continue during the Liquidation. However it is likely that a decision will be made shortly, as to whether it remains commercially viable to pursue any perceived value in these memberships

3.6 Intercompany Receivables

The Company's statutory accounts as at 31 December 2014 show an intercompany receivable balance of £1,146,655, of which £821,559 is due from Conexion Media Group Inc and £325,096 is due from MCS Italia Limited

As detailed above, previous reviews of the group as a whole have been unable to confirm the financial positions of the subsidiaries. In this regard, it is anticipated that there will be no realisations under the intercompany receivables

4. Corporation Tax Returns

The Joint Administrators will be required to submit Corporation Tax returns to HM Revenue & Customs in respect of the Post Administration period. It is anticipated that tax advice will not be required in order to complete these returns

Please note that a tax return covering the remaining period of the Administration will be completed by the Joint Liquidators following the conclusion of the Administration

5 Investigations

5.1 Statutory Investigations

As part of my duties as Joint Administrator, I am required to conduct investigations to confirm the extent of the Company's assets, including potential claims against third parties (including the directors), and to report my findings to creditors (subject to considerations of privilege and confidentiality and whether those investigations and/or any potential litigation might be compromised by such a disclosure)

5.2 Outcome of Investigations

To date, the Joint Administrators' investigations have not highlighted any potential actions that could be pursued for the benefit of creditors

5.3 Joint Administrators' confidential report to the Department of Business Innovation & Skills ("DBIS")

The Joint Administrators have submitted a confidential report to the DBIS on the conduct of the directors in accordance with the Insolvent Companies (Reports on Conduct of Directors) Rules 1996 and the Company Directors Disqualification Act 1986

6. Estimated Outcome for Creditors

The FOS updated to 5 January 2017 is attached at Appendix C

The anticipated outcome for creditors may be summarised as follows

6.1 Secured Creditor

There are no outstanding charges registered against the Company at Companies House

The FOS provided at Appendix C provides an overview of the financial position of the Company

6.2 Preferential creditors

The Company did not retain any employees and as such no preferential claims are anticipated in the Administration

6 3 Prescribed Part

The provisions of Section 176A(2) of the Act, concerning the setting aside of a 'Prescribed Part' of funds available to floating charge creditors for the benefit of unsecured creditors, do not apply in respect of the Company as there are no outstanding qualifying floating charges

6 4 Unsecured creditors

In accordance with the Joint Administrators proposals, the asset realisations and investigation processes have now been completed

In the event that the Joint Administrators believed that there would be funds available for distribution to unsecured creditors, other than by way of the prescribed part, the Joint Administrators proposed that the Company moved from Administration into Creditors' Voluntary Liquidation, in accordance with Paragraph 83 of Schedule B1 of the Act to make this distribution

It was also proposed that if this route was followed, the Joint Administrators, Peter Hart and Stephen Goderski, be appointed as Joint Liquidators in accordance with Paragraph 83 (7) of Schedule B1 to the Act and that they act jointly and severally

Based on current information and realisations as a result of the sale of the Company's assets, there is a prospect of a return to unsecured creditors

It was therefore proposed that the Joint Administrators would seek to move the Company into Creditors' Voluntary Liquidation in accordance with the above. The precise quantum and timing involved in declaring a distribution to unsecured creditors, is currently unknown. However, notification will be given once the Liquidators reach this position

7 Joint Administrator's Costs**7 1 Pre-Administration costs**

The Joint Administrators have incurred pre-Administration costs totalling £2,953.10 plus VAT. These costs relate to fees charged and expenses incurred by the Joint Administrators, and other professionals instructed, before the Company entered Administration but with a view to the Administration. I obtained approval of the secured creditor to discharge these costs as an expense of the Administration where possible.

