

Rule 1.24/1.54

The Insolvency Act 1986

S.4/
Para 30
Sch A1Notice to Registrar of Companies of
Voluntary Arrangement
Taking EffectPursuant to Section 4 of, or paragraph
30 of Schedule A1 to,
the Insolvency Act 1986

For Official Use

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Company Number

02658750

To the Registrar of Companies

Insert full name of
Company

Name of Company

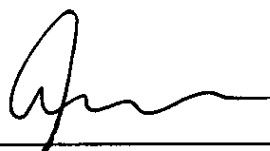
Carbon Music Limited

Insert full name and
AddressI, Andrew Andronikou
UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London
E1W 1YW

Insert date

the chairman of meetings held in pursuance of the Insolvency Act 1986 on 14
September 2009 enclose a copy of my report of the said meetings.

Signed



Date

15-09-09

Presenter's name and
address:

Carbon Music Limited

Andrew Andronikou
UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London
E1W 1YW

For Official Use

Liquidation Section

Post Room

FRIDAY



AZ0OVDDI

A35

18/09/2009

167

COMPANIES HOUSE

Our ref PK/C236/M/Let to Creditors
Your ref

14 September 2009

TO ALL KNOWN MEMBERS AND CREDITORS

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

Phone 020 7216 4600
Fax 020 7767 2601
Email tandr@uhy-uk.com
Web www.uhy-uk.com

When telephoning please ask
for: Matthew Tang

Direct Line: 020 7767 2625

e-mail:
m.tang@uhy-uk.com

Dear Sir / Madam

**CARBON MUSIC LIMITED - COMPANY VOLUNTARY ARRANGEMENT ("CVA")
NO. 17921 OF 2009**

I am writing to inform you that at the Meeting of Creditors of the above Company held on 14 September 2009 the proposals for the Voluntary Arrangement were accepted with modifications by the creditors and I was duly appointed Joint Supervisor.

Enclosed with this letter is a copy of the Chairman's report on the Meeting of Creditors together with the modifications which were filed at Court.

Please take this letter as formal "NOTICE TO SUBMIT CLAIMS" in accordance with the Standard Terms & Conditions of the Arrangement. I enclose a Particulars of Claim form for your completion and return to me if you have not already done so. Note that any Creditor who wishes to participate in the Arrangement must submit their claim in writing to me on the enclosed form or one which is substantially similar.

Should you have any queries, please contact Matthew Tang at this office.

Yours faithfully



Andrew Andronikou
Joint Supervisor

Andrew Andronikou is authorised by the Institute of Chartered Accountants in England & Wales

Enc

- Chairman's Report
- Particulars of Claim Form

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A member of UHY an international association of independent accounting and consulting firms.



IN THE HIGH COURT OF JUSTICE NO. 17921 OF 2009

IN THE MATTER OF CARBON MUSIC LIMITED

THE CHAIRMAN'S REPORT ON THE MEETING OF CREDITORS HELD AT QUADRANT HOUSE, 4 THOMAS MORE SQUARE, LONDON, E1W 1YW ON 14 SEPTEMBER 2009, CONVENED PURSUANT TO THE INSOLVENCY ACT 1986

APPROVAL OF THE PROPOSED ARRANGEMENT

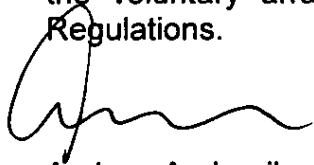
I would inform you that at the Meeting of Creditors of the above named company a Resolution was passed approving the company's proposal with the attached modifications and also appointing Andrew Andronikou and Peter Kubik as Joint Supervisors of the Voluntary Arrangement.

A summary of how the creditors were represented and voted is detailed on the attached voting schedule.

Creditors voted by proxy and some attended in person.

Therefore in accordance with rule 5.23(1) of the Insolvency Rules 1986 (as amended) a majority in excess of 75% in value of those creditors present in person or by proxy was obtained in favour of the Resolution which was duly accepted.

