

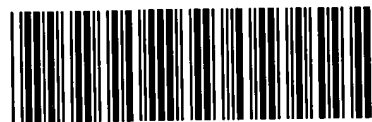
CVA3

Notice of supervisor's progress report in voluntary arrangement



Companies House

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17/04/2021

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COMPANIES HOUSE

1 Company details

Company number 0 8 6 3 0 0 1 7

Company name in full GROOVE MEDIA AND ENTERTAINMENT LTD.

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Supervisor's name

Full forename(s) STEPHEN PAUL

Surname GRANT

3 Supervisor's address

Building name/number 2ND FLOOR REGIS HOUSE

Street 45 KING WILLIAM STREET

Post town LONDON

County/Region

Postcode E C 4 R 9 A N

Country

4 Supervisor's name ^①

Full forename(s)

Surname

① Other supervisor

Use this section to tell us about
another supervisor.

5 Supervisor's address ^②

Building name/number

Street

Post town

County/Region

Postcode




Country

② Other supervisor

Use this section to tell us about
another supervisor.

CVA3

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CVA3

Notice of supervisor's progress report in voluntary arrangement



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 **EMMA O'BRYAN**

Company name **AZETS HOLDINGS LIMITED**

Address **2ND FLOOR REGIS HOUSE**

45 KING WILLIAM STREET

Post town **LONDON**

County/Region

Postcode **E C 4 R 9 A N**

Country

DX

Telephone **020 7403 1877**



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 and dated 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

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

**Groove Media and Entertainment Ltd trading as GrooveMe ("the Company")
– subject to a Company Voluntary Arrangement ("CVA")**

Supervisor's Annual Progress Report to Creditors

For the Period 27 February 2020 to 26 February 2021

CONTENTS

- 1** Introduction
- 2** Progress of the CVA
- 3** Creditors
- 4** Nominee's Remuneration
- 5** Supervisor's Remuneration
- 6** Supervisor's Expenses
- 7** Distributions
- 8** Next Report

APPENDICES

- A** Receipts and Payments Account for the Period from 27 February 2020 to 26 February 2021
- B** Additional Information in relation to Supervisor's Fees & Expenses Policy

1 Introduction

On 7 September 2020, Baldwins Holdings Limited which traded as Wilkins Kennedy changed its name to Azets Holdings Limited and now trades as Azets. Any references in this report to Azets should be read as a reference to Wilkins Kennedy.

You will recall that I, Stephen Paul Grant of Azets, 2nd Floor Regis House, 45 King William Street, London, EC4R 9AN was appointed as Supervisor the Company's CVA on 27 February 2020.

This report now provides an update on the progress in the CVA in accordance with Rule 2.41 of the Insolvency (England & Wales) Rules 2016. At Appendix A, I have provided an account of my Receipts and Payments for the year from 27 February 2020 to 26 February 2021 ("the Period") with a comparison to the assets expected to be realised in the CVA. Creditors will note that there have been no realisations in the Period, and details of this are provided in section 2 below.

Please note that on 22 December 2020, Alec Worrell resigned as a director of the Company however, since he was a director during the Period, I have referred to "the directors" throughout.

Information about the way that I will use, and store personal data on insolvency appointments can be found at www.azets.co.uk/about-us/privacy-cookie-policy/. If you are unable to download this, please contact this office and a hard copy will be provided to you.

2 Progress of the CVA

Contributions and CVA assets

The terms of the CVA proposals and agreed modifications, approved by creditors on 27 February 2020, provided for the Company to make monthly contributions comprised of two payments of £15,000 followed by twenty-three further payments of £20,000, with the initial payment of £15,000 to be paid into the designated CVA bank account by no later than 31 October 2020.

The proposal also allowed for the Company's accounts to be reviewed six-monthly to determine whether additional contributions could be made.

As creditors will be aware, the entertainment industry has been, and continues to be, seriously impacted by the Covid-19 restrictions which have been in place since March 2020. The Company's cash flow forecast, and business model on which the initial proposals were put to creditors were reliant on a number of upcoming projects which were in development. Due to the Covid-19 restrictions, all of these projects were put on hold by the clients, and it was not possible to predict when these workstreams would recommence.

The suspension of the Company's pipeline projects has meant that the income that had been forecast for 2020 and 2021 has not been and will not be received.

In order to limit as far as possible, the effects of the lockdown (and continuing restrictions) the directors of the Company applied for funding by way of the Government backed Coronavirus Business Interruption Loan Scheme, Bounce Back Loan Scheme and Innovate UK, however the Company was not deemed to be eligible since it was subject to a CVA.

