

## The Insolvency Act 1986

**Administrator's progress report**

Name of Company  Media Square plc	Company Number  04006884
In the  High Court of Justice Chancery Division Companies Court  <i>(full name of court)</i>	Court case number  10720 of 2011

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

We (a) Zelf Hussain and Robert Hunt of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT

administrators of the above company attach a progress report for the period

from

to

(b) 8 June 2012

(b) 6 December 2012

(b) Insert dates

Signed

Joint Administrator

Dated 6 December 2012

**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.

Sukhyinder Raj	
PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP	
	Tel 0113 289 4014
DX Number	DX Exchange

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



A31 07/12/2012 #10  
COMPANIES HOUSE

FRIDAY



**Media Square plc – in Administration**  
**High Court of Justice, Chancery Division,**  
**Companies Court**

**Case No. 10720 of 2011**

**Joint Administrators' final progress report for  
the period 8 June 2012 to 6 December 2012**

**6 December 2012**

**PricewaterhouseCoopers LLP**  
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Leeds LS1 4JP  
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#### **Abbreviations used in this report**

"the Company"	Media Square plc
"the Administrators"	Zelf Hussain and Robert Jonathan Hunt
"Sch B1 IA86"	Schedule B1 of the Insolvency Act 1986
"IR86"	The Insolvency Rules 1986
"PwC"	PricewaterhouseCoopers LLP
"the Bank"	Bank of Scotland plc
"the Purchaser"	MSQ Partners Limited

# 1. The Joint Administrators' final progress report

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## Introduction

We previously reported on 4 July 2012 and are pleased to provide our final progress report on the Administration of the Company pursuant to Rules 2.47 and 2.110 of the Insolvency Rules 1986 ("IR86")

We are required to provide certain statutory information pursuant to Rule 2.47(1) IR86, which is shown in Section 2 to this report. We are also required to provide a summary of our proposals, which is shown at Section 3.

Details of the steps taken during the Administration and the outcome of the Administration are set out below.

## Background information

As at the date of our appointment on 8 December 2011, the position as regards the Company was as follows -

- The Company acted as a non trading holding company of a leading marketing communications group with focused expertise in advertising, design, marketing, public relations and research.
- Our appointment arose as a consequence of difficult trading conditions in recent years. In addition, the group had a significant finance burden in relation to its high level of secured debt. Having been unable to secure additional funding, the directors sought a restructuring. To affect this, the directors appointed the Administrators on 8 December 2011 on the grounds that the Company was insolvent on a balance sheet basis.

Following an initial review, we concluded that the most appropriate strategy was the immediate sale of substantially all the Company's business and assets.

## Sale of business and assets

The information below should be read in conjunction with our letter of 9 December 2011, in which we provided information required by Statements of Insolvency Practice Numbers 13 and 16.

We concluded that the most appropriate strategy was the immediate sale of substantially all the Company's business and assets. We concluded this as

- A prolonged Administration period whilst the Company's business was marketed was expected to result in damage to the business and significant deterioration in the value of the group as a whole.
- As the sole secured creditor, the Bank indicated to us that in the absence of other available options, an immediate sale was the best way to achieve stabilisation of the group and hence, preserve value. It was on this basis that the Bank was willing to release its security over the assets being sold.
- The enterprise valuation of the group was significantly below the total debt owed to the Bank meaning that it was highly unlikely that marketing in the Administration would successfully lead to a third party sale.

Therefore, immediately following our appointment on 8 December 2011, substantially all of the Company's business and assets were sold to MSQ Partners Limited on a going concern basis.

The consideration for the transaction was as follows:

	£
Shares in subsidiaries	10,960,998
Chattels	1
Assignment of legal claim	39,000
Leasehold property	1

## **1. The Joint Administrators' final progress report**

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Under the terms of the business sale agreement, the Purchaser also assumed liability for the outstanding debts owed to the unsecured creditors by the Company as at the date of our appointment (other than those owed to the Bank)

In addition, all the employees of the Company were transferred under the Transfer of Undertakings Protection of Employment Regulations 2006, thereby avoiding the creation of preferential claims against the Company