In my opinion, the E C Regulations in insolvency proceedings shall apply to the voluntary arrangement, being "main" proceedings as defined by the Regulations.



Andrew Andronikou
Nominee and Chairman of the Meeting

14 September 2009

CREDITOR PROXY SCHEDULE for Carbon Music Limited
Meeting of Creditors on : 14 September 2009

	£	%	Creditor Representative
Creditors Voting for Acceptance – No Modifications			
GDD Manufacturing S.r.l	41,954.00	20.32	Alessandro Azais
Harper Collins Publishers	73,704.00	35.69	Michael Wykes
MPO France	12,993.00	6.29	
Sony BMG Music Entertainment	35,344.00	17.12	

Creditors voting for Acceptance - With modifications - accepted by company			
H M Revenue & Customs	42,499.00	20.58	

Total Accepted :	206,494.00	100.00	
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Creditors voting for Acceptance - With modifications - rejected by company			

Creditors voting for Rejection			

Total Rejected :	NIL	NIL	
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Total Voting :	206,494.00	100.00	
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**Modifications proposed by Voluntary Arrangement Service (VAS) on behalf of
H M Revenue & Customs in respect of: -**

CARBON MUSIC LTD

If any of the modifications are not accepted then the VAS vote(s) must be taken as a rejection.

1. **[Interpretation]** Where a modification to the proposal is approved by creditors and accepted by the company, the entire proposal shall be construed in the light of the modification and read to give effect to that modification such that any contrary or potentially contrary provisions in the proposal shall either be ignored, or interpreted, in order that the intention of the modification is given priority and effect.
2. **[HMRC claim]** The HMRC (former IR) claim in the CVA will include PAYE/NIC due to the date, of the meeting to approve the arrangement, [or the commencement of the prior administration] and CTSA / assessed tax for the accounting period(s) ended on or before the date of approval of the arrangement [or date of commencement of the prior administration.]
3. **[HMRC claim]** The HMRC (former HMC&E) claim in the CVA will include assessed tax, levy or duty to the date of approval or [to the date of commencement of the prior administration.]
4. **[Post approval returns and liabilities]** All statutory returns and payments due to HMRC post approval shall be provided on or before the due date.
5. **[Outstanding returns]** All statutory accounts and returns overdue at the date of the creditors' meeting shall be provided to HMRC within 3 months of the approval date together with any other information required.
6. **[Dividend prohibition]** No non preferential distribution will be made until: (i) a CTSA return has been filed for the accounting period ended on or immediately prior to the date, of approval, or of commencement of the prior administration (ii) a VAT and/or other levy or duty return due to HMRC has been filed up to the date of the approval or [the date of commencement of the prior administration] or (iii) an HMRC Determination or assessment has been made and the supervisor has admitted their final claims.
7. **[Expenses of arrangement]** CTSA /VAT due on realisation of assets included in the arrangement will be regarded as an expense of realising the asset payable out of the net sale proceeds.
8. **[Tax-Overpayments]** Set-off of refunds due from the Crown against debts due to the Crown will be in accordance with statute and established legal principles.
9. **[Expenses of VA]** HMRC distress / petition costs are to be paid as an expense of the arrangement, in priority to the nominee's fees and supervisor's fees, remuneration and disbursements.
10. **[Co debtors]** The release of the company from its debts by the terms of the CVA shall not operate as a release of any co-debtor for the same debts.