For further details of the Joint Administrators' pre-Administration costs please refer to the Joint Administrators' Statement and Proposals report dated 24 March 2016

7 2 Basis of the Joint Administrators' remuneration and disbursements

The Joint Administrators proposed that their remuneration be determined as follows

- 1 In connection with asset realisations conducted in the Administration, their fees be fixed at 20% of the value of any realisations
- 2 In connection with all other matters, the Joint Administrators proposed that their remuneration be fixed by reference to time properly incurred by them and their staff in attending to all matters arising in respect of the Administration and, in accordance with Rule 2.106(5)A of the Rules, the Joint Administrators be authorised to draw their remuneration from time to time during the period of the Administration

The Joint Administrators propose that they will incur and shall pay such costs and expenses, including professional fees, that they consider to be relevant to the achievement of the proposals outlined above or their statutory duties as and when funds allow

Time costs for the post appointment period currently amount to £48,097. Any time costs incurred in connection with asset realisations have been disregarded as the Joint Administrators are seeking to fix their fees in connection with asset realisations as a percentage of realisations

Additionally, in accordance with Rule 2.106 of the Rules, as modified by the Insolvency (Amendment) Rules 2015, insolvency practitioners are required to provide creditors with an estimate of their fees and expenses when seeking a resolution to fix an element of the basis of their remuneration based on time costs. Details of my formal fee estimate for the Administration can be found in my proposals dated 24 March 2016.

The Joint Administrators anticipated that the Company would have sufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A(2)(a) of the Act (i.e. under the prescribed part). Therefore a meeting of creditors was convened in accordance with Paragraph 51 of Schedule B1 to the Act.

The Joint Administrators obtained approval to their statement of pre-Administration costs, as well as the basis of their remuneration and their proposed fee estimate in respect of the Administration on 8 April 2016.

7.3 Remuneration charged during the period of this report

Appendix D contains details of my firm's current charging and disbursements policy.

Details of the time costs charged and disbursements incurred since my appointment are shown on the attached Appendix E. I have provided this information in this format as required by the provisions of the Statement of Insolvency Practice 9.

As at 5 January 2017 the Joint Administrators have incurred time costs of £42,394.50 in attending to matters arising in the course of the Administration.

In common with other professional firms, our standard charging rates are reviewed periodically to take account of inflation and other matters affecting costs.

7.4 Remuneration drawn during the period of this report

To date, the Joint Administrators have recovered £78,000 in connection with fees fixed at 20% of asset realisations.

In addition to the above, fees totalling £15,665 have been drawn in against the Joint Administrators' time costs, spent by them and their staff on matters other than asset realisations.

7.5 Disbursements incurred during the period of this report

Category 1 disbursements relate to expenses that are directly attributable to the case and do not require specific creditor approval before they can be recovered from Administration funds.

As at 5 January 2017 the Joint Administrators have incurred Category 1 disbursements totalling £539, a summary of which is provided below:

	Incurring 01/08/2016	Total Incurred	Paid 01/08/2016	Total Paid
	£	£	£	£
Case Specific Bond	-	375	-	375
Statutory Advertising	-	164	-	164
	-	539	-	539

Category 2 disbursements require specific authorisation from creditors as they relate to costs which are not specifically identifiable to the case. These are charged in accordance with the firm's charging and disbursement policy which can be found at Appendix D of this report.

The Joint Administrators incurred and paid Category 2 disbursements as detailed below:

	Incurred 01/08/2016	Total Incurred	Paid 01/08/2016	Total Paid
	—		—	
	05/01/2017		05/01/2017	£
	£	£	£	
Postage, Stationery & Telephone	-	1,168	-	1,168

The Joint Administrators have incurred the £1,168 in relation to Category 2 disbursements in the period covered by this report. This relates directly to costs attributed to postage, telephone and stationery in accordance with the firm's charging and disbursement policy aforementioned.

7.6 Disbursements recovered during the period of this report

The Joint Administrators have recovered all Category 1 and 2 Disbursements in full, as detailed above during the Administration period.

