

The Insolvency Act 1986

Statement of administrators' proposals

Name of Company Sonex Communications Plc	Company number 03156247
In the Birmingham District Registry <small>[full name of court]</small>	Court case number 8458 of 2011

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

I/We (a) David Harry Gilbert and Andrew Howard Beckingham of BDO LLP 55 Baker Street, London, W1U 7EU

*Delete as applicable

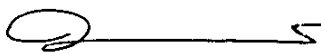
attach a copy of ~~*my~~ / our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 1 November 2011

Signed



Joint/ Administrator(s)

Dated

4 November 2011**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.

BDO LLP, 55 Baker Street, London,	
W1U 7EU, . .	
Our Ref	DHG/JBS/JBS01973 Form 2/C15
Tel 020 7486 5888	
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



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COMPANIES HOUSE

WEDNESDAY



Sonex Communications Plc
In Administration

Statement to Creditors pursuant to Rule 2.33
of the Insolvency Rules 1986 and Statement of
Proposals under Paragraph 49 of Schedule B1
of the Insolvency Act 1986

1/JBS/ADM661 Cover Sheets/C6



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SONEX COMMUNICATIONS PLC - IN ADMINISTRATION

Registered No. 03156247

Registered office situated at 55 Baker Street, London, W1U 7EU

In the Birmingham District Registry

8458 of 2011

1 Introduction

This report is addressed to the creditors of Sonex Communications Plc (the "Company") and incorporates the Joint Administrators' proposals. We do not propose to call a meeting of creditors to consider these proposals because there will be insufficient assets to enable us to make any distribution to unsecured creditors, other than from the prescribed part, which we discuss in section 4 below. Under Paragraph 52 of Schedule B1 of the Insolvency Act 1986, if at least 10% of creditors require us to call a meeting they must notify us using form 2.21B (attached) by 16 November 2011. Please note that before such a meeting can be held, we will require a deposit towards the cost of convening the meeting. Such deposit may be repaid subject to approval of the other creditors.

Creditors may approve the proposals with or without modifications, subject to our agreement to any such modifications. If the creditors reject our proposals, a report will be sent to the Birmingham District Registry confirming that the creditors have rejected the proposals. The Court may then discharge the Administration and make consequential directions. Alternatively, it may adjourn the hearing or make some other Order as it thinks fit.

If our proposals are agreed at the meeting of creditors, we will continue to control the business of the Company to the extent that it has not been transferred. We would at some later date arrange for the Company to exit from the Administration, as agreed by the creditors. Based on the information presently available and the current situation, our proposal is that the Company will move to Creditors' Voluntary Liquidation once the Administration is complete.

2 Events leading up to the Appointment of the Joint Administrators

The Company was incorporated on 7 February 1996 as an unlisted public limited company. The primary business of the Company is the retail of consumer electronics.

Historically, the Company traded steadily and posted a net profit of £0.7m in its audited accounts for the year to 31 March 2008. However, the Company was adversely affected by the recession on the high street from late 2008 onwards and, within two years, turnover had declined 26.6%, to £23.9m (2008: £32.5m) and gross margin on product sales had fallen by 9.5%, to 19.8% (2008: 29.3%). Consequently, the Company posted a net loss in its 2010 accounts of £2.7m.

Following its incorporation, the Company sold a range of branded products and traded from retail outlets around the UK under the names *Sony Centre*, *Sound & Vision*, and *Sonex Presents Sony*. After the substantial losses of 2009-2010, the Company underwent a programme of restructuring and made attempts to either re-negotiate its lease terms or exit from loss-making locations.

As part of the restructure, 13 concessions within Debenhams stores, including all *Sound & Vision* stores, were closed together with a number of *Sony Centres*. The Company also reduced its product offering to focus on selling Sony branded electronics, alongside a small number of other complimentary product lines. During the restructuring, management took further steps to strengthen its finance department, with the appointment of a new finance manager.

As a result of the operational changes, like-for-like sales rose 9%, although margins continued to be squeezed. During the period, Sony Europe Limited ("Sony") also took steps to assist the business by converting £1.5m of outstanding trade invoices into a term loan ("Term Loan").

The operational improvements, along with the support from Sony, reduced losses to £151k for the year to March 2011. After March 2011, however, the market for consumer electronics declined sharply and the business suffered a 20% contraction in like-for-like sales over the following six months.

The deteriorating sales environment, combined with a high operational cost base, placed unsustainable pressures on the Company's cash flows. Management undertook another round of cost cutting during August 2011, which resulted in the closure of a further two stores in Norwich and Clark's Village. Despite the closures, in September 2011 the Company was unable to make a payment due to Sony under its Term Loan agreement.

Following the breach of the Term Loan agreement, Sony took the decision to place the Company into administration and appointed Andrew Howard Beckingham and me as Joint Administrators of the Company on 13 September 2011.

For your information, a record of the names of the Company's directors and company secretary at the date of our appointment, together with details of their shareholdings, is attached at Appendix 1.

3 Statement of Affairs and statutory information

Due to amendments to be made to their first draft, the directors have not submitted a statement of affairs to us at the time of this report. Therefore, I have produced a financial statement showing the position of the Company at the date of my appointment together with a schedule showing details of creditors' claims, according to the records of the Company. These documents are attached at appendix 2.

4 Prescribed Part

Under the provisions of Section 176A of the Insolvency Act 1986, Joint Administrators must state the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies where the company has granted a floating charge to a creditor after 15 September 2003.

Based on present information we estimate that, after allowing for costs, the value of the Company's net property, after payment of preferential claims, will be £568,925 and this means that the prescribed part should be £116,785.

