

LIQ03

Notice of progress report in voluntary winding up



Companies House

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1 Company details

Company number 0 3 9 9 8 8 3 1
Company name in full Shazam Entertainment Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Edward Robert
Surname Bines

3 Liquidator's address

Building name/number The Shard
Street 32 London Bridge Street
Post town London SE1 9SG
County/Region
Postcode
Country

4 Liquidator's name ①

Full forename(s) Benjamin John
Surname Wiles

① Other liquidator
Use this section to tell us about
another liquidator.


5 Liquidator's address ②

Building name/number The Shard
Street 32 London Bridge Street
Post town London SE1 9SG
County/Region
Postcode
Country

② Other liquidator
Use this section to tell us about
another liquidator.

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6		Period of progress report															
From date	<div><div>d</div><div>0</div></div>		<div><div>d</div><div>7</div></div>		<div><div>m</div><div>0</div></div>		<div><div>m</div><div>7</div></div>		<div><div>y</div><div>2</div></div>		<div><div>y</div><div>0</div></div>		<div><div>y</div><div>2</div></div>		<div><div>y</div><div>0</div></div>		
To date	<div><div>d</div><div>0</div></div>		<div><div>d</div><div>6</div></div>		<div><div>m</div><div>0</div></div>		<div><div>m</div><div>7</div></div>		<div><div>y</div><div>2</div></div>		<div><div>y</div><div>0</div></div>		<div><div>y</div><div>2</div></div>		<div><div>y</div><div>1</div></div>		
7		Progress report															
		<div><input checked="" type="checkbox"/> The progress report is attached</div>															
8		Sign and date															
Liquidator's signature	<div><div>Signature</div><div><div>X</div><div></div><div><div>X</div></div></div></div>																
Signature date	<div><div>d</div><div>1</div></div>		<div><div>d</div><div>6</div></div>		<div><div>m</div><div>0</div></div>		<div><div>m</div><div>8</div></div>		<div><div>y</div><div>2</div></div>		<div><div>y</div><div>0</div></div>		<div><div>y</div><div>2</div></div>		<div><div>y</div><div>1</div></div>		

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Presenter information

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

Contact name **Marcus Bassett**

Company name **Kroll Advisory Ltd.**

Address **The Shard**

32 London Bridge Street

Post town **London SE1 9SG**

County/Region

Postcode

Country

DX

Telephone

+44 (0) 20 7089 4700



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

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Progress Report to the Member

16 August 2021

Shazam Entertainment Limited (In Members' Voluntary Liquidation)

Joint Liquidators' Progress Report to the Member
for the period from 7 July 2020 to 6 July 2021

Kroll Advisory Ltd
The Shard
32 London Bridge Street
London
SE1 9SG

Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Appointment Date	7 July 2020, being the date of appointment of the Joint Liquidators
Category 1 Disbursements	The Joint Liquidators' external and incidental costs and expenses in dealing with the Liquidation
Category 2 Disbursements	The Joint Liquidators' internal costs and expenses in dealing with the Liquidation
the Company	Shazam Entertainment Limited (In Members' Voluntary Liquidation) (Company Number: 03998831)
the Director	Peter Denwood, the sole director of the Company as at the Appointment Date
DoS	Declaration of Solvency, including a statement of assets and liabilities of the Company as of 31 May 2020, which has been sworn by the Director on 2 July 2020
Kroll	Kroll Advisory Ltd., The Shard, 32 London Bridge Street, London SE1 9SG
HMRC	HM Revenue and Customs
the Joint Liquidators	Edward Bines and Benjamin Wiles of Kroll
the Member or AOE	Apple Operations Europe Limited, the sole shareholder of the Company as at the Appointment Date
the Reporting Period	7 July 2020 to 6 July 2021
the Rules	The Insolvency (England & Wales) Rules 2016 (as amended)
SIL	Shazam Investments Limited (In Members' Voluntary Liquidation), the Joint Liquidators were appointed over the subsidiary of the Company on 28 August 2020
SIP 9	Statement of Insolvency Practice 9 – Industry Best Practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements
SMSA	Shazam Media Services (Australia) Pty Ltd
SMSG	Shazam Media Services Germany GmbH – in Liquidation
SMS	Shazam Media Services Inc.

