

# 2.24B

The Insolvency Act 1986

## Administrator's progress report

Name of Company

Media Tools Limited

Company number

01480360

In the  
High Court of Justice, London

(full name of court)

Court case number

3502

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

We (a)  
John Charles Reid  
Deloitte LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2DB

William Kenneth Dawson  
Deloitte LLP  
2 Hardman Street  
Manchester  
M3 3HF

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

From

(b) 30 October 2009

To

(b) 29 April 2010

(b) Insert date

Signed

Joint Administrator

Dated

14th May 2010

### 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

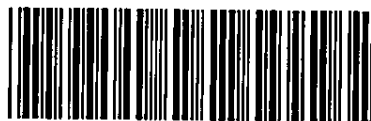
Elaine Crangle  
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COMPANIES HOUSE

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**

TO ALL CREDITORS OF MEDIA TOOLS LIMITED (IN ADMINISTRATION)  
("THE COMPANY")

Direct 0141 304 5091  
Direct fax 0141 314 5895  
mmcfarlane@deloitte.co.uk

11 May 2010

Our Ref JCR/EXC/MXM

Dear Sirs

**Media Tools Limited and (In Administration) ("the Company")**

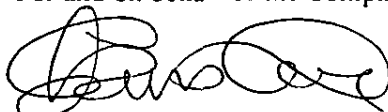
In accordance with Rule 2.47 of the Insolvency Rules 1986 ("the Rules"), we write to advise you on the progress of the Administrations of the Company.

The following document is enclosed:

- **Administrators' Progress Report** which includes the additional information, prescribed by the Rules.

As outlined in Section 4.4 of the enclosed Progress Report, there are no funds available to the unsecured creditors. Accordingly, there will be no dividend to the unsecured creditors of the Company.

Yours faithfully  
For and on behalf of the Company



Elaine Crangle  
For John C. Reid  
Joint Administrator

Enc

John Reid and William Dawson were appointed Joint Administrators of Media Tools Limited on 30 April 2008. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

All Insolvency Practitioners of Deloitte LLP are licensed in the UK.

Important notice: Partners, Associate Partners and Directors acting as receivers and administrators contract without personal liability. Unless otherwise shown, all appointment taking Partners, Associate Partners and Directors are authorised by The Institute of Chartered Accountants in England and Wales.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom.

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Member of Deloitte Touche Tohmatsu

**MEDIA TOOLS LIMITED  
(IN ADMINISTRATION)  
("the Company")**

**HIGH COURT OF JUSTICE – 3502/08**

**SIX MONTHLY PROGRESS REPORT TO CREDITORS  
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986 (AS  
AMENDED)**

**11 MAY 2010**

**This report has been prepared for the sole purpose of advising the Creditors. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by Creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.**

**The Administrators act as agents of the Companies without personal liability.**

**John Reid and William Dawson  
Deloitte LLP  
Lomond House  
9 George Square  
Glasgow  
G2 1QQ**

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#### **APPENDICES**

- 1. Summary of Statutory information**
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- 3. Joint Administrators' Receipts and Payments account as at 29 April 2010**

## **ABBREVIATIONS**

For the purpose of this report the following abbreviations shall be used:

"the Act"	Insolvency Act 1986 (as amended)
"the Rules"	Insolvency Rules 1986 (as amended)
"the Administrators"	John Reid and William Dawson of Deloitte LLP
"Deloitte"	Deloitte LLP
"the Companies" / "the Group"	Sound Control Modern Music Stores Limited, Media Tools Limited and Fleance Limited (formerly Academy of Sound Limited) (All in Administration)
"the Bank"	Bank of Scotland
"Media"	Media Tools Limited
"SCMMSL"	Sound Control Modern Music Stores Limited
"Fleance"	Fleance Limited (formerly Academy of Sound Limited)
"EOS"	Estimated Outcome Statement

## **1. INTRODUCTION**

### **1.1 Introduction**

This report has been prepared in accordance with Rule 2.47 of the Rules to provide creditors with an update on the progress of the Administration of Media since our last report to creditors dated 23 November 2009.

The Companies were placed into Administration on 30 April 2008. The Administrations of SCMMSL and Fleance came to an automatic end on 29 April 2010 and 28 April 2010 respectively.