5 Achieving the purpose of the administration

The statutory purpose of an administration consists of three objectives, and we now address the progress that has been made in this respect.

- (a) The first objective is the rescuing of the Company as a going concern (i.e. restructuring the business of the Company, resulting in the survival of the Company). We would comment that, due to the financial position of the Company at the date of our appointment, there was no prospect of being able to secure a going concern sale.
- (b) The second objective is 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). We can advise that this objective will apply in this case. By

transferring the Company's trading business to a new purchaser, or purchasers, the level of employee and landlord claims will be reduced, increasing the distributable funds for both the unsecured creditors, via the prescribed part, and the secured creditor under its floating charge security

- (c) The final objective is realising property in order to make a distribution to one or more secured or preferential creditors. We do not anticipate this objective to apply in this case, unless the second objective, described in (b), above, cannot be achieved.

6 Management of the Company's affairs since the Joint Administrators' appointment

6.1 Initial Actions

Upon our appointment as Joint Administrators we undertook an immediate review of the Company's affairs, with particular regard to its financial and resource requirements. This assessment was carried out in collaboration with members of the Company's finance and operational management team, and having regard to the Company's ongoing business commitments and the anticipated cash flows

Following our review of the business, we met with management from Sony to discuss the funding required to continue trading the Company's 15 stores while a new purchaser, or purchasers, were found. Based upon these meetings and subsequent short-term rent restructurings, Sony agreed to provide some support to enable us to trade the business in administration, and allow us time to try to transfer stores to new owners

At the date of our appointment, the Company employed 98 staff across its fifteen trading units and head office. We succeeded in keeping all shops open and, as a result, no redundancies among store staff were necessary. Furthermore, all head office staff were retained, with the exception of Mr Karan Israni, who was both an employee and a director, he was made redundant upon our appointment.

6.2 Trading during the Administration

As detailed above, we continue to trade the Company's fifteen *Sony Centre* stores, which are located in Brent Cross, Mayfair, Cribbs Causeway, Bluewater, High Wycombe, Milton Keynes, Oxford, Cabot Circus in Bristol, Solihull, Liverpool, Manchester's Arndale Centre, Warrington, Sheffield, Manchester's Trafford Centre and the Cheshire Oaks Designer Outlet.

In the post-administration period, we have generated net sales of sum £1.5m. Of these sales, £1.3m has been collected at the time of writing this report, with cash in transit of £0.2m. We anticipate that, following the restructuring of some rent obligations, the period trading in administration will generate a small profit, before the head office costs and our costs are taken into consideration. The level of any funding requirement during the trading period will be reviewed with the secured creditor.

Book Debts

Debtor realisations to date total £256,757

Of these receipts, £150,489 relates to credit card sales receipts for the trading period prior to our appointment. Typically, two business days elapse between a sale being recorded and the cash being received from the merchant services provider. A further £56,441 has been collected from Barclays Partner Finance for products sold on credit prior to our appointment.

The remaining book debt recoveries are a mixture of cash in transit from cash and cheque sales in-store and PayPal transfers from pre-administration sales via the internet.

Cash at Bank

At the time of my appointment, the Company held cash in its various deposit and trading accounts of £371,301. These funds have been swept into administration bank accounts.

6.3 Creditors' claims

Secured Creditor

At the date of the administration, the Company's records show that amounts totalling £1,781,842 were outstanding to Sony, the Company's secured creditor. This debt was made up of a secured Term Loan to the Company of £1,500,000, with the remainder of the debt comprising unpaid invoices for stock, which was supplied subject to retention of title, but had been sold prior to our appointment.

Sony holds a debenture against the Company dated 23 December 2010. The validity of the debenture and Sony's retention of title have been reviewed and confirmed by our solicitors, Matthew Arnold & Baldwin LLP ("MAB").

National Westminster Bank Plc ("NatWest") holds a prior ranking debenture against the Company, dated 11 February 2000. As such, it was necessary for Sony to serve notice on NatWest of their intention to appoint administrators over the Company. Sony received no objections to our proposed appointment. Furthermore, the Company's records show that no debt was outstanding to NatWest at that time.

Preferential Creditors

Based upon the Company's records, we estimate that the preferential claims against the Company in relation to arrears of wages and unpaid holiday pay will total approximately £5,000.

At present, we have retained all employees for the administration trading period with the exception of one. However, should we be unable to find a purchaser for one or more of the stores, further redundancies may have to be made. In this event, it is anticipated that subsequent preferential claims for unpaid holiday may be received.

Unsecured Creditors

The unsecured creditors' claims per the Company's records total £1,487,939. To date, we have been notified of unsecured claims totalling £779,121.

On present information, we anticipate making a distribution to unsecured creditors from the prescribed part.

7 Receipts & Payments

A summary of the receipts and payments for the period 13 September 2011 to 28 October 2011 is attached at appendix 3, for your information.

Immediately following my appointment, I engaged the property agents, Braiser Freeth, to undertake a review and valuation of the Company's property portfolio and leases. I have paid them £12,000 for this work.

As explained under 6.2, above, £1,302,439 has been received into the Company's bank accounts in respect of post administration sales of £1,509,123, the difference being cash in transit. We have incurred and paid post-administration costs of £975,330. These costs

are principally made up of payments to landlords for the September 2011 rent quarter, staff salaries and payments to Sony for stock supplied

Excluding Sony stock supplies, I estimate that further trading costs of sum £240,000 have accrued, but are not yet payable. These accrued expenses are in respect of property costs, rates, payroll taxes, delivery costs and general store disbursements.