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2. Analysis of the Joint Liquidators' Time Costs and Disbursements
3. Statement of Member's Rights

1. Introduction

- 1.1 Edward Bines and Benjamin Wiles of Kroll were appointed Joint Liquidators of the Company on the Appointment Date, by resolution of the Member.
- 1.2 The purpose of this report is to provide the Member with details of the progress of the liquidation for the Reporting Period.

2. Progress of the Liquidation

- 2.1 The manner in which the affairs and business of the Company have been managed since the appointment of Joint Liquidators are set out below.

Asset Realisations

Cash at Bank

- 2.2 The DoS reports cash at bank of £3,752,414. This amount was reduced to £1,575,694 during the period from the DoS to the Appointment Date, predominantly due to the transfer of cash balances of £2,220,141 to AOE with corresponding adjustments to the intercompany receivable owed to the Company. A balance of £200,000 was transferred a Kroll client account prior to liquidation, which was subsequently transferred to the liquidation estate in the Reporting Period.
- 2.3 The Joint Liquidators arranged for the pre-liquidation bank accounts held with Barclays Bank plc to be closed. The closing balance of £1,375,643 (net of bank charges) was transferred directly to the Member on 4 August 2020 with a corresponding increase in the intercompany receivable balance due to the Company.

Intercompany Receivables

- 2.4 The DoS reports an intercompany receivable balance of £130,652,978. This is made up of balances due from AOE (£130,445,972) and SMSA (£207,006).

AOE

- 2.5 The intercompany receivable balance due from AOE is currently £22,241,756. The table below provides a reconciliation in the movement of the intercompany receivable balance:

Description	Paragraph reference	Amount (£)
Balance b/f in DoS	2.4	130,445,972
Movement in period from DoS to the Appointment Date	2.2	2,220,141
Transfer of cash at bank to AOE	2.3	1,375,643
Capital Distribution to Member	2.26	(100,000,000)
Corporation Tax	2.6	(11,800,000)
Balance c/f		<u>22,241,756</u>

- 2.6 AOE transferred £11,800,000 into the liquidation estate in the Reporting Period in order for the Joint Liquidators to make a protective payment to HMRC in relation to a potential Corporation Tax liability in order to minimise any late payment penalties and statutory interest. Further details are provided in the Tax Matters section below.
- 2.7 The remaining AOE intercompany balance will be distributed to the Member at the conclusion of the liquidation.

SMSA

- 2.8 The DoS reports an intercompany receivable of £207,006. The intercompany receivable balance due from SMSA on the Appointment Date had increased to £214,846 (AUD\$383,717).
- 2.9 On instruction from AOE, the Joint Liquidators entered into a Subscription Agreement with SMSA to acquire one ordinary fully paid share in SMSA for an issue price of AUD\$502,365. The consideration payable was split between the intercompany receivable due from SMSA (AUD\$383,717) and cash (AUD\$117,618). The cash consideration of £66,546 (converted from AUD\$ to sterling) was paid on 24 December 2020.
- 2.10 The purpose of the transaction was for SMSA to be recapitalised in order for it to commence local dissolution proceedings in Australia.

SMS

- 2.11 An amount of £239,012 was received in the Reporting Period from SMS. This balance was not included as a debtor in the DoS. No further amounts are expected to be received.

Investments in Subsidiaries

- 2.12 The DoS reports an investment in subsidiaries balance of £22,225,529. The management accounts used to underpin the DoS did not reflect an impairment of the investments of £22,203,186 contained in the Company's filed annual accounts for the year ended 31 December 2018.
- 2.13 Therefore, the adjusted book value of the investments on the Appointment Date was £22,343, which is comprised of the following investments:

Company	NBV (£)
SIL	2
SMS	5
SMSG	22,335
SMSA	1
Total	<u>22,343</u>

SIL, SMS, SMSG

- 2.14 The investments in SIL, SMS and SMSG were distributed in specie to the Member on 18 August 2020.
- 2.15 The Joint Liquidators incurred notary costs of £1,010 in dealing with the transfer of the SMSG shares.

SMSA

- 2.16 The investment in SMSA will either be distributed in specie to the Member prior to the closure of the liquidation or, if SMSA is itself dissolved in the intervening period, there will be no need to make an in-specie distribution. An update will be provided in the next report.