On the basis that there remained an unrealised asset of Media which was not sold prior to 28 April 2010, the second year anniversary of the Administration, the Administrators submitted an application to Court seeking to extend the term of office by 6 months in terms of Paragraph 76(2)(a) of Schedule B1 of the Act. This is discussed further at 5.1 below.

Given the information provided to creditors in our previous reports, we have not included background information in respect of Media and have focussed on progress of the Administration to date.

A summary of statutory information in respect of Media is attached at Appendix 1.

### **1.2 Details of the appointment of the Administrators**

John Reid and Bill Dawson of Deloitte were appointed Joint Administrators of Media by the Directors on 30 April 2008.

For the purposes of Paragraph 100(2) of Schedule B1 of the Act, the Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

## 2. THE ADMINISTRATORS' PROPOSALS

### 2.1 Introduction

The Administrators concluded that the objective of the Administration should be that of achieving a better result for the Companies' creditors as a whole, than would be likely if the Companies were wound up first (without being in Administration).

Consequently, the Administrators have performed their functions in relation to the Companies with the objective set out in Paragraph 3(b) of Schedule B1 of the Act, as detailed above

The Administrators' proposals in order to achieve this objective, which were detailed in our proposals report dated 10 June 2008, were

1. they continue to manage the affairs and assets of the Companies, including (but not exclusive to) the continued trading operations of the Companies, collection of debts due to the Companies, completion of the sales of the remaining businesses and assets of the Companies where necessary, utilising realisations of assets where appropriate, settle any Administration expenses where such expenses are incurred for the purpose of the Administrations and realise the remaining assets of the Companies, and
2. they continue with their enquiries into the conduct of the Directors and former Directors and continue to assist any regulatory authorities with their investigations into the affairs of the Companies (to the extent required by law or other regulatory rules); and
3. they be authorised to agree the claims of the secured and preferential creditors against each of the Companies; and
4. they be authorised to distribute funds to the secured and preferential creditors of each of the Companies as and when claims are agreed and funds permit; and
5. if creditors of each of the Companies so determine, at a meeting of creditors, to appoint a creditors' committee in respect of each of the Companies to assist the Administrators (such committee must comprise of between 3 and 5 creditors **of each of the Companies**); or
6. in the absence of a creditors' committee, the secured and preferential creditors (to the extent they exist) of each of the Companies shall be asked to agree that the Administrators' fees, in accordance with the Rules, by reference to the time given in attending to matters arising in the Administration for each of the Companies; and
7. in the absence of a creditors' committee, that the creditors approve disbursements of the Administrators to be drawn from the Companies' assets at the Administrators' discretion; and
8. in the absence of a creditors' committee, the secured and preferential creditors (to the extent they exist) of each of the Companies shall be asked to agree that the Administrators be discharged from liability per Paragraph 98 of Schedule B1 of the Act, immediately upon the Administrators' filing their final report to creditors; and

- 9 that the Administrators be discharged from liability under the Administrations per Paragraph 99 of Schedule B1 of the Act, immediately upon the Administrators' filing their final report to creditors, and
10. if the Administrators believe it to be appropriate, for any of the Companies to exit the Administrations by way of a Liquidation, that John Reid and Bill Dawson of Deloitte will be the Joint Liquidators; or
- 11 if the Administrators believe it to be appropriate, for each of the Companies to exit the Administrations by way of dissolving the Companies under Paragraph 84 of Schedule B1 of the Act, and
- 12 that the Administrators make an application under Section 176A(5) of the Act that Section 176A(2) (the share of assets for unsecured creditors) shall not apply to Media on the grounds that the cost of making a distribution to unsecured creditors would be disproportionate to the benefits.

## 2.2 Progress on and achievement of the approved proposals for Media only

We have summarised below the progress and current status in respect of each of the approved proposals.