I have also been made aware of costs totalling £15,000 that have accrued, but have not yet been invoiced, in respect of legal fees and disbursements due to my retained legal advisors, MAB. These costs have been incurred reviewing the validity of our appointment, the validity of creditors' retention of title claims, dealing with property matters and advising on the structure of a sale agreement for any sale of the business.

Finally, creditors will note that I have made an initial distribution to Sony of £300,000. This has been paid out under Sony's floating charge security

8 EC Regulations on Insolvency Proceedings

We are required under the Insolvency Rules 1986 to state whether and, if so, the extent to which the above regulations apply to this administration. In this particular case the EC Regulations will apply in respect of this administration and these proceedings will be main proceedings as provided by Article 3 of the aforesaid Regulations

9 Pre Administration Costs

Under Rule 2.67A of the Insolvency Rules 1986 certain costs incurred in preparation and planning for the Administration may, with the approval of the creditors, be approved for payment from the Administration estate, as an expense of the Administration. Allowable costs fall into the following categories:-

- (i) the fees charged by the Joint Administrators,
- (ii) the expenses incurred by the Joint Administrators;
- (iii) the fees charged (to the Joint Administrators' knowledge) by any other person qualified to act as an insolvency practitioner

The table below summarises the outstanding costs for which approval is sought and also, where relevant, records payments received.

	Costs Incurred	Payments Received	Costs Outstanding
(i)	£23,528.15	£nil	£23,528.15
(ii)	£nil	£nil	£nil
(iii)	£nil	£nil	£nil
TOTAL	£23,528.15	£nil	£23,528.15

Due to the nature of our appointment, the expenses incurred prior to our appointment were outside a formal engagement with the Company. The following paragraphs explain in more detail the facts behind the above costs incurred.

(i) The fees charged by the Joint Administrators

Prior to the administration, it was necessary for us and our staff to meet with the management of Sony and to undertake planning work ahead of accepting the proposed appointment.

The work undertaken was essential to ensuring that the assets of the Company were safeguarded for the benefit of all creditors. Furthermore, it was important for trading to continue uninterrupted after the Company entered administration to protect the debtor book and increase the chances of salvaging a saleable business.

To date, we have not drawn any fees in respect of our work pre-appointment.

(ii) The expenses incurred by the Joint Administrators

We did not incur any third party expenses ahead of our appointment as Joint Administrators

(iii) the fees charged (to the Joint Administrators' knowledge) by any other person qualified to act as an insolvency practitioner (and, if more than one, by each separately)

We did not engage the services of any other person qualified to act as an Insolvency Practitioner. Therefore, no fee costs have been incurred in this respect

At the end of our formal proposals, below, we include resolutions in respect of these pre-administration costs. Where a creditors' meeting is held, if a committee is appointed it will be responsible for considering and approving these costs, otherwise it will be a matter for the general body of creditors. In the absence of a creditors' meeting the secured and preferential creditors will be responsible for approval of the pre-administration costs

10 Joint Administrators' Remuneration

Kindly note that under the terms of the Insolvency Rules 1986 we are obliged to fix our remuneration in accordance with Rule 2.106(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the property with which we have to deal, by reference to the time us and our staff spend in attending to matters in this administration or, a fixed amount. Remuneration may be fixed on one or a combination of any of the foregoing bases.

In respect of this administration we wish to ask creditors to approve our remuneration on a time costs basis. Attached at appendix 4 is a schedule that summarises the time that has been spent in administering this administration up to the date of this report. This shows a total of 498.25 hours at an average charge out rate of £299.21

Included within the proposals below is a resolution regarding our remuneration, although if a creditors' committee is appointed approval of our remuneration will be the committee's responsibility. Where no meeting of creditors is being convened because there will be insufficient property to enable a distribution to be made to unsecured creditors, other than by reason of prescribed part, which is mentioned above (Paragraph 52(1) of Schedule B1 of the Insolvency Act 1986), our remuneration will be subject to the approval of the secured and preferential creditors as set out in Rule 2.106(5A)(a)/(b) of the Insolvency Rules 1986.

For your guidance we attach a Creditors' Guide to Administrators' Fees together with a document that outlines the policy of BDO LLP in respect of fees and disbursements

11 Possible outcomes for the Company and Creditors

The Insolvency Act 1986 and Insolvency Rules 1986 provide a variety of options regarding the possible exit routes for the Company from the Administration, being primarily a Company Voluntary Arrangement, Liquidation or dissolution of the company.

It is our recommendation and proposal, as detailed below, that once the business of the Company has transferred to new owners and Administration trading has concluded, the Company should move from Administration to Creditors Voluntary Liquidation and that Andrew Howard Beckingham and I be appointed as Joint Liquidators. The choice of liquidators is a matter for the creditors to consider

Any prescribed part distribution would take place in the Liquidation.

12 Statement of proposals under Paragraph 49 of Schedule B1 of the Insolvency Act 1986

In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 the Joint Administrators make the following proposals for achieving the purpose of the Administration. In the absence of a creditors' meeting these proposals will be deemed accepted on 16 November 2011.