7.7 Expenses incurred and paid during the period of this report

Details of expenses incurred and discharged in the period covered by this report are provided at Appendix E.

7.8 Creditors' guide to fees and statement of creditors' rights

If you require further information relating to Administrators' remuneration, expenses and disbursements please see Appendix F. This also gives details of your rights as a creditor.

8 Outstanding Matters and Exit from the Administration

Asset realisations in the Administration have now been concluded, as detailed in this report.

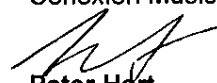
There are sufficient funds available in the Administration to pay a distribution to unsecured creditors. As such, the Joint made the decision to commence steps in placing the Company into Creditors' Voluntary Liquidation.

I confirm that form 2.34B, Notice of Move from Administration to Creditors' Voluntary Liquidation, enclosed with this report at Appendix G, in accordance with Rule 2.117 of the Rules, was filed at Companies House on 5 January 2017.

In accordance with Paragraph 83 (7) of Schedule B1 to the Insolvency Act 1986 my partner, Stephen Goderski, and I will be appointed Joint Liquidators in accordance with the proposals approved by creditors.

If you have any queries about the contents of this report or any other matter relating to this case, please do not hesitate to contact Jack McGinley at this office.

Yours faithfully
For and on behalf of
Conexion Music Limited – In Liquidation


Peter Hart
Joint Liquidator
Acting as agent of the Company
and contracting without personal liability

**CONEXION MUSIC LIMITED
IN LIQUIDATION**

APPENDIX A

**APPOINTMENT & STATUTORY
INFORMATION**

Conexion Music Limited – In Liquidation ("the Company")

Statutory Information

Details relating to the appointment of Joint Administrators of the Company is provided below

Court Details	In the High Court of Justice, Chancery Division, Leeds District Registry	
Court Number.	59 of 2016	
Date of Appointment.	1 February 2016	
Administrators' Details:	Peter Hart Geoffrey Martin & Co 1 Westferry Circus Canary Wharf London E14 4HD	Stephen Goderski Geoffrey Martin & Co 1 Westferry Circus Canary Wharf London E14 4HD
Appointment By:	the directors of the Company in accordance with Paragraph 22 of Schedule B1 to the Insolvency Act 1986	

In accordance with paragraph 100(2) to Schedule B1 of the Insolvency Act 1986 the Joint Administrators confirm that any act required or authorised under any enactment to be done by an Administrator may be done by either of us individually or jointly

No extensions to the Administration period have yet been sought by the Joint Administrators

The statutory information of the Company as extracted from the Company's file at Companies House is as follows

Company Number	01356293	
Registered Office	c/o Geoffrey Martin & Co 1 Westferry Circus Canary Wharf London E14 4HD	
Trading Premises:	10 Heathfield Terrace London W4 4JE	
Share Capital	The Company's authorised and issued share capital consists of 150,000 ordinary £1 shares. All shares are paid up at the date of Administration	
Shareholder.	Conexion Media Group Plc	Ordinary £1 Shares <hr/> 150,000 <hr/> 150,000

	Appointed	Resigned
Justin Sherry	15/07/2008	N/a
Rolf Baierle	30/04/1997	23/01/2001
Peter Bennett	06/10/1994	30/04/1997
Raymond Ellis	31/01/2001	07/09/1999
Mervyn Fletcher	18/01/2002	15/07/2008
Timothy Hollier	09/01/1992	01/03/1998
Mark Levinson	08/09/1994	30/04/1997
Ellis Rich	30/04/1997	23/01/2001
Susan Rich	30/04/1997	23/01/2001
Brian Schofield	23/01/2001	15/07/2008
Helen Schofield	23/01/2001	18/01/2002

Company Secretary		Appointed	Resigned
	Frank McAweeney	02/07/2002	N/a
	Raymond Ellis	06/09/1994	15/09/1999
	David Nicholson	01/07/1999	23/01/2001
	PHS Secretarial Services Ltd	31/01/1991	31/01/1994
	Helen Schofield	23/01/2001	18/01/2002
	VTR Media Investment Ltd	18/01/2002	02/07/2002
	Fiona West	31/01/1994	06/09/1994