The directors' continued to work in the Period to secure new income streams, however despite their best efforts, there were no funds available to meet the initial contribution of £15,000 by 31 October 2020 or any further payments falling due in the Period.

Notice of Breach

Following the Company's failure to meet its obligations under the terms of the CVA, a Notice of Breach was issued to the Company on 11 November 2020 giving the Company 60 days in which to remedy the breach, in accordance with the terms of the CVA.

Modifications

Whilst the directors had not been able to secure additional funding during the Period, they had been focusing their attention on adapting and innovating the business model to come up with new product ideas that would withstand the restrictions of Covid-19.

The directors had successfully designed a drive-through and drive-in hologram experience, which with a turnkey solution can be replicated in multiple sites simultaneously. This could be used for both drive-in installations and also "show in a box" installations in shopping centres, village parks and local halls.

The directors were confident that the drive-in hologram experience would be successfully launched by Q3 2021 for release to the general market and would be able to withstand any on-going restrictions of Covid-19. During the Period, one of the directors injected further personal funds into the Company totalling £25,000 in order to push ahead with the development of this project, with an application being submitted for a Research & Development tax credit to provide further funding in this respect.

In addition to the development of the drive-through hologram experience, during the Period the directors have successfully negotiated a licence for a Marvin Gaye hologram including the musical touring show, Pride and Joy. The directors have advised me that the US tour generated income of approximately \$4million. At the time the Notice of Breach was issued, the directors had also been in talks with a Mauritius based media fund and crowd funding specialist to seek funding for the creation of the hologram and it is anticipated that should funding be successful, the project will be ready for launch and tour in Q1 2022.

Furthermore, during the Period the directors secured a matching investor who was willing to make an application to the Future Fund, which provides Government loans to UK-based companies ranging from £125,000 to £5million, subject to at least equal funding from private investors. The matching investor confirmed that they will invest up to £5million and has also confirmed that if the Company's application is successful, sufficient funds will be made available to pay the Company's unconnected creditors, who are bound by the CVA.

Having considered the various challenges that the Company had faced during the lockdown period and the difficult trading climate that lies ahead whilst the UK and the rest of the world try to recover from the impact of Covid-19, the directors remain confident in the business and its innovative products such that they proposed the following modifications to the CVA proposal:

1. That the CVA be allowed to continue to enable the application to be made to the Future Fund by no later than 31 January 2021 such that, if successful, the Company's unconnected creditors that are bound by the CVA, be paid 100 pence in the £ on their claims and the CVA be successfully completed, with the dividend being paid within two weeks of the funds being received into the CVA account.

Whilst the directors and their legal advisors are confident that the application to the Future Fund will be successful, given the risks associated with any such application, the directors proposed the following modifications to enable the CVA to continue should the application be unsuccessful:

2. That, in the event that the Company's application to the Future Fund is unsuccessful, the payment schedule under the CVA be varied such that the first payment, in the amount of £10,000, be made no later than 31 July 2022, with the payments being made monthly thereafter until such time as sufficient funds have been paid into the CVA to enable the unconnected creditors to be paid 100 pence in the £.
3. That, in the event that the Company's CVA continues on the basis of monthly contributions (commencing in July 2022) the Company be required to provide the Supervisor with updated management accounts, to include an updated cashflow forecast (with a comparison of actuals to forecast) every six months in order that the Supervisor can determine if the monthly contributions should be increased and if so, the date from which the increase be effective.
4. That, in the event that the CVA continues beyond February 2023, the Supervisor be authorised to draw an additional fixed fee of £7,500 per annum from the funds in the CVA, until the CVA is successfully completed.

The modifications were put to the creditors at a virtual meeting on 29 January 2021. It was proposed by the creditors at the meeting that modification 3 be amended such that the management accounts and cash flow forecast be provided to creditors by the Supervisor every six months, commencing with immediate effect.

A vote was put to the creditors at the meeting and modifications 1,2 and 4 were approved as proposed, with modification 3 approved as amended.

Following the approval of the modifications, the directors instructed a lawyer to submit the application to the Future Fund before the deadline of 31 January 2021. The lawyer, who has previously submitted numerous successful applications to the Fund, expressed confidence in the Company's eligibility for the funds however reiterated that the funds are available on a first come first served basis.

Whilst the directors remain confident that the application to the Future Fund will be successful, they are yet to hear whether the application has been approved. Upon confirmation of the outcome of the application, I will write to creditors to notify them.