Formal Proposals - the Joint Administrators propose that:

- (a) they continue to realise assets in accordance with objectives 2 and 3 of the statutory purpose of the Administration,
- (b) where possible, they make payments to the secured creditor, preferential creditors and distributions to the unsecured creditors from the prescribed part;
- (c) they be permitted to draw pre-appointment fees of £23,528.15.
- (d) they exit the Administration by way of Creditors' Voluntary Liquidation and that David Harry Gilbert & Andrew Howard Beckingham will be Joint Liquidators and will act jointly and severally, and

NB The creditors may nominate different liquidators, but in the absence of such nomination the above named would become the liquidators

- (e) creditors consider and, if thought fit, appoint a creditors' committee to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors) Please note if creditors wish to appoint a creditors' committee they must request a meeting of creditors using form 2.21B,

In the absence of a creditors committee,

- (f) creditors approve the remuneration of the Joint Administrators on a time costs basis;

A further resolution is put to the creditors:

- (g) that the Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after the Joint Administrators' filing their final report and sending it to creditors.

Dated. 1 November 2011



.....
David Harry Gilbert
Joint Administrator

**Sonex Communications Plc
In Administration**

Statutory Information

Company Number:	03156247
Date of Incorporation:	7/2/1996
Address of Registered Office:	55 Baker Street, London, W1U 7EU Formerly: Hill House, 1 Little New Street, London, EC4A 3TR
Directors:	Karan Gurmukhdas Irsani Harinder Kandhari
Company Secretary:	Comat Consulting Services Limited
Nominal Share Capital:	£1,400,000 - divided into - 750,000 ordinary shares of £1 each - 650,000 non-cumulative preference shares of £1 each
Registered Shareholders:	Karan Irsani - 1 ordinary share held Sonex Communications Holding Ltd - 749,999 ordinary shares held - 650,000 preference shares

Trading Results:

Y/E	Turnover £'000	Gross Profit £'000	Net Profit (after tax) £'000	Directors' remuneration £'000	Balance on P & L A/c £'000
31 March 2010	23,860	4,717	(2,712)	84	(1,996)
31 March 2009*	30,075	7,992	(301)	104	716
31 March 2008	32,507	9,512	724	102	1,017

**Figures as restated in the March 2010 financial statements*

Sonex Communications Plc

Statement of Assets and Liabilities

Sonex Communications Plc - In Administration
Statement of Assets & Liabilities

	Book Value £
ASSETS SUBJECT TO FLOATING CHARGE	
Fixed Assets	1,072,158
Stock	61,700
Trade Debtors	312,482
Bank Balance	248,541
Other Debtors	120,001
TOTAL ASSETS	<u>1,814,882</u>
LIABILITIES	
Debts Secured by Floating Charge	1,781,842
Preferential Creditors	5,000
Unsecured Creditors	1,487,939
TOTAL LIABILITIES	<u>3,274,781</u>
EQUITY	
Issued and Called Up Share Capital	
- Ordinary Shares	750,000
- Preferential Share Capital	650,000
	<u>1,400,000</u>
TOTAL LIABILITIES + EQUITY	<u>4,674,781</u>

Supplier Name	Address 1	Address 2	Address 3	Address 4	Address 5	Total
ADK Kooling	19 A Park Road	Hayes			UB4 8JN	724 80
Automatic Data Processing Limited	Syward Place	Pyrcroft Road	Chertsey		KT16 9JT	948 24
ADT Fire And Security	ADT Fire & Security Plc	P O Box 352	Manchester		M16 9XY	102 68
AM System (UK) Ltd	8 Watling Drive	Hinckley	Leicester		LE10 3EY	406 75
Anglian Water	Ambury Road	Huntingdon	Cambridgeshire		PE29 3NZ	114 26
Audio Visual Solutions	35 Totteridge Ave	High Wycombe	Bucks		HP13 6XG	0 30
Audio Video Services	Cumberland House	Cumberland Road	Northshields		NE29 8RD	1,402 30
Badgemaster Ltd	Hazelford Way Industrial Park	Newstead	Nottingham		NG15 0DQ	20 88
Barry Finnegan	6 Albert Street	Beswick	Manchester		M11 3QW	60 00
B D S (audio/visual)	Unit 4, Woodward House	Cambridge Street	Bletchley	Milton Keynes	MK2 2TH	146 70
Beta Distribution Plc	Unit 2 Quebec Wharf	2-14 Thomas Road	London		E14 7AF	994 98
Birmingham Specialised Services	Unit 3 ACE Business Park	Mackadown Lane	Kitts Green	Birmingham	B33 0LD	3,013 05
Bob Felix Installations	15 Buckler Place	Heyford Hill Lane	Sandford on Thames	Oxford	OX4 4ST	1,075 00
British Telecommunication Plc	Providence Row	Durham	Co - Durham		DH98 1BT	(0 13)
Bristol Wessex Billing Services Limited	1 Clevedon Walk	Nailsea	Bristol		BS48 1WW	52 94
Bristol Alliance Land Securities	5 Strand	London			WC2N 5AF	67 31
Bourne Skip Hire	Cherry Holt Road	Bourne	Lincolnshire		PE10 9LA	336 00
CBS Outdoor Ltd	Camden Wharf	28 Jamestown Road	London		NW1 7BY	9,228 10
Cefasoft Limited	Cefasoft Limited	Unit A1 08 Portview Trade Centre	310 Newtownards Road	Belfast	BT4 1RX	3,000 00
Clark Electrical Industries Ltd	Electrocare House	Unit 1E Cody Business Centre	Cody Road	London	E16 4TG	283 20
Community Information	Scott House	Clarke Street	Poultton-le-fylde		FY6 8JW	600 00
Dawdaves Cleaning Services	189 Whitely Wood Road	Reading	Berkshire		RG2 8LD	28 00
DIN Signs	HSBC Invoice Finance Uk Ltd	Farncombe Road	Worthing		BN11 2BW	564 00
D J May	1A Park Grove	Bexleyheath	Kent		DA7 6AA	190 00
Domestic and General	Swan Court	Mansel Rd	Wimbledon	London	SW19 4AA	78 34
Geo Post Uk Ltd	Trelawny House	Surrey Street	Bristol		BS2 8AP	3,156 37
Drake Algar Florist	Bardclays Bank Plc	Churchill Plaza	Churchhill Way	Basingstoke	RG21 7GP	605 00
Electrical Testing	4 Edgefield Court	The Drive	Barking	Essex	IG11 9JP	162 04
E ON	PO BOX 7750	Nottingham			NG1 6WR	5,970 04
Mr Peter Ferrin	Sony Centre	Unit 7 Westgate Centre	Oxford		OX1 1NZ	86 55
Karan Israni	Flat 4 Beverley House	133 - 135 Park Rd	London		NW8 7JN	24,335 95
Zbigniew Higgins	Flat 12 Providence House	1 Manley blvd	Snodland	Kent	ME6 5GB	61 20
Fax co	1 Horsey	Gt Yarmouth			NR29 4EE	12 00
Fishman Brand Solicitors	70 Baker Street	London	Loughborough	Leicestershire	W1U 7DJ	2,707 15
Fortoak Rolls Ltd	Mosely Building	Derby Road			LE11 5AH	62 28
Forsters LLP	31 Hill Street	London			W1J 5LS	1,500 00
Global Refund Uk	Deutsche Bank AG	P O Box 626	Doncaster		DN4 5YW	89 36
Global Blue Currency Choice Svc Europe	11th floor	Great West House	Great West Road	Brentford	TW8 9HU	30 00
G M Dashwood	102 Constitution Hill	Norwich			NR3 4BB	360 00
GoggleBox Tv & Video	Unit 6 Lynwood Court	Bakers Park	Bishopsworth	Bristol	BS13 7TT	4,655 39
Goodman Nash Charter	8 Prince Maurice Court	Hambleton Avenue	Devizes	Wiltshire	SN10 2RT	1,406 18
Hitec TV Video & Audio	Beaumont Close	Banbury	Oxon		OX16TG	1,242 00