### **Other assets**

As stated in our previous correspondence, we understood that the Company was due circa £39k in deferred consideration in relation to the part sale of its interest in Illuminas Limited (a subsidiary) prior to our appointment. This asset was not included in the sale agreement and at that time it was considered to be an asset we could seek to realise. However, on further investigation it was found that the deferred consideration was not an asset of the Company

Since our appointment, several assets were identified which were not subject to the sale. The realisation of these assets was only relevant to the Bank. With the approval of the Bank, these were transferred to the Purchaser, rather than incur the costs of realisation in order to distribute to the Bank

### **Final receipts and payments account**

An account of the final receipts and payments in the Administration for the period from 8 June 2012 to 6 December 2012 is set out in Section 4 to this report

### **Expenses statement**

A statement of the expenses we have incurred in the period 8 June 2012 to 6 December 2012 is included at Section 5

### **Administrators' remuneration**

Our remuneration has been approved on a time cost basis by the Bank, being the secured creditor. To the date of this report we have drawn remuneration of £107,836.95 in relation to post appointment work and £45,000 in relation to pre appointment work.

In accordance with the requirements of Statement of Insolvency Practice 9, a full analysis of the Administrators' post-appointment time costs and Category 2 disbursements for the period 8 June 2012 to 6 December 2012 is provided in Section 6

### **Pre-Administration costs**

Information regarding our pre-Administration costs previously detailed in our proposals can be found at Section 7 of this report. These have been paid and were agreed by the secured creditor.

### **Creditors' rights**

A statement of creditors' rights in relation to the Administrators' remuneration and expenses can be found at the following website:

<http://www.icaew.com/~media/Files/Technical/Insolvency/creditors-guides/creditors-guide-administrators-fees-final.pdf>

Alternatively, a paper copy can be obtained free of charge by contacting Sukhjinder Raj on 0113 289 4584

# 1. The Joint Administrators' final progress report

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## Outcome for creditors

### Secured creditors

Amounts due to the Bank as secured creditor as at the date of our appointment totalled in the region of £24 million. The sum of £11,040,540.38 has been distributed to the Bank under its security. No further monies will be distributed to the Bank, which therefore suffered a shortfall in its lending.

### Preferential creditors

The Company has no preferential creditors as all liabilities to its employees were transferred to the Purchaser on completion of the sale of business.

### Unsecured creditors

On the basis of information provided by the Company and the Purchaser's obligation under the sale agreement to pay unsecured creditors, it was not anticipated that there will be any unpaid unsecured creditors.

Confirmations were sought from both the Company and the creditors that the unsecured creditors had been paid.

### Exit route from Administration

In accordance with our proposals approved by creditors, a Notice of move to dissolution was sent to the Registrar of Companies on 6 December 2012. When this notice is registered, the Administration will come to an end. Three months after registration, the Company will be deemed dissolved.

### Discharge

In accordance with a resolution of the secured creditor, we shall be discharged from liability pursuant to Paragraph 98(1) of Schedule B1 to the Insolvency Act 1986 in respect of any action of our as Administrators, 14 days after we cease to act as Administrators of the Company.

Yours faithfully  
For and behalf of the Company



Zelf Hussain  
Joint administrator

*Zelf Hussain and Robert Hunt have been appointed as joint administrators of the Company to manage its affairs, business and property as its agents without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.*