Previous Names*	
	MCS Music Limited
	Leosong Copyright Service Limited
	Leosong Holdings Limited

Registered Charges.	
	There are no unsatisfied charges registered against the Company at Companies House

**CONEXION MUSIC LIMITED
IN LIQUIDATION**

APPENDIX B

**JOINT ADMINISTRATORS' ABSTRACT
OF RECEIPTS AND PAYMENTS**

**Conexion Music Limited
(In Liquidation)**

**Joint Administrators' Abstract Of Receipts And Payments
To 5 January 2017**

RECEIPTS	From 01/08/2016 To 05/01/2017 (£)	From 01/02/2016 To 05/01/2017 (£)
Owned Music Rights	NIL	311,084 00
Administered Contracts	NIL	73,312 32
Society Memberships	NIL	22,727 00
Cash at Bank	NIL	28,584 36
Bank Interest Gross	153 62	336 29
	<u>153 62</u>	<u>436,043 97</u>
PAYMENTS		
Category 1 Disbursements	NIL	538 53
Pre - appointment advice	NIL	1,335 50
Joint Administrators' Fees	40,000 00	93,664 50
Category 2 Disbursements	NIL	1,167 75
Agents/Valuers Fees	900 00	39,400 00
Agents/Valuers Disbursements	NIL	129 33
Legal Fees	NIL	56,274 03
	<u>40,900 00</u>	<u>192,509 64</u>
Balance	<u>(40,746 38)</u>	<u>243,534 33</u>
MADE UP AS FOLLOWS		
VAT Receivable		19,434 78
Floating Current A/c		243,317 41
VAT Payable		(19,217 86)
		<u>243,534 33</u>

Conexion Music Limited
Final Outcome Statement as at 5 January 2017

Receipts & Payments

	To Date	Future	Total
Assets Not Specifically Pledged			
Investment in Music Rights	311,084	Nil	311,084
Administration Contracts	73,312	Nil	73,312
Society Memberships - UK	22,727	Nil	22,727
Intercompany Receivable Balances	Nil	Uncertain	Nil
Cash at Bank and in Hand	28,584	Nil	28,584
Bank Interest	336	50	386
	<u>436,043</u>	<u>50</u>	<u>435,707</u>
Less Pre Administration Costs			
Geoffrey Martin & Co Fees (Pre Appointment)	(1,336)	Nil	(1,336)
Legal Fees (Pre Appointment)	Nil	(1,066)	(1,066)
Legal Disbursements (Pre Appointment)	Nil	(200)	(200)
Agent's Fees (Pre Appointment)	Nil	(350)	(350)
Agent's Disbursements (Pre Appointment)	Nil	(2)	(2)
	<u>(1,336)</u>	<u>(1,618)</u>	<u>(2,954)</u>
Less Administration Costs			
Joint Administrators' Remuneration - Time Costs	(15,665)	(10,000)	(25,665)
Joint Administrators' Remuneration - Percentage of Asset Realisations	(78,000)	(9,141)	(87,141)
Category 1 Disbursements	(538)	(1,000)	(1,538)
Category 2 Disbursements	(1,168)	(500)	(1,668)
Legal Fees & Disbursements	(56,275)	(2,500)	(58,775)
Agents' Fees	(39,400)	Nil	(39,400)
Agents' Disbursements	(129)	(500)	(629)
Premises Costs	Nil	(20,000)	(20,000)
Tax Advice	Nil	(1,000)	(1,000)
	<u>(191,174)</u>	<u>(44,641)</u>	<u>(235,816)</u>
Surplus Available to Unsecured Creditors			196,938
Unsecured Creditors			
Trade Creditors			(21,826)
HM Revenue & Customs			(16,144)
Intercompany Payables			(4,553,127)
Royalties Due			(2,420,825)
			<u>(7,011,922)</u>
Estimated Shortfall to Unsecured Creditors			<u>(6,814,984)</u>