HM Revenue & Customs (VAT)	7th Floor, Dorset House	27-45 Stamford Street	London	SE1 9PY	461,078 68
HM Revenue & Customs (PAYE)	Section 1	Bradford			48,019 00
Insight Direct (UK) Ltd	The Atrium	1 Harefield Road	Uxbridge	BD98 1YY	354 92
Integrated Services (N) Ltd	10/11 Henson Close	Telford Way Ind Estate	Kettering	U88 1PH	97 75
Lark Insurance Broker Group	Wingham House	Waking Road	Barking	NN16 8PZ	852 24
Liverpool City Council	PO Box No 1	Cash Office	Municipal Buildings	L69 2DQ	3,940 00
Lyreco	Deer Park Court	Donnington Wood	Telford	TF2 7NB	763 97
Martins Distributions	31 Redwood Close	Hoyland Bansley	South Yorkshire	S74 0EJ	2,028 00
Henderson UK Outlet Mail No 2 LP	C/O McArthurGlen UK Limited	Nations House	London	W1U 1WH	3,971 06
MD Coolair Ltd	43 Arlington Rd	Stretford	Manchester	M32 9HJ	516 00
Ms M Navarra	2 UpperBrook Street	London		W1k 6PA	245 00
Millennium Window Cleaning Company	76 Plattsville Road	Allerton	Liverpool	L18 0HZ	93 60
MintSalad Design Partnership	Playtrain House	Lancaster Road	High Wycombe	HP12 3PY	11,052 32
Moore Stephens LLP	150 Aldersgate Street	London	Bucks	EC1A 4AB	25,397 13
Myriad Technologies Limited	Unit 5 Fullwood Close	Aldermans Green Industrial Estate	Coventry	CV2 2SS	90 24
Nolans Cleaning Services (UK) Ltd	Unit F Durnford Street	Ashton Bristol		BS3 2AW	97 20
North West appliance Repair Ltd	Ground Floor	5 Arkwright Court	Blackpool	Lancs	8,085 38
NPower Electricity	P O Box 583	Hull		L1 3UE	2,660 00
Amas Ltd	P O Box 55791	25 Bank Street	Docklands	E14 5WQ	851 86
Onyx Uk- Veolia En	Veolia ES (UK) Limited	London Road	Brownhills	WS8 7BB	23 84
Order Work Ltd	Order Work Ltd	Building 3 Chiswick Park	566 Chiswick High Road	W4 5YA	1,875 84
Oxford City Council	St Aldate's Chambers	109 - 113 St Aldate's	Oxford	OX1 1DS	4,458 00
Peel Water services	Peel Dome	The Trafford Centre	Manchester	M17 8PL	277 94
Port Laptopbag Co	Unit 20, Milton Park	Abingdon	Oxon	OX14 4TB	5,372 40
PRUPIM Ltd	PO Box 62643	London		EC2V 5WB	6,466 38
Premium Cleaning Co /hughs windows	20 Fernhill Road	Olton	Solihull	B92 7RT	46 00
Profile support service	18 b Charles Street	London		W1J 5DU	204 00
R E E L Secure System Ltd	38 Goodmayes Avenue	Ilford	Essex	IG8 8TW	1,294 80
Repairguys	4 Grace Road South	Exeter		EX2 8QE	618 18
Robert's transport	35 Lostock Road	Davyhulme	Manchester	M41 0SU	390 00
Sands TV Services Ltd	Unit E6 Southwell Rd	Abbey Farm Commercial Park	Horsham St Faith	NR10 3JU	750 00
G4S Cash Services UK Ltd	Unit4 Lancer House	Hussar Court	Waterlooville	PO7 7SE	1,670 04
South Esk Electronics	70 Montrose Street	Berchin		DD9 7DF	48 00
Solihull Town Centre	Solihull BID Company Ltd	Mgmt Offices at the Hub	Touchwood	B91 3GJ	497 50
Southampton Electronic Service	6 Carlton Commerce Centre	Dukes Road	Portsmouth	SO14 0SQ	272 84
Sutherland Print	4 Eastbrook Drive	Rush Green	Romford	RM7 0YX	150 00
Specialised Video Services Ltd	Unit 14 Stanley Green Crescent	Poole	Dorset	BH15 3TH	205 82
Storage King - Sheffield	1-4 Meadowhall Trade Centre	Meadowhall Road	Sheffield	S9 1BW	2,399 00
Television & Video Repair Services	52 South Avenue	Blantyre Industrial Estate	Blantyre	G72 0US	2,073 17
The London Keyholding Company	Key House	15 Kings Exchange	Tileyard Road	N7 9AH	589 20
The Laptop Hut	Laptop Hut Ltd	Unit 2 English Close Business Park	Hove	BN3 7EE	8,860 66
Thomas Mansfield LLP	Ground floor	Christopher Wren Yard	119 High Street	CRO 1QG	300 00
Tyco Fire & Integrated Solutions	Tyco Park	Grimshaw Lane	Newton Heath	M40 2WL	628 19
United Utilities Water	PO Box 459	Warrington		WA55 1WB	134 51