*The joint administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration.*

## 2. Statutory and other information

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<b>Court details for the Administration:</b>	High Court of Justice, Chancery Division, Companies Court 10720 of 2011
<b>Full name:</b>	Media Square plc
<b>Trading name:</b>	Media Square plc
<b>Registered number:</b>	04006884
<b>Registered address:</b>	Benson House, 33 Wellington Street, Leeds, LS1 4JP
<b>Company directors:</b>	Neil Canetty-Clarke (resigned), Michael George, Timothy Lindsay, Roger Parry, Peter Reid & Dean Wright
<b>Company secretary:</b>	Dean Wright
<b>Shareholdings held by the directors and secretary:</b>	Roger Parry – 713,181 Peter Reid – 316,667 Michael George – 285,714 Tim Lindsay – 10,000 Dean Wright – 14,170 8 December 2011
<b>Date of the Administration appointment:</b>	8 December 2011
<b>Administrators' names and addresses:</b>	Zelf Hussain and Robert Hunt of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT
<b>Changes in office holder:</b>	N/A
<b>Appointor's / applicant's name and address:</b>	Bank of Scotland, Lloyds Bank Corporate Markets, 1st Floor Princess House, 1 Suffolk Lane, London, EC4R 0AX
<b>Objective being pursued by the Administrators:</b>	b.) Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration)
<b>Division of the [former] Administrators' responsibilities:</b>	In relation to paragraph 100(2) Sch B1 IA86, the joint administrators will act jointly and severally so that all functions may be exercised by any or all of the joint administrators
<b>Extensions to the period of the Administration:</b>	N/A
<b>End of the Administration:</b>	Dissolution
<b>Estimated dividend for unsecured creditors:</b>	100p/£ per the Purchaser's obligation under the sale agreement
<b>Estimated values of the prescribed part and the company's net property:</b>	N/A
<b>Whether and why the Administrators intended to apply to court under Section 176A(5) IA86:</b>	N/A
<b>The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):</b>	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings

### 3. Summary of the Joint Administrators' proposals

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#### Proposals for achieving the purpose of the Administration

The Administrators make the following proposals for achieving the purpose of administration

- i) The Administrators will continue to manage and finance the Company's business, affairs and property from asset realisations / contributions to cost / other in such manner as they consider expedient with a view to achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration)
- ii) The Administrators may investigate and, if appropriate, pursue any claims that the Company may have under the Companies Act 1985 or IA86 or otherwise. In addition, the Administrators shall do all such other things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals
- iii) In the unlikely event that the Administrators think that funds will become available for unsecured creditors, the Administrators may at their discretion make an application to court for permission to make distributions to unsecured creditors under Paragraph 65(3) Sch B1 IA86
- iv) The Administrators may use any or a combination of "exit route" strategies in order to bring the Administration to an end, but in this particular instance the Administrators are likely to wish to pursue the following options as being the most cost effective and practical in the present circumstances -
  - (a) Once all of the assets have been realised and the Administrators have concluded all work within the Administration, the Administrators will file a notice under Paragraph 84(1) Sch.B1 IA86 with the Registrar of Companies, following registration of which the Company will be dissolved three months later, OR
  - (b) In the unlikely event it transpires that there are sufficient funds to enable a distribution to the unsecured creditors, once asset disposals are complete, the Administrators will place the Company into creditors' voluntary liquidation. In these circumstances, it is proposed that Zelf Hussain and Robert Hunt be appointed as joint liquidators and any act required or authorised to be done by the Joint Liquidators may be done by any or all of them. In accordance with Paragraph 83(7) Sch B1 IA86 and Rule 2.117(3) IR86, creditors may nominate alternative liquidators, provided that the nomination is made after the receipt of these proposals and before they are approved; OR
  - (c) Once asset disposals are complete, the Administrators will apply to the Court to allow the Administrators to distribute surplus funds, if any, to unsecured non-preferential creditors. If such permission is given, the Administration will be brought to an end by notice to the Registrar of Companies under Paragraph 84 Sch B1 IA86, following registration of which the Company will be dissolved three months later. If permission is not granted the Administrators will place the Company into creditors' voluntary liquidation or otherwise act in accordance with any order of the court
- v) The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Sch B1 IA86 in respect of any action of theirs as Administrators at a time resolved by the secured creditor
- vi) In the circumstances of this case it will be for the secured creditor to approve the payment of the unpaid pre-Administration costs as expenses of the Administration
- vii) It is proposed that the Administrators' fees be fixed under Rule 2.106 of the Insolvency Rules 1986 by reference to the time properly given by the Administrators and the various grades of their staff according to their firm's usual charge out rates for work of this nature and that disbursements for services provided by the Administrators' own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No 9) be charged in accordance with the Administrators' firm's policy. It will be for the creditors' committee to fix the basis and level of the Administrators' fees and Category 2 disbursements but if no committee is appointed as the Administrators have stated



### **3. Summary of the Joint Administrators' proposals**

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that they think that the Company has insufficient property to enable a distribution to be made to non-preferential unsecured creditors, it will be for the secured creditor to determine these instead. In any event, the basis of the Administrators' remuneration and Category 2 disbursements are to be fixed no later than 18 months after the date of the Administrators' appointment.