Debtors

- 2.17 An amount of £3,594 was received into the liquidation estate in the Reporting Period from Ideonyx Ltd. No further realisations are expected.

Corporation Tax Refund

- 2.18 The DoS reports a Corporation Tax refund due from HMRC of £14,099. In advance of liquidation, the Company had arranged to settle all estimated Corporation Tax liabilities for the year ended 31 December 2019 and the period ended 6 July 2020. This led to an expected Corporation Tax refund for those periods.
- 2.19 A refund of £24,634 was received from HMRC in March 2021 in respect of Corporation Tax overpaid for the year ended 31 December 2019.

Corporation Tax Refund – SIL

- 2.20 A Corporation Tax refund due to SIL was received directly into the Company's liquidation bank account. This was agreed with AOE (as the shareholder of both companies) as SIL does not operate a liquidation bank account. The intercompany payable due to SIL has been adjusted to reflect the receipt (see paragraph 2.33 below).

VAT Recoverable

- 2.21 The DoS reports a VAT recoverable balance due from HMRC of £597. This amount was reduced to £1 during the period from the DoS to the Appointment Date. No recovery is expected given the immaterial sum.

Tax Matters

Corporation Tax

- 2.22 The Joint Liquidators arranged for the Company's tax advisors to draft and file all outstanding pre-liquidation Corporation Tax returns during the Reporting Period.
- 2.23 The Company's liquidation was not recognised by HMRC in time to cancel the Company's first Corporation Tax quarterly instalment payment ("QIP") for 2020/21, which fell due on 14 September 2020. A payment of £19,221 was made in respect of the QIP.
- 2.24 On filing of the Corporation Tax return for the period ended 6 July 2020, the Corporation Tax liability exceeded the QIP. A balancing payment of £49,655 (inclusive of statutory interest of £3,678) was paid to HMRC on 2 July 2021 to settle the liability.
- 2.25 HMRC have issued tax enquiry notices in relation to filed Corporation Tax returns for the period 1 January 2018 to 26 November 2018. The Joint Liquidators are working with AOE and its tax advisors in dealing with the ongoing tax enquiry.
- 2.26 AOE have repaid £11,800,000 of its intercompany receivable due to the Company and, under AOE's instruction, the Joint Liquidators have remitted the full balance to HMRC. The payment has been made on a protective basis to minimise any ongoing exposure to late payment penalties and statutory interest in the event that the result of HMRC's enquiry into the Company's tax return for the period ended 26 November 2018 is not in favour of the Company.
- 2.27 It is unclear at this stage as to whether the protective payment will either be partially or fully refunded to the Company, as it is dependent on the outcome of HMRC's tax enquiry.
- 2.28 A further update will be provided in the next report.

VAT

- 2.29 All outstanding pre-liquidation VAT returns have been filed.

Other Matters

- 2.30 The Joint Liquidators will request Corporation Tax clearance once HMRC's tax enquiry has been completed. The Joint Liquidators have requested VAT and PAYE clearance from HMRC. Once all tax clearances have been received steps will be taken to conclude the Liquidation.

Creditors

- 2.31 The DoS reports a creditor balance of £321,426. An amount of £44 has been settled in the Reporting Period.
- 2.32 In accordance with their statutory duty, the Joint Liquidators advertised the Liquidation in the London Gazette and requested that any creditors prove their debts by 21 August 2020. No additional creditor claims have been received.

Intercompany Payables

SIL

- 2.33 The DoS reports an intercompany payable balance of £304,417 due to SIL, which is also in Members' Voluntary Liquidation. The inter-company balance due to SIL has increased by £7,650 to £312,067 following a Corporation Tax refund due to SIL having been paid to the Company.
- 2.34 It is expected that the liquidator of SIL will distribute in specie the intercompany receivable of £312,067 due from the Company to its sole shareholder, AOE. Following this, the Company will be in a position to set-off the intercompany payable against the receivable due from AOE.

SMSG

- 2.35 Under instruction from AOE, an amount of £21,895 (€23,387) was paid in the Reporting Period to SMSG to settle an intercompany payable amount that was due from the Company. This balance was not included in the DoS.