Proposal	Current status
1	Ongoing Final asset within Media to be realised
2	Completed Report filed with the Department for Business, Enterprise and Regulatory Reform on 20 October 2008
3	The claim of the secured creditor will not be paid in full due to insufficient realisations The claims of the preferential creditors have now been agreed
4	Secured creditor distributions are ongoing Preferential creditor dividends were paid on 7 October 2009
5	Not applicable in this Administration
6	All fees drawn to date have been authorised by the secured creditor and preferential creditors
7	Disbursements to date have been drawn at the same time as fees.
8	Ongoing
9	Ongoing
10	This administration will not end in Liquidation
11	This is the anticipated exit route for this Administration
12	Completed No unsecured dividends will be paid from Media Court granted the disapplication of the prescribed part on 28 April 2009

Further information in respect of the realisation of assets, the status of liabilities and the estimated outcome for creditors is contained in the following sections of this report.



### **3. JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT AND ESTIMATED OUTCOME STATEMENT**

#### **3.1 Introduction**

An EOS as at 10 May 2010 is attached at Appendix 2. Also attached at Appendix 3 is a Receipts and Payments account covering the period from the 30 October 2009 to 29 April 2010, together with a reconciliation to the EOS

In this section, we have summarised the main asset realisations during the 6 month period and an estimation of those assets yet to be realised

#### **3.2 Estimated future realisations**

##### Land & Buildings

The sale of the long leasehold, with a remaining term of circa 3 years over the Flitcroft Street property in London is still ongoing. The estimated realisation for this property has been further reduced in light of the current economic climate and our ongoing discussions with the landlord of the property, together with the reducing timescale of the lease term.

A proposal for disposal of Media's interest in this property is currently being progressed and we hope to achieve a settlement with the landlord shortly

#### **3.3 Estimated outcome for creditors**

As previously advised and as noted at 4.4 below, there are no funds available to pay a dividend to unsecured creditors. However, preferential creditors have now been paid in full.

As noted above, a detailed EOS is attached at Appendix 2.

## **4. DISTRIBUTIONS TO CREDITORS**

### **4.1 Secured creditors**

The Bank indebtedness at the date of appointment, excluding certain accrued interest and charges, totalled approximately £16,600,000.

A detailed breakdown of the Bank's security has been provided to in our earlier reports.

The Bank will not recover its lending in full.

### **4.2 Preferential creditors**

Preferential claims of £20,566 have been paid by the Administrators in respect of payments for wages, salaries and holiday pay in the business accrued during May and June 2008.

Preferential claims of £19,410 in respect of employee claims for wages, holiday pay and outstanding pension contributions were paid in full on 7 October 2009.

### **4.3 Prescribed Part**

On 24 April 2009, the Administrators made an application to the London High Court of Justice to have this section disapplied on the grounds that the cost of making a distribution to unsecured creditors was disproportionate to the benefits.

This application was granted on 28 April 2009.

### **4.4 Unsecured creditors**

As detailed above, there are no funds available to pay a dividend to the unsecured creditors.

## **5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS**

### **5.1 Extensions to the initial appointment period**

An application to the London High Court of Justice was made on 24 April 2009 to extend the Administration by one year to 29 April 2010. This application was granted on 24 April 2009. However, the extension was granted until 28 April 2010.

This initial extension was necessary to allow the final assets to be realised, costs to be settled, preferential dividends to be paid and the final distribution to be paid to the Bank.

On the basis that there remained an unrealised asset of Media which was not sold prior to 28 April 2010, the second year anniversary of the Administration, the Administrators submitted an application to Court seeking to extend the term of office by 6 months in terms of Paragraph 76(2)(a) of Schedule B1 of the Act. This application was granted on 27 April 2010 and the Administration has been extended until 29 October 2010.

### **5.2 Investigations**

We have carried out investigations into the conduct of the Directors of the Companies and a report was submitted to the Department for Business, Enterprise and Regulatory Reform (now known as the Department for Business Innovation and Skills) on 20 October 2008.

### **5.3 Exit**

The exit routes available to the Administrators were detailed in the proposals.

The exit route chosen in relation to Media will be an exit by way of dissolution under Paragraph 84 of Schedule B1 of the Act.

### **5.4 SIP 13 – Transactions with connected parties**

In accordance with Statement of Insolvency Practice Number 13 (E&W), we confirm that there have been no transactions with connected parties in the period.