**CONEXION MUSIC LIMITED
IN LIQUIDATION**

APPENDIX D

CHARGING AND DISBURSEMENT POLICY

Case Name	Conexion Music Limited
Court and Number	No 59 of 2016
Office Holder	Peter Hart and Stephen Goderski
Firm	Geoffrey Martin & Co
Address	1 Westferry Circus, Canary Wharf, London, E14 4HD
Telephone	020 7495 1100
Reference	CONE404/PH/SG/JM
Type of Appointment	Administration
Date of Appointment	1 February 2016

CHARGING AND DISBURSEMENTS POLICY (Combined London & Leeds Offices)

Time Costs

The firm's hourly charge out rates are revised annually from 1 July. The rates currently in use are within the following bands:

	£
Appointment Taker	325 – 450
Associate	285
Manager	265 – 295
Senior Administrator	160 – 225
Junior Administrator and Support Staff	100 – 175

Secretarial and cashiers time is charged to the case and their rates are included within the above hourly rates identified above as appropriate. Time is charged in units of 6 minutes.

Disbursements

A disbursement charge relating to the recovery of overhead costs is levied at the rate of £6.75 per creditor. This sum is drawn at the outset of the case and on each anniversary thereafter and covers printing, postage, stationery, photocopying, telephone and fax usage.

Company Searches and Identity Verifications are charged at cost.

Outsourced printing and/or photocopying will be charged at cost in addition to the above.

Travelling expenses are charged at the rate of 45p per mile.

**CONEXION MUSIC LIMITED
IN LIQUIDATION**

APPENDIX E

**JOINT ADMINISTRATORS' POST APPOINTMENT
TIME COSTS ANALYSIS**

Conexion Music Limited – In Liquidation (“the Company”)

Overview of Joint Administrators' Time Spent

I detail below the key areas of work undertaken by the Joint Administrators and their staff in respect of the Administration from the onset of the Administration to the date of this report, being 5 January 2017

Administration and planning

- Liaising with the directors
- Statutory requirements imposed by the Insolvency Act and Rules 1986 and Insolvency bodies
- Administrative setup and filing of all statutory paperwork
- Accounting for receipts and payments in the Administration
- Monitoring the progress of the Administration
- Obtaining open cover insurance
- Collection of Company records

Realisation of assets

- Recovering the Company's cash at bank balance
- Securing the assets of the Company at the Company's premises and external storage facilities
- Arranging insurance cover over the assets of the Company
- Dealing with undertakings to maintain the Company's premises pending realisation of the Company's assets
- Liaising with agents regarding the realisation of the Company's assets portfolio of owned music rights
- Liaising with agents regarding the realisation of the Company's tangible assets
- Liaising with agents regarding the realisation of value held in the company's portfolio of administered music rights
- Liaising with solicitors regarding the realisation of the Company's assets
- Liaising with solicitors regarding the realisation of the Company's tangible assets
- Liaising with solicitors regarding the realisation of value held in the company's portfolio of administered music rights
- Liaising with interested parties regarding the realisation of the Company's assets
- Liaising with interested parties regarding the realisation of the Company's tangible assets
- Liaising with interested parties regarding the realisation of value held in the company's portfolio of administered music rights

Creditors

- Dealing with creditor queries and claims, both verbal and written
- Statutory reporting to creditors
- Liaising with former employees and dealing with employee claims in the Administration
- Pension issues
- Liaising with the secured creditors

Other professional costs of the Administration

Details of professional advisers who have been engaged by the Joint Administrators, and their respective charges, are detailed below

- 1 Schofield Sweeney were instructed to advise on all legal aspects arising during the Administration. Schofield Sweeney were chosen due to their experienced knowledge of insolvency matters and company legislation. Their charges are incurred on the basis of time properly spent advising on the various issues in this case.
- 2 Charterfields Limited were instructed to advise the Joint Administrators in connection with the sale of the Company's assets. Charterfields Limited were chosen due to their experience in dealing with asset realisations for insolvent companies. Their charges are based on time costs properly incurred in dealing with the disposal of the Company's assets.