11. **[Termination]** The arrangement shall terminate upon:
 - (a) The making of a winding up order against the company, or the passing of a winding up resolution or the company going into administration.
 - (b) (where there is express authority for the supervisor so doing) the supervisor issuing a certificate of termination.
12. **[Arrangement trusts]** Upon termination of the arrangement the arrangement trusts expressed or implied shall cease, save that assets already realised shall [after provision for supervisor's fees and disbursements] be distributed to arrangement creditors.
13. **[Liquidation costs provision]** The supervisor shall set aside sufficient funds for Winding Up proceedings against the Company and such funds will rank ahead of any other expenses of the arrangement.
14. **[Non-compliance]** Failure to comply with any express term of the arrangement shall constitute a breach of the company's obligation under the arrangement. The supervisor shall work with the company to remedy any breach of obligation. Rule 1.19 shall apply where any variation is proposed. But if any breach of obligation is not remedied within 60 days of its occurrence this shall constitute default of the CVA that cannot be remedied and the supervisor shall petition for a winding up order.
15. **[Windfall]** Should the company receive or become entitled to any assets / funds which had not been foreseen in the proposal details shall be notified to the Supervisor immediately and such sums shall be paid into the CVA until all costs, creditors' claims and statutory interest have been paid in full. Until costs, claims and statutory interest are paid in full all the company's other obligations under the arrangement shall continue and the payment shall not reduce the amount of contribution due from the company.
16. **[Contributions]** Should any voluntary contribution fall 30 days into arrears or fall below the amount specified in the arrangement and remain so after 30 days this shall constitute a failure of the arrangement and the Supervisor shall petition for the compulsory winding up of the company.
17. **[Contributions]** If the company should fail to pay 2 monthly contributions (these need not be consecutive) this shall constitute default of the CVA that cannot be remedied and the Supervisor shall immediately petition for the compulsory winding-up of the company.
18. **[Payments]** The company is to make monthly voluntary contributions of not less than £3,700 per month for 60 months during the currency of the arrangement.
19. **[Reviews]** The Supervisor is to conduct a full review every 12 months of the company's business income and expenditure and obtain an increase in voluntary contributions of not less than 50% of any rise in the net income after provision for tax.
20. **[Thlrd Party Payments]** The lump sum payment of £32,000, referred to in paragraph 2.1 of the proposal shall be made no later than 15 December 2009. Failure to do so shall constitute default of the CVA that cannot be remedied and the supervisor shall petition for a winding up order.

21. The arrangement shall not be capable of successful completion until all unsecured, non-preferential creditors claiming in the arrangement have received a minimum dividend of 66 pence/£.
22. The director's personal Self Assessment arrears shall be brought fully up to date no later than 15 October 2009 in accordance with the agreement reached with his local Tax Office. Failure to do so shall constitute default of the CVA that cannot be remedied.
23. The director shall provide all statutory returns and payments due to HMRC post-CVA approval on or before the due date. Failure to do so shall constitute default of the CVA that cannot be remedied.
24. The directors of the company shall not:
- a) declare or pay any dividend to shareholders for the duration of the voluntary arrangement,
 - b) declare or pay themselves additional remuneration or fees over and above £1,000 per month in accordance with the nominees' letter of 8 September 2009, and as allowed for within the cashflow forecasts appended to the proposal, save shall be agreed with creditors representing 75% of voting creditors

Signed



Name

M CHAWLS
Debt Manager

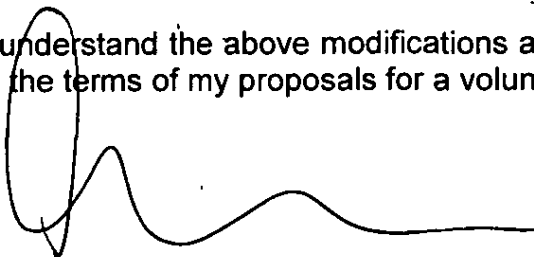
Date

11/9/09

AUTHORISED TO SIGN ON BEHALF OF H M REVENUE & CUSTOMS

I have read and understand the above modifications and agree to them being incorporated into the terms of my proposals for a voluntary arrangement.

SIGNATURE:



DATE:

14/9/09

In the matter of
CARBON MUSIC LIMITED
 and in the matter of The Insolvency Act 1986

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	