Visual FX	9 Waters Way	Brentwood	Essex	CM15 9TB	10,767 52
Vivanco Uk Limited	Vivanco House	Luton Enterprise Park	Sundon Park Road	LU3 3GU	39,824 92
Silver Lining Industries Limited	Richmond House	Garforth	Leeds	LS25 1NB	216 00
Doyle's Delivery Service	34 St James Road	Watford	Hertfordshire	WD1 8EA	210 00
Mr Webb	Hawkswiew	Arley Road	Appleton	WA4 4RR	120 00
Wenmans Cleaning Services	Braeside Cottage	Batchworth Hill	Rickmanworth	WD31 1JP	288 00
Wholesale Lighting & Electrical Ltd	Unit 2 Haydon House	66 York Road	Weybridge	KT13 9DY	748 74
Workwear World	441 - 445 Honeypot Lane	Stanmore	Middlesex	HA7 1JJ	117 13
Worldnet Global Comms Ltd	Worldnet House	Unit 8 Liberty Centre	Mount Pleasant	HA0 1TX	129 19
Yorkshire Water	PO Box 52	Bradford	Dudley	BD3 7YD	9 55
Yorkshire Multi - Media	Unit10 Spencer Business Centre	Factory Street	Bradford	BD4 9NW	5,887 83
Zen Internet Ltd	Sandbrook Park	Sandbrook Way	Rochdale	OL11 1RY	1,468 84
Total Trade Creditors					<u>739,467 59</u>
Sonex Communications Holdings Limited	PO Box 76	Wests Centre	St Helier	JE4 8PQ	748,471 00
Total Long term unsecured loans					<u>748,471 00</u>
TOTAL UNSECURED CREDITORS					<u>1,487,938 59</u>

Sonex Communications Plc

Summary of the Joint Administrators' Receipts and Payments

Sonex Communications Plc
In Administration

Summary of Joint Administrators' Receipts And Payments from 13 September 2011 to 1 November 2011

	Estimated to realise Per Directors' Statement of Affairs*	Total
	£	£
RECEIPTS		
Administration Trading Receipts	-	1,302,438.73
Book Debts	-	256,757.52
Cash in Hand	-	371,301.25
	-	<u>1,930,497.50</u>
PAYMENTS		
Administration Trading Payments		975,330.27
Agents' fees & Disbursements		<u>12,000.00</u>
		987,330.27
PAYMENTS TO CREDITORS		
Distribution to Sony Europe Limited under its floating charge security		300,000.00
Balances in Hand		765,687.47
VAT Control Account		(122,520.24)
		<u>1,930,497.50</u>

**No Statement of Affairs has been received from the directors*

BDO LLP
55 Baker Street
London
W1U 7EU

David Gilbert & Andrew Beckingham
Joint Administrators
01 November 2011

Sonex Communications Plc

Summary of Joint Administrators' Fees

Sonex Communications Plc - In Administration

Summary of Time Charged and Rates Applicable for the Period From 13 September 2011 to 1 November 2011

Description	PARTNER		PRINCIPAL / MANAGER		ASSISTANT MANAGER		SENIOR EXECUTIVE		EXECUTIVE		OTHER STAFF		GRAND TOTAL		AV RATE	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	£	£
A. Pre Appointment Matters	10 00	6 580 00	21 00	10 648 00	23 00	6 012 00			1 15	254 15			55 15	23 528 15	426 62	
B. Steps on Appointment			14 30	4 291 40	16 50	3 784 00	19 50	3 652 50	67 10	10 234 85			117 40	21 962 75	187 08	
C. Planning and Strategy	8 00	5 244 00			17 00	4 454 00							25 00	9 718 00	388 72	
D. General Administration	3 00	1 974 00	5 60	1 816 80	3 50	724 50			9 70	1 676 30	13 25	1 192 50	33 05	7 404 10	211 24	
E. Assets Realisation/Dealing	2 00	1 316 00			28 25	7 401 50							30 25	8 717 50	288 18	
F. Trading Related Matters	10 00	6 580 00	43 50	22 098 00	116 25	30 457 50			7 50	840 00			169 75	59 135 50	348 37	
G. Employee Matters			38 00	11 020 00									45 50	11 860 00	260 66	
H. Creditor Claims					5 15	1 349 30							5 15	1 349 30	262 00	
I. Reporting			6 50	3 302 00	7 00	1 834 00			1 50	268 50			15 00	5 404 50	360 30	
	33 00	21 714 00	128 90	53 216 20	216 65	56 030 80	19 50	3 652 50	86 95	13 273 80	13 25	1 192 50	498 25	149 079 80	299 21	