The level of costs and disbursements incurred by my professional advisors between the onset of the Administration and the date of this report, together with details of any payments made to them in respect of these costs, is given below

Professional Costs

Name	Description	Costs Incurred 01/02/2016 – 05/01/2017 £	Costs Paid 01/02/2016 – 05/01/2017 £	Costs Written Off 01/02/2016 – 05/01/2017 £	Costs outstanding as at 05/01/2017 £
Schofield Sweeney	Solicitors	56,274	56,274	Nil	Nil
Charterfields Limited	Agents	39,400	39,400	Nil	Nil
		<u>95,674</u>	<u>95,674</u>	<u>Nil</u>	<u>Nil</u>

Disbursements

During the period covered by this report, disbursements totalling £129 33 have been incurred and discharged in full, in respect of out of pocket expenses sustained by Charterfields Limited

There are no other professional advisors who have been engaged to assist the Joint Administrators in respect of the Administration of the Company to date

SIP 9 - Time & Cost Summary

Period 01/08/16 05/01/17

Time Summary

Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Appointment Taker	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	0 00	0 00	0 30	9 80	10 10	1,533 00	151 78
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Realisations of assets	0 50	0 00	0 00	2 40	2 90	620 00	213 79
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	2 30	0 00	0 00	22 10	24 40	4,582 50	187 81
Case specific matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	2 80	0 00	0 30	34 30	37 40	6,735 50	180 09
Total							

**CONEXION MUSIC LIMITED
IN LIQUIDATION**

APPENDIX F

'A CREDITORS GUIDE TO ADMINISTRATORS' FEES'

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, free 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 such 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

**CONEXION MUSIC LIMITED
IN LIQUIDATION**

APPENDIX G

**'FORM 2.34B – NOTICE OF MOVE FROM ADMINISTRATION TO
CREDITORS' VOLUNTARY LIQUIDATION'**

Rule 2 117A

Form 2.34B

The Insolvency Act 1986

**Notice of move from
administration to creditors'
voluntary liquidation**

2.34B

Name of Company
Conexion Music Limited

Company number
01356293

In the
High Court of Justice, Chancery Division, Leeds
District Registry
(full name of court)

Court case number
60 of 2016

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

I/We (a) Peter Hart
Geoffrey Martin & Co
1 Westferry Circus
Canary Wharf, London
E14 4HD

Stephen Goderski
Geoffrey Martin & Co
1 Westferry Circus
Canary Wharf, London
E14 4HD

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

having been appointed Joint Administrators of (b) Conexion Music Limited,
Geoffrey Martin & Co, 1 Westferry Circus, Canary Wharf, London E14 4HD

(c) Insert date of
appointment

on (c) 1 February 2016

(d) Insert name of
applicant/
appointer

by (d) Directors
hereby give notice that

(e) Insert name(s)
and address(es) of
liquidator(s)

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply, and it is
proposed that (e)

Peter Hart
Geoffrey Martin & Co
1 Westferry Circus
Canary Wharf
London
E14 4HD

Stephen Goderski
Geoffrey Martin & Co
1 Westferry Circus
Canary Wharf
London
E14 4HD

will be the Joint Liquidators of the Company (IP No(s) 13470 and 8731)

Signed

Joint Administrator(s)

Dated

21/12/2016

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

Peter Hart
Geoffrey Martin & Co
1 Westferry Circus
Canary Wharf
London
E14 4HD

DX Number

020 7495 1100
DX Exchange



A34
22/12/2016
#268
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

y Limited, Glasgow, Scotland