#### 4. Final receipts and payments account for the period 8 June 2012 to 6 December 2012

	8 December 2011 to 7 June 2012 £	8 June 2012 to 6 December 2012 £	Total £
<b>Receipts</b>			
Cash at bank*	262,500 00	-	262,500 00
<b>Floating Charge</b>			
Investments in subsidiaries	10,960,998 00	-	10,960,998 00
Chattels	1 00	-	1 00
Legal action	39,000 00	-	39,000 00
Leasehold property	1 00	-	1 00
	<b>11,262,500.00</b>	<b>-</b>	<b>11,262,500.00</b>
<b>Payments</b>			
<b>Floating Charge</b>			
Distribution to charge holder	11,000,000 00	40,540 38	11,040,540 38
Pre-appointment legal fees	36,065 85	-	36,065 85
Legal fees and disbursements	-	20,188 95	20,188 95
Pre-appointment agents fees	-	12,500 00	12,500 00
Office holder's fees	-	107,836 95	107,836 95
Office holder's disbursements	-	44 44	44 44
Pre-appointment office holder's fees and disbursements	-	45,000 00	45,000 00
Insurance	106 00	-	106 00
Advertising	73 62	73 62	147 24
Bank charges	4 55	42 60	47 15
Storage	-	23 04	23 04
VAT Receivable	7,227 89	(7,227 89)	-
	<b>11,043,477.91</b>	<b>219,022.09</b>	<b>11,262,500.00</b>
<b>Balance</b>	<b>219,022.09</b>	<b>(219,022.09)</b>	<b>-</b>

\* The Bank has released £262,500 from a Company bank account (which was subject to the Bank's right of offset) in order to meet the costs of the Administration

## 5. Expenses incurred

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	8 December 2011 to 7 June 2012 £	8 June 2012 to 6 December 2012 £	Total £
Insurance	106 00	-	106 00
Advertising	73.62	73 62	147 24
Bank charges	4 55	42 60	47 15
Office holder time costs incurred	69,846 44	37,990 51	107,836 95
Office holder disbursements	14 44	30 00	44 44
Legal fees (Eversheds LLP)	6,826 00	13,362 95	20,188 95
Storage	-	23 04	23 04
	<u>76,871.05</u>	<u>51,522.72</u>	<u>128,393.77</u>

## **6. Analysis of the Administrators' final time costs and Category 2 disbursements for the period 8 June 2012 to 6 December 2012**

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### **Narrative of work carried out for the period 8 June 2012 to 6 December 2012**

A breakdown of our time costs and charge out rates is shown on the next page.

The key areas of work in the period have been -

- Compliance with statutory obligations: drafting and circulation of the first progress report, complying with reporting obligations and dealing with the case closure issues including the drafting of the final progress report
- Reporting communicating with the Bank
- Tax our specialist Tax Team have been finalising the tax computations and the position of the availability of losses for surrender Liaising with the Purchaser regarding the purchase of the losses for surrender

### **Category 2 disbursements for the period 8 June 2012 to 6 December 2012**

No disbursements have been incurred in the period

### **Summary of legal and other professional firms instructed in the period 8 June 2012 to 6 December 2012**

<b>Service provided</b>	<b>Name of firm</b>	<b>Reason selected</b>	<b>Basis of fees</b>
Legal advice related to the position of the secured creditor	Eversheds LLP	Experience	Time costs

We require all third party professionals to submit time costs analyses and narrative in support of invoices rendered. We review professional firms' costs by comparing them to previous experience of costs for such services and for reasonableness in the circumstances of the case.