Net Total 498 25 149 079 80 299 21

Other Disbursements 1 299 72

Billed 0 00

Grand Total 150 379 52

Sonex Communications Plc

A Creditors' Guide to Joint Administrators' Fees, BDO LLP Policy on Fees

1 Introduction

- 1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

2 The nature of administration

- 2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors

3 The creditors' committee

- 3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions

4 Fixing the administrator's remuneration

- 4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed

- as a percentage of the value of the property which the administrator has to deal with,
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration, or
- as a set amount

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator.

It is for the creditors' committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied, and where it is a set amount, to determine that amount. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the administrator,

- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee, or the committee does not make the requisite determination (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment.

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets. In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of -

- each secured creditor of the company, or
- if the administrator has made or intends to make a distribution to preferential creditors -
 - each secured creditor of the company, and
 - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence

5. Review of remuneration

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator may request that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.

6. Approval of pre-administration costs

6.1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Details of such costs must be included in the administrator's proposals.

6.2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.

6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

7 What information should be provided by the administrator?**7.1 When seeking remuneration approval**

7.1.1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on

- the nature of the approval being sought;
- the stage during the administration of the case at which it is being sought, and
- the size and complexity of the case

7.1.2 Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.

7.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The degree of detail will depend on the circumstances of the case, and professional guidance has been provided setting out a minimum of 6 category headings under which the work done by the officeholder and his staff should be analysed. As a firm BDO LLP operates a computerised time recording system which analyses work done under the following categories.-

- Pre Appointment Matters
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Professional guidance suggests the following categories as a basis for analysis by grade of staff.

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain

- Any significant aspects of the case, particularly those that affect the amount of time spent
- The reasons for subsequent changes in strategy.
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement
- Any existing agreement about fees.
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases.

- 7.1.4 Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff

7.2 After remuneration approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution (see further paragraph 8.1 below). Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph

- 7.1.3 Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 7.1.4 above regarding work which has been sub-contracted out.

7.3 Disbursements and other expenses

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements, but there is provision for the creditors to challenge them, as described below. Professional guidance issued to insolvency practitioners requires that, where the administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

8 Progress reports and requests for further information

- 8.1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include

- details of the basis fixed for the remuneration of the administrator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it),
- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report);
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of

the work done during those periods, irrespective of whether payment was actually made during the period of the report,

- a statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period,
- the date of approval of any pre-administration costs and the amount approved,
- a statement of the creditors' rights to request further information, as explained in paragraph 8.2, and their right to challenge the administrator's remuneration and expenses

8.2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

8.3 The administrator must provide the requested information within 14 days, unless he considers that:

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the administration or might be expected to lead to violence against any person, or
- the administrator is subject to an obligation of confidentiality in relation to the information requested, in which case he must give the reasons for not providing the information

Any creditor may apply to the court within 21 days of the administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information.

9. Provision of information - additional requirements

The administrator must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company.

The information which must be provided is -

- the total number of hours spent on the case by the administrator or staff assigned to the case;
- for each grade of staff, the average hourly rate at which they are charged out,
- the number of hours spent by each grade of staff in the relevant period

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office. The information must be provided within 28 days of receipt of the request by the administrator, and requests must be made within two years from vacation of office.

10 What if a creditor is dissatisfied?

10.1 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court

10.2 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 above) If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing

10 3 -If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration.

11 What if the administrator is dissatisfied?

11 1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

12 Other matters relating to remuneration

12 1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.

12 2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

12.3 If a new administrator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made.

12 4 Where the basis of the remuneration is a set amount, and the administrator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them.

13. Effective date

This guide applies where a company enters administration on or after 6 April 2010, except where

- the application for an administration order was made before that date, or
- where the administration was preceded by a liquidation which commenced before that date.

Sonex Communications Plc - In Administration

David Harry Gilbert and Andrew Howard Beckingham of BDO LLP, 55 Baker Street, London, W1U 7EU appointed Joint Administrators on 13 September 2011

Attached is information on the work undertaken in respect of this appointment together with the policies of BDO LLP in respect of fees and disbursements for such work. This is submitted in support of the request for approval of remuneration.



Sonex Communications Plc

Attached to this report is a summary of the time spent in respect of this case and the costs connected with that time. Also attached is our Receipts and Payments account from the date of appointment to the date of this report and a statement of the Company's financial position, in lieu of the directors' Statement of Affairs.

1) Background to Case

Sony placed the Company into administration following a breach of its Term Loan agreement with Sony. The administration strategy upon appointment was to secure the assets of the Company (primarily book debts and cash) and continue to trade its fifteen stores, while concurrently reviewing the viability of each store.

We have now reported back to the appointer on the forecast cash flows at each store and, following some short-term rent restructuring, all stores continue to trade while Sony seeks new franchisees to purchase the stores. If no purchaser is found to take one or more stores forward as a *Sony Centre*, we will take steps to pass the stores to an alternative retailer as a going concern. If this is not possible, we will endeavour to sell the leases or negotiate their surrender back to the landlord.