Corporation Tax Interest Charges – SMSA

- 2.36 On instruction from AOE, an amount of £9,179 (AUD\$16,117) was paid to the Australian Taxation Office to settle outstanding interest charges on SMSA's 2018 tax return. SMSA did not have sufficient funds to settle the liability directly and AOE were keen to maintain SMSA's solvency as part of its dissolution process

Netsuite Renewal

- 2.37 On instruction from AOE, an invoice from Oracle Corporation UK Limited of £69,976 was paid in relation to the 2021 annual renewal of its Netsuite Enterprise Resource Planning ("ERP") system.

Distribution to the Member

- 2.38 A first cash capital distribution of £100,000,000 was declared to the Member on 19 August 2020.
- 2.39 The investments in SIL, SMS and SMSG were distributed in specie to the Member on 18 August 2020.

2.40 A further cash distribution, consisting of the residual AOE intercompany receivable and cash held in the liquidation estate, will be made at the end of the liquidation following the outcome of the tax enquiry and on receipt of HMRC tax clearances. The quantum is uncertain at present and will be dependent on any refund of the protective payment.

2.41 An update will be provided in the next report.

3. Joint Liquidators' Costs and Expenses

3.1 A written resolution was passed on 7 July 2020 that the remuneration of the Joint Liquidators be fixed at their charging rates accordingly to the time properly spent by them and members of their staff in attending to matters arising in the winding up of the Company.

3.2 I attach as Appendix 2, a schedule summarising the Joint Liquidators' time costs by grade of staff and activity. During the Reporting Period, the Joint Liquidators' time costs amounted to 64 hours at a total cost of £23,766. The time costs incurred predominantly relate to the following matters:

- Dealing with distributions to the Member (cash and investments in specie);
- Dealing with the SMSA Share Subscription and recapitalisation;
- Settlement of SMSA's Australian Corporation Tax late interest charges;
- Dealing with the repayment of the SMSG intercompany payable;
- Dealing with the Netsuite ERP renewal;
- Liaising with the Company's tax agents to file all outstanding Corporation Tax returns for the Company;
- Liaising with AOE's tax and finance teams in relation to the HMRC tax enquiry and in making the protective payment to HMRC;
- Statutory matters and obligations required to be undertaken by Joint Liquidators, including reporting;
- Periodic case review and diary management to ensure case progression; and
- Cashiering and treasury matters in relation to the operation of the liquidation bank account.

3.3 In accordance with their engagement letter the Joint Liquidators, have been paid remuneration to date of £12,650 plus VAT and disbursements of £552 plus VAT.

3.4 The Joint Liquidators fees and Liquidation expenses for the Reporting Period total £96,618 (net of VAT) and these are shown in the table below:

<u>Company</u>	<u>Activity</u>	<u>Amount (£)</u>
Kroll	Liquidators' fees	12,650
Kroll	Liquidators' disbursements	552
PricewaterhouseCoopers LLP	Accountants' fees	12,430
Cheeswrights LLP	Notary costs	1,010
Oracle Corporation UK Limited	Netsuite renewal	69,976
Total:		96,618

3.5 All VAT incurred is recoverable as the Company was registered for VAT. VAT recoverable totals £19,326

4. Joint Liquidators' Receipts and Payments Account

- 4.1 A detailed receipts and payments account for the Reporting Period is shown at Appendix 1.
There is a cash balance of £192,307 remaining in the liquidation estate.

5. Statement of Member's Rights

- 5.1 Further information regarding the Member's rights obtaining further information or challenging the Joint Liquidators' fees is attached at Appendix 3.

6. Conclusion

- 6.1 The Joint Liquidators will be in the position to close the Liquidation once Corporation Tax, VAT and PAYE clearances from HMRC have been received.

- 6.2 If you have any queries or require any further assistance, please do not hesitate to contact my colleague Marcus Bassett of this office.

Yours faithfully
For and on behalf of
Shazam Entertainment Limited



Edward Bines
Joint Liquidator

Encs.