### **5.5 EC Regulations**

As stated in the Administration Order in respect of Media, Council Regulation (EU) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

## **6. JOINT ADMINISTRATORS' FEES AND EXPENSES**

### **6.1 Joint Administrators' Fees**

As you will note from the EOS at Appendix 2, total fees drawn to date for Media are £10,000

We have agreed a restriction to our future fees and a further £29,000 has been agreed, which will be drawn in due course.

All fees drawn have been approved by the Bank and the preferential creditors in accordance with the approved Administrators' Proposals

### **6.2 Disbursements**

The Administrators' direct disbursements across the Group totalled £28,264.19 and these have been approved by the Bank and preferential creditors

<b>Nature of disbursement</b>	<b>Total (£)</b>
Accommodation	2,010 52
Business Calls	698 72
Couriers	2,222 69
Locksmiths	957 93
Postage	13,272 65
Stationery	507 01
Subsistence	544 72
Travel	8,049 95
<b>Total</b>	<b>28,264 19</b>

Note that Deloitte policy is to seek approval of both Category 1 and 2 disbursements and therefore there is no need to distinguish between the two. Disclosure is required where we have incurred Category 2 expenses such as mileage and internal copying

Mileage is calculated at the prevailing standard mileage rate of up to 40p used by Deloitte at the time when the mileage is incurred.

### **6.3 Charge out rates**

Our charge out rates for the staff involved in this assignment are as follows:

<b>Grade</b>	<b>2010 £</b>
<b>Partner</b>	630
<b>Director</b>	535
<b>Managers</b>	310 to 465
<b>Other Senior Staff</b>	265 to 275
<b>Support Staff</b>	165 to 180

All partners and technical staff (including cashiers) assigned to the case record their time spent working on the case on a computerised time recording system.

Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

With effect from 1 January 2010, charge out rates were increased by an average 5% and the charge out rate bandings have been amended, where applicable, to reflect this change.

#### **6.4 Other professional costs**

Shepherd & Wedderburn LLP were instructed by the Administrators to advise on appropriate legal matters for the Group. In addition, Thainstone Specialist Auctions, a firm of chattel agents, were instructed by the Administrators to undertake inventories and valuations of stock, plant and equipment, fixtures and fittings and other chattel assets of the Group where appropriate. CAPA undertook a review of the Group purchase ledger to determine any recoverability from prepayments/overpayments made.

The professional costs to date, across the Group, are summarised in the table below. All professional costs are reviewed and analysed before payment is approved.

<b>Name of lawyer/agent</b>	<b>Fees £</b>
Shepherd & Wedderburn LLP	180,661.99
Thainstones	3,620.00
CAPA	20,995.81
<b>Total</b>	<b>205,277.80</b>

**MEDIA TOOLS LIMITED (IN ADMINISTRATION)**

**SUMMARY OF STATUTORY INFORMATION**

<b>Company name</b>	Media Tools Limited
<b>Previous names</b>	Media Tools plc Soho Soundhouse Limited
<b>Company number</b>	01480360
<b>Incorporation date</b>	20 February 1980
<b>Registered office</b>	C/o Deloitte LLP 2 Hardman Street Manchester M3 3HF
<b>Ordinary issued and called up share capital</b>	50,000 Ordinary Shares
<b>Shareholders</b>	Media Tools Holdings Limited
<b>Directors</b>	Patrick Kelly
<b>Company secretary</b>	Morag Kelly
<b>Bankers</b>	Bank of Scotland plc
<b>Auditors</b>	Condie & Co