## 6 Analysis of the Administrators' final time costs and Category 2 disbursements

### Analysis of time costs for the period 8 June 2012 to 6 December 2012

Classification of work	Partner	Director	Senior manager	Manager	Senior Associate	Associate / Support	Total Hours	Total cost (£)	Average rate (£/hr)
Strategy and planning	9.00	-	0.10	1.20	4.85	0.60	15.75	6,457.03	410
Accounting and treasury	-	-	0.43	0.90	5.55	3.95	10.83	1,849.39	171
Statutory and other compliance	1.00	-	1.50	18.00	4.06	7.60	32.16	6,974.76	217
Investigations	-	-	-	-	0.10	-	0.10	17.85	179
Reporting	-	-	6.00	-	-	-	6.00	2,272.50	379
Creditors/liabilities	-	-	0.10	0.90	6.60	-	7.60	1,418.23	187
Employees/pensions	-	-	0.20	0.20	0.30	0.30	1.00	340.30	340
Tax/VAT	4.00	-	-	6.40	7.20	11.30	28.90	9,268.60	321
Closure procedures	-	-	2.50	0.45	3.30	-	6.25	1,641.11	263
Estimated costs to completion	3.75	-	5.50	5.50	8.00	3.00	25.75	7,750.75	301
Total hours	17.75	-	16.33	33.55	39.96	26.75	134.34	37,990.51	283
Total cost (£)	8,092	-	4,044	7,740	5,588	4,135	29,600		
Average hourly rate (£/hr)	456	-	248	231	140	155	220		

Brought forward hours 08.12.2011 to 07.06.2012

19.00 - 63.70 48.75 19.00 120.30 270.75 69,846.44 258

Total hours for the period 08.12.2011 to 06.12.2012

36.75 - 80.03 82.30 58.96 147.05 405.09 107,836.95 266

### Charge out rates per hour applied in the above

- London BRS staff	578.00	501.50	378.75	331.50	272.00	195.50	
- All other UK BRS staff	408.00	340.00	297.50	233.75	178.50	131.75	
- Specialist	n/a	n/a	870.00	470.00	320.00	220.00	

## 7. Pre-administration costs

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The following costs which were incurred prior to the appointment of the Administrators, but with a view to the Company entering Administration were approved for payment on 1 June 2012 by the Bank

	Amount (£)
Fees charged by the Administrators	45,000 00
Expenses incurred by the Administrators	48,565 85
Fees charged by other persons qualified to act as an insolvency practitioner	0 00
Expenses incurred by other persons qualified to act as an insolvency practitioner	0 00
<b>Total</b>	<b>93,565.85</b>

The expenses incurred relate to legal advice and valuation services provided to the administrators. Further details of these and breakdown of the Administrators' pre-appointment time can be found in our proposals

## The Insolvency Act 1986

**Administrator's progress report**

Name of Company

Media Square plc

Company Number

04006884

In the

High Court of Justice  
Chancery Division  
Companies Court

(full name of court)

Court case number

10720 of 2011

(a) Insert full name(s) and  
address(es) of  
administrator(s)We (a) Zelf Hussain and Robert Hunt of PricewaterhouseCoopers LLP, 7 More London Riverside, London  
SE1 2RT

administrators of the above company attach a progress report for the period

from

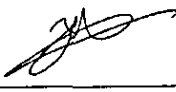
to

(b) 8 June 2012

(b) 6 December 2012

(b) Insert dates

Signed

  
Joint Administrator

Dated 6 December 2012

**Contact Details:**

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Sukhjinder Raj	
PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP	
	Tel 0113 289 4014
DX Number	DX Exchange

Companies House receipt date barcode

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

The Insolvency Act 1986

# **Notice of move from administration to dissolution**

Name of Company  Media Square plc	Company Number  04006884
In the  High Court of Justice Chancery Division Companies Court  (full name of court)	Court case number  10720 of 2011

(a) Insert name(s) and address(es) of administrator(s)  
 We (a) Zelf Hussain and Robert Hunt of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT

(b) Insert name and address of registered office of company  
 having been appointed administrator(s) of (b) Media Square plc, Benson House, 33 Wellington Street, Leeds, LS1 4JP

(c) Insert date of appointment  
 on (c) 8 December 2011 by (d) Bank of Scotland, Lloyds Bank Corporate Markets, 1st Floor Princess House, 1 Suffolk Lane, London, EC4R 0AX

(d) Insert name of applicant / appointor  
 hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 apply

We attach a copy of the final progress report

Signed 

Joint Administrator

Dated 6 December 2012

## **Contact Details:**

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Sukhjinder Raj	
PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP	
	Tel 0113 289 4584
DX Number	DX Exchange

Companies House receipt date barcode

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 Companies House, Crown Way, Cardiff, CF14 3UZ  
 DX 33050 Cardiff