Appendix 1

Shazam Entertainment Limited (In Members' Voluntary Liquidation) Joint Liquidators' Receipts & Payments Account

Declaration of Solvency (£)		Reporting Period From 7 July 2020 to 6 July 2021 (£)
	Asset Realisations	
3,752,414	Cash at Bank	200,000
	Debtors	3,594
130,652,978	Intercompany Receivable - AOE	111,800,000
	Intercompany Receivable - SMS Inc.	239,012
22,225,529	Investment in Subsidiaries	-
14,093	Corporation Tax Refund	24,634
	Corporation Tax Refund - SIL	7,650
597	VAT Recoverable	-
		112,274,890
	Cost of Realisations	
(3)	Accounts Payable	-
(17,000)	Accruals - Accountants Fees	(12,430)
	Corporation Tax	(11,865,198)
	Corporation Tax - Statutory Interest	(3,678)
(304,417)	Intercompany Payable	-
	Intercompany - Shazam Media Services GmbH	(21,835)
	Share Subscription - SMSA	(66,546)
	Corporation Tax Interest Charges - SMSA	(9,179)
	Joint Liquidators' Remuneration	(12,650)
	Joint Liquidators' Disbursements	(552)
	Netsuite Subscription	(69,976)
	Notary Costs - SMSG Share Transfer	(1,010)
	Floating Bank Charges	(98)
		(12,063,212)
	Unsecured Creditors	
	Trade & Expense Creditors	(44)
		(44)
	Distributions to Member	
	Apple Operations Europe	(100,000,000)
156,324,131		(100,000,000)
		211,634
	Balance	
	Closing Account	192,307
	VAT Receivable	19,326
		211,634

Appendix 2

Shazam Entertainment Limited (In Members' Voluntary Liquidation)

Analysis of the Joint Liquidators' time costs and disbursements for the Reporting Period

Classification of Work Function	Managing Director	Manager	Senior	Assistant	Support	Total Hours	Time Cost (£)	Avg Hourly Rate (£)
Administration and Planning								
Case Review and Case Diary Management	0.00	1.80	0.00	4.30	0.00	6.10	2,087.50	342.21
Cashiering and Accounting	0.00	8.60	2.80	17.00	0.00	26.40	9,089.50	344.30
Dealings with Directors and Management	0.00	0.70	0.00	0.00	0.00	0.70	388.00	554.29
Statutory Matters (Meetings, Reports and Notices)	0.00	0.00	0.00	11.45	0.00	11.45	3,188.00	278.43
Strategy, Planning and Control	0.00	4.50	0.00	1.95	0.00	6.45	3,259.50	505.35
Tax Compliance / Planning	0.00	3.10	0.00	4.90	0.00	8.00	3,383.50	422.94
Creditors								
Communications with Creditors / Employees	0.00	0.00	0.00	0.60	0.00	0.60	168.00	280.00
Realisation of Assets								
Book debts	0.00	2.90	0.00	0.00	0.00	2.90	1,603.00	552.76
Other Tangible Assets	0.00	0.90	0.00	0.00	0.00	0.90	598.50	665.00
Total Hours:	0.00	20.50	2.80	40.20	0.00	63.50		374.26
Total Fees Claimed (£):	0.00	12,106.00	1,135.50	10,524.00	0.00		23,765.50	
Expenses								
Statutory Advertising	283.50							
Joint Liquidators' Bond	225.00							
Storage Fees	43.50							
	<u>552.00</u>							

Appendix 3

STATEMENT OF MEMBER'S RIGHTS

Rule numbers refer to Insolvency (England & Wales) Rules 2016 (as amended)

Section numbers refer to Insolvency Act 1986

Members have the right to request information from the Liquidator under rule 18.9

Members of the company with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company and any member with the permission of the court may make a written request to the Liquidator for further information concerning remuneration or expenses. Such a request must be made within 21 days of receipt of this report and a response will be provided within 14 days of receipt of the request.

Members have recourse to court, application to be made within 21 days of the Liquidator giving reasons for not providing all the information requested or the expiry of the 14 days within which the Liquidator must respond to a request

Members have the right to challenge the Liquidator's remuneration and expenses under rule 18.34

Members of the company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the company and any member with the permission of the court, may make an application to court on the grounds that the remuneration charged or expenses incurred are excessive and/or that the basis fixed for the Liquidator's remuneration is inappropriate. The application to court must be made no later than eight weeks after receipt of the Progress Report where the charging of the remuneration or the incurring of expenses in question occurs.