We have engaged the property agents, Braiser Freeth, to review the Company's property portfolio. The agents will make use of their extensive experience and contacts in the commercial property market to assist me with any rent negotiations or lease sales. This will ensure returns to creditors are maximised.

In addition, this trading strategy has, successfully, ensured that book debt recoveries were maximised, increasing the floating charge realisations.

Necessarily, my staff have spent a majority of their time to date attending to trading matters, both establishing controls and overseeing ongoing trading matters. We refer creditors to paragraph 6.2 and 7, in our above report, for a more in-depth review of trading progress and returns to date. We will further comment that, as well as protecting floating charge asset realisations, the trading strategy is expected to reduce the level of creditors' claims in their totality by minimising redundancies, and corresponding employee claims.

BDO LLP Remuneration and Disbursements Policy

In accordance with best practice I provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency follows: This in no way implies that staff at all such grades will work on the case.

GRADE	£
Partner1	645
Partner2	520
Director	446
Senior Manager	379-413
Manager	284-322
Assistant Manager	257
Senior Executive	240
Executive	175-193
Junior Executive	139
Trainee	88
Support staff/Secretary	88



The rates charged by BDO LLP, 55 Baker Street, London, W1U 7EU are reviewed in December and July each year and are adjusted to take account of inflation and the firm's overheads.³¹

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. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories -

- Pre Appointment
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the 6 categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis, the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis, a periodic report will be provided to any committee appointed by the creditors, or in the absence of a committee, to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

2) Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into 2 categories.

3) Category 1

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, travel (by public transport), couriers, searches at company house, land registry searches, fees in respect of swearing legal documents, external printing costs etc. In each case the recharge will be reimbursement of a specific expense incurred.

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 40p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff.

Where applicable, disbursements will be subject to VAT at the prevailing rate.

4) Category 2

Additionally some firms recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors, before they can be drawn, and these are known as category 2 disbursements. The policy of BDO LLP, effective from 1 July 2003, is not to recharge any expense which is not a



specific cost to the case, therefore there will be no category 2 disbursements charged. Category 2 disbursements, because they are imprecise, require approval by the creditors before they can be drawn.

5) Detail of Work Undertaken

In order to achieve the administration strategy and to minimise business disruption, my partner and I, together with experienced members of my staff, dedicated a bulk of their time on the case to date to planning for the appointment. The time invested ensured the business and assets were protected upon our appointment, with minimum disruption to the trading business.

Immediately following our appointment, junior members of my staff were onsite at all fifteen of the Company's trading locations. This ensured cash and assets totalling £628,059 were secured, for the benefit of creditors. The trading strategy was also explained to store staff during these visits, ensuring the disruption to the Company's business was minimised.

Also upon administrations, and once we had access to the books and records of the Company, a Principal and Assistant Manager spent time working with the Company's retained management to finesse the trading strategy and generate cash flow forecasts. These staff also co-ordinated day one store visits, and supported the retained management while the administration trading stabilised.

On an ongoing basis, my Assistant Manager oversees the trading of the business and debt collections. The Assistant Manager also provides support to us and the case Principal as we progress the sale of the business and make our reports to creditors.

6) Conclusion

We trust you have found this report informative regarding the work undertaken in respect of this insolvency. Any issues you may have arising from this report should be directed to: David Harry Gilbert at BDO LLP, 55 Baker Street, London, W1U 7EU.

1/JBS/REMRPT/C5

Sonex Communications Plc

Proof of Debt Form

In The High Court of Justice
Chancery Division
Companies Court

No 8458 of 2011

Sonex Communications Plc
- In Administration -

Date of Administration 13 September 2011

- 1a Name of creditor
- 1b If Company - registered number
- 2 Address of creditor
- 3 Total claim including VAT and interest as at the
date of the appointment of administrators £
(see overleaf)
- 4 Details of documents by which debt can be
substantiated (please attach copy documents)
- 5 Amount of any interest included in claim £
- 6 Is the whole or part of the debt preferential? Yes / No
If so, state amount, and details £
See notes overleaf
- 7 Particulars of how and when debt incurred
- 8 Particulars and value of any security held and the
date it was given
- 9 Details of any reservation of title in respect of
goods to which the debt refer
- 10 Signature of creditor
or other authorised person
Name in BLOCK LETTERS
Creditor's reference:
- 11 Position or Relationship with Creditor
- 12 Address (if person signing is not the Creditor)

For Use of Administrator Only

13 Admitted to vote for £

 Date

 Joint Administrator

14 Admitted preferentially
 for £

 Date

 Joint Administrator

Admitted non-preferentially
for £

 Date

 Joint Administrator

Guidance Notes re Preferential Debts:

The categories of preferential debts under S.386(1) of the Insolvency Act 1986 are as follows

- pension scheme contributions
- remuneration etc of employees
- Levies on Coal & Steel Productions.

VAT Bad Debt Relief

The provisions of the Finance Act, 1990, came into effect on 26 July, 1990, and introduced changes in the way that VAT on Bad Debts is recovered.

Your claim overleaf must be quoted inclusive of VAT. You may claim relief on your VAT return when the debt is at least six months old and has been written off. Any dividend you receive in respect of this claim will include payment in respect of the VAT element of your debt and you will be responsible for declaring such VAT to HM Revenue & Customs



Sonex Communications Plc

Form 2.21B; Creditor's Request for a Meeting