3 Creditors

Preferential Creditors

There are no preferential creditors' claims in the CVA.

Unsecured Creditors

Under the terms of the proposal, creditors who did not submit their claim in the CVA within four months of the approval of the CVA will be excluded from participating in dividend payments. HM Revenue & Customs were excluded from this term.

Unconnected Unsecured Creditors

I have received claims from 8 unconnected unsecured creditors totalling £490,627. I am currently reviewing claims and will write to creditors requesting further information, where applicable, upon confirmation that the Company's application to the Future Fund has been successful.

Connected Unsecured Creditors

I have received claims from 4 connected creditors totalling £579,749. No dividend will be paid to this class of creditor under the terms of the CVA as these creditors agreed to defer their claims until such time as the unconnected creditors had been paid in full under the CVA.

4 Nominee's Remuneration

Prior to my appointment as Supervisor, I acted as Nominee for the proposed CVA of the Company. The creditors approved that the basis of the Nominee's remuneration be agreed as a fixed fee of £10,000.00 plus VAT and disbursements. The amount of £5,000.00 plus VAT was paid on account by the Company prior to the approval of the CVA and £5,000.00 plus VAT remains outstanding. The balance of the outstanding fee will be paid from first realisations in the CVA.

5 Supervisor's Remuneration

The creditors initially approved that the basis of the Supervisor's remuneration be agreed as a fixed fee of £25,000.00 plus VAT and disbursements.

At the virtual meeting of creditors held on 29 January 2021, it was agreed that in the event that the CVA continues beyond February 2023, I be authorised to draw an additional fixed fee of £7,500 per annum from the funds in the CVA, until the CVA is successfully completed.

At the date of this report, I would confirm that no fees have drawn against the agreed remuneration for the CVA.

A copy of the Guide to Insolvency Practitioners' fees in a Voluntary Arrangement (effective date: 1 April 2021) can be downloaded from www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29116/page/1/voluntary-arrangement-a-guide-for-creditors-on-insolvency-practitioner-fees/. If you are unable to download this, please contact this office and a hard copy will be provided to you.

6 Supervisor's Expenses

The following expenses have been incurred since my appointment as Supervisor:

	<i>Incurred in the Period</i>	<i>Outstanding</i>	<i>Future Anticipated Expenses</i>
Specific Penalty Bond	£380.00	£380.00	-
Postage	£169.12	£169.12	£320.00-420.00
Total	£549.12	£549.12	£320.00-420.00

7 Distributions

The terms of the initial CVA proposals provided that creditors would be paid a distribution six months after the first anniversary of the approval of the CVA, with the next distribution being paid six months thereafter and the final distribution being paid upon receipt of the final contribution or when sufficient monies have been received to pay a distribution of 100 pence in the £, whichever is the sooner.

Distributions were to depend on the contributions received but were estimated as follows:

- First – 31.02 pence in the £
- Second – 31.49 pence in the £
- Third and Final – 37.49 pence in the £

Following the Company's inability to make its scheduled contributions and following the modifications to the CVA as detailed in section 2 above, where the Company's application to the Future Fund is successful the Company's unconnected creditors that are bound by the CVA, will be paid 100 pence in the £ on their claims within two weeks of the funds being received into the CVA account.

Should the Company's application to the Future Fund be unsuccessful, distributions will be paid to creditors when there are sufficient funds to make declare the dividends as outlined above.

8 Next Report

I am required to provide a further report in the progress of the CVA within two months of the next anniversary of the CVA, unless matters have been concluded prior to this, in which case a final report will be provided to creditors.

Finally, to comply with the Provision of Services Regulations, some general information about Azets, including about the complaints policy and professional indemnity insurance and the Insolvency Code of Ethics can be found at www.azets.co.uk/about-us/legal-regulatory-information/.

Should you require further information at any time, please do not hesitate to contact Emma O'Bryan of this office on 020 7403 1877 or by email at emma.obryan@azets.co.uk.



Stephen Paul Grant
Supervisor

Appendix A

Receipts and Payments Account for the Period from 27 February 2020 to 26 February 2021

Groove Media and Entertainment Ltd t/as GrooveMe – Subject to a Voluntary Arrangement
Supervisor's Receipts and Payments Account
From 27 February 2020 to 26 February 2021

Proposals £		£	£
490,000.00	ASSET REALISATIONS Debtor Contributions	<u>NIL</u>	NIL
<u>490,000.00</u>			<u><u>NIL</u></u>
	REPRESENTED BY		<u><u>NIL</u></u>

Appendix B

Additional Information in Relation to Supervisor's Fees & Expenses Policy

AZETS HOLDINGS LIMITED – FEES AND EXPENSES POLICY

Introduction

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk>.

Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency 9 (SIP 9) and can be accessed at www.r3.org.uk/technical-library/england-wales/sips/more/29125/page/1/sip-9-payments-to-insolvency-office-holders-and-their-associates/. A hard copy may be requested from Azets Holdings Limited, 2nd Floor Regis House, 45 King William Street, London, EC4R 9AN or meghan.andrews@azets.co.uk.

Staff Allocation and Charge Out Rates

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, Senior Manager or Manager and a Senior or Associate. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several Seniors or Associates may be allocated to meet the demands of the case.

We operate a time recording system which allows staff working on the assignment along with the office holders to allocate their time to an assignment in 6 minute units.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Administration and planning
- Investigations
- Realisation of assets
- Creditors
- Trading
- Case specific matters

Time costs are recorded at the individual's hourly rate in force at that time, Our charge out rates effective from 3 December 2018 are shown below and the rates shown are exclusive of VAT.

Grade	Rate (£) per hour
Partners	430.00 – 470.00
Directors/Managers	210.00 – 390.00
Administrators	110.00 – 210.00
Junior/Trainee Administrators	95.00 – 200.00
Cashiers/Secretaries	60.00 – 100.00

Where necessary and appropriate, members of staff from other departments of the practice will undertake work on a case. They will be charged at their normal charge out rate for undertaking such work.

Please note that charge out rates are reviewed annually and may be subject to change.

Expenses

On insolvency appointments, an office holder will typically incur expenses which relate to that assignment. Expenses (or costs) are amounts properly payable by an office holder from an insolvency estate which are not otherwise categorised as the office holder's remuneration or a distribution to a creditor or shareholder. These expenses may include, but are not limited to, agent's costs for disposal and realisation of assets, legal costs, specialist pension advice, tax services or other routine expenses associated with an insolvency appointment such as statutory advertising costs, the office holder's specific penalty bond and costs associated with storing the books and records. Expenses also include disbursements which are payments that are first met by the office holder and then reimbursed at a later date from the estate, usually when realisations permit. Details of the anticipated expenses on an insolvency assignment will be outlined in the office holder's fees estimate or other information provided to creditors about the fee basis or bases being proposed.

Expenses recharged to, or incurred directly by, an insolvent estate are subject to VAT at the applicable rate where appropriate.

Some expenses can be paid without prior approval from creditors (referred to as Category 1 expenses) and other expenses which may have an element of shared costs or are proposed to be paid to an associate of the office holder, require approval before they can be paid (referred to as Category 2 expenses).

Category 1 expenses are directly referable to an invoice from a third party that is not an associate of the office holder or the firm, which is either in the name of the estate or Azets Holdings Limited; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the insolvency estate. These costs are recoverable without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party.

Category 2 expenses are directly attributable to the estate but include an element of shared costs or is a payment to an associate of the office holder or the firm. These expenses are recoverable from the estate, subject to the prior approval of the creditors, in the same manner as the approval of the office holder's remuneration.

The Category 2 expenses which include an element of shared costs and are charged by this firm are as follows:

- Postage – charged in accordance with the current Royal Mail price guide for first class.
- Business mileage – charged at standard rates which comply with HM Revenue & Customs limits. The current rate is 45 pence per mile.
- Internal photocopying - charged at 5 pence per sheet for reports and circulars issued to creditors, shareholders, employees and other stakeholders. No additional charge is made for individual items of correspondence.

Please note that these category 2 expenses are reviewed annually and may be subject to change.

Payments to associates (as defined in Section 435 of the Insolvency Act 1986 and the Insolvency Code of Ethics), which are also classified as a category 2 expense requiring creditor approval, are not routinely made by this firm. Any such payments will be considered on a case by case basis and when seeking approval for the payments, the office holder will provide creditors with an explanation of the work to be done, why the work is necessary and the estimated payment that will be made. The form and nature of the relationship with the associate will also be provided.

Provision of Services Regulations

When carrying out all professional work relating to an insolvency appointment, Insolvency Practitioners are bound by the Insolvency Code of Ethics.

To comply with the Provision of Service Regulations, some general information about Azets Holdings Limited, including our complaints policy and Professional Indemnity Insurance and the Insolvency Code of Ethics, is available on our website using the following link: www.azets.co.uk/about-us/legal-regulatory-information/.