<b>Media Tools Limited</b>			
<b>Estimated Outcome Statement as at 10 May 2010</b>			
	<b>To Date £000</b>	<b>Future £000</b>	<b>Estimated Final £000</b>
<b>ASSETS SUBJECT TO FIXED CHARGES</b>			
Goodwill	35	-	35
Land & Buildings	-	50	50
<b>Gross Realisations</b>	<b>35</b>	<b>50</b>	<b>85</b>
Administrators' Fees	-	(5)	(5)
Legal Fees & Expenses	-	(5)	(5)
Other Costs - Fixed	(13)	(3)	(16)
<b>Available to the Bank</b>	<b>22</b>	<b>37</b>	<b>59</b>
Distributed to the Bank	(15)	(44)	(59)
<b>Undistributed Fixed Charge Net Assets</b>	<b>7</b>	<b>(7)</b>	<b>-</b>
<b>ASSETS SUBJECT TO FLOATING CHARGE</b>			
Stock	302	-	302
Book Debts	204	-	204
Cash at Bank	29	-	29
Other Realisations	13	-	13
<b>Gross Realisations</b>	<b>548</b>	<b>-</b>	<b>548</b>
Administrators' Trading	(210)	-	(210)
Retention of Title Settlements	(12)	-	(12)
Administrators' Fees	(10)	(24)	(34)
Legal Fees & Expenses	(29)	(5)	(34)
Other Costs of Realisations	(33)	(10)	(43)
<b>Available to Preferential Creditors</b>	<b>254</b>	<b>(39)</b>	<b>215</b>
Distributed to Preferential Creditors	(40)	-	(40)
<b>Available to the Bank</b>	<b>214</b>	<b>(39)</b>	<b>175</b>
Distributed to the Bank	(164)	(11)	(175)
<b>Undistributed Floating Charge Net Assets</b>	<b>50</b>	<b>(50)</b>	<b>-</b>
<b>Total Undistributed Net Assets</b>	<b>57</b>	<b>(57)</b>	<b>-</b>
<b>REPRESENTED BY</b>			
Bank Accounts	58	(58)	-
Other Realisations Control	(1)	1	-
	<b>57</b>	<b>(57)</b>	<b>-</b>
<i>Source Deloitte Analysis</i>			

<b>Joint Administrators' Receipts and Payments account as at 29 April 2010</b>		
	Period 30/10/09 to 29/04/10	TOTAL Period £
<b>RECEIPTS</b>		
Sales - Daily Takings	0 00	494,881 86
Trademarks	0 00	35,000 00
Stock Realisations	0 00	46,500 00
Book Debts	0 00	51,227 87
Book Debts - Pre Appt Takings	0 00	152,529 63
Sundry Income	0 00	11,422 48
Cash at Bank	0 00	28,930 99
Bank Interest Gross	770 88	1,839 29
Intra Group transfer (received from SCMMSL to distribute to FCC)	4,149 73	4,149 73
	<b>4,920 61</b>	<b>826,481 85</b>
<b>PAYMENTS</b>		
Stock Purchases - ROT & Consignment	0 00	(251,670 50)
Direct Labour	0 00	(51,471 81)
Rates	0 00	(2,757 48)
Utilities	(44 02)	(2,053 75)
Repairs & Maintenance	0 00	(106 00)
Carnage	0 00	(266 92)
Sundry Expenses	0 00	(5,440 27)
Security Costs	0 00	(434 00)
HBoS Merchant Services Charegbacks	0 00	(137,260 09)
Waste Management	(711 69)	(13,293 96)
Amex Commission	0 00	(395 94)
Retention of Title Settlements	0 00	(12,003 63)
Costs - Administration of Dormant Parent Company	0 00	(18 00)
Specific Bond	0 00	(720 00)
Administrators Fees - Floating	0 00	(10,000 00)
Administrators Expenses - Floating	0 00	(9,008 11)
Legal Agents Fees	0 00	(29,129 27)
Corporation Tax	(175 14)	(175 14)
Storage	(9,719 77)	(20,184 01)
Bank Charges	0 00	(703 24)
Debit Interest	0 00	(18 57)
Department of Employment	0 00	(16,389 95)
Employee Wage Arrears	0 00	(23,586 18)
Floating Charge Creditor	(61,000 00)	(157,535 72)
	<b>(71,650 62)</b>	<b>(744,622 54)</b>
<b>NET RECEIPTS</b>	<b>(66,730 01)</b>	<b>81,859 31</b>
<b>REPRESENTED BY</b>		
VAT Receivable		129 24
Bank Accounts		82,541 09
VAT Payable		0 00
Unclaimed Preferential Dividends to be consigned		(811 02)
		<b>81,859 31</b>
Balance at Bank per Receipts and Payments account as at 29 April 2010		82,541 09
Add Bank Interest received		70 63
Less Distribution to Bank		(25,000 00)
Balance at Bank per Estimated Outcome Statement as at 10 May 2010		<b>57,611 72</b>
<i>Source Deloitte Analysis</i>		