

**Liquidator's Progress
Report****S.192****Pursuant to Sections 92A and 104A and 192
of the Insolvency Act 1986**

To the Registrar of Companies

Company Number

03156247

Name of Company

Sonex Communications Plc

~~I/We~~David Harry Gilbert
55 Baker Street
London
W1U 7EUAndrew Howard Beckingham
55 Baker Street
London
W1U 7EU~~the liquidator(s) of the company attach a copy of my/our Progress Report
under section 192 of the Insolvency Act 1986~~

The Progress Report covers the period from 17/09/2012 to 16/09/2013

Signed

Date

17 OCT 2013

BDO LLP
55 Baker Street
London
W1U 7EU

Ref 00180891/DHG/AB/PAD/JBS/CPB/L

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25/10/2013

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1 October 2013

Our Ref CVL741 - Annual report/A6
Please ask for Craig Ballard
Direct line 020 7893 2939
Email craig.p.ballard@bdo.co.uk

Dear Sirs

Sonex Communications Plc - In Creditors' Voluntary Liquidation (the "Company")

Registered Address: 55 Baker Street, London W1U 7EU

Registered number: 03156247

Joint Liquidators: David Harry Gilbert and Andrew Howard Beckingham

Liquidator Address: 55 Baker Street, London, W1U 7EU

Date of Appointment: 17 September 2012

It is now twelve months since the Company entered Liquidation. Accordingly, I enclose an annual progress report pursuant to Section 104A of the Insolvency Act 1986 and Rule 4.49C of the Insolvency Rules 1986.

I also enclose a Receipts and Payments account showing a balance in hand of Nil and would comment on the following matters:

1. Receipts & Payments

1.1 Funds Transferred from Administration

The Company moved from Administration to Liquidation on 17 September 2012, pursuant to paragraph 83 of Schedule B1 of the Insolvency Act 1986. Funds in hand at the time of the move from Administration of £281,742 were paid across into the Liquidation.

1.2 Book Debts

Refunds totalling £2,450 were received from Manchester City Council and Wycombe District Council in respect of overpayments of business rates by the Company, prior to its insolvency.

I have recently been notified of a potential further rates refund and will be engaging agents to recover any funds.

1.3 Bank Interest

Bank interest of £936 has been earned on funds held in the Liquidation bank account.

1.4 Administration Trading Payments

Creditors will recall that fifteen *Sony Centres* were traded in Administration and Sony continued to supply stock to the Company in Administration. The products supplied during the Administration were subject to a valid retention of title in favour of Sony and, upon the cessation of trading, all stock in hand was returned.

Following a reconciliation of stock returned to Sony, a balancing payment of £105,263 was made in respect of products sold during the Administration.

1.5 Storage Costs

Pursuant to Regulation 16(2) of the Insolvency Regulations 1994, a Liquidator is required to retain the records of a company for a period of twelve months following the date of its dissolution. The records may then be destroyed securely.

I have paid £7,739 to my retained storage agent in order to discharge these requirements.

2. Progress of The Liquidation

All confirmed assets of the Company have been realised and the expenses of the liquidation have been discharged.

The balance of funds in hand after the payment of liquidation expenses has been distributed to the creditors of the Company, as explained in section 3, below.

As noted in section 1.2, above, I have been notified of a potential further business rates recovery. I will be in a position to conclude the liquidation of the Company following the collection of any refund due.

3. Creditors

3.1 Secured Creditor

At the time of its insolvency, the Company owed a debt of £1,781,842 to Sony Europe Limited (the "Secured Creditor"). The debt was secured by way of an all monies debenture created on 23 December 2010.

During the Liquidation, I have made distributions to the Secured Creditor of £42,762. This is in addition to a distribution of £450,000 paid to the Secured Creditor during the Company's Administration. All distributions to the Secured Creditor have been made pursuant to its floating charge security.

3.2 Preferential Creditors

Preferential claims totalling £7,739 were accepted from former employees of the Company and from the Redundancy Payments Office. These claims were in respect of arrears of wages, capped at £800 per employee, and holiday pay. Two dividends totalling 100p in the £ have been paid to the preferential creditors.

The first distribution of £5,419 was paid during the period the Company was in Administration, so is not reflected in the attached receipts and payments account, and a second dividend of £2,320 was paid in April 2013

3.3 Unsecured Creditors

Adverts were placed in the *London Gazette* and *The Times* newspaper upon my appointment as Joint Liquidator requesting all unsecured creditors of the Company to prove their claims

A Notice of Intended Dividend was subsequently issued to all known unsecured creditors on 25 June 2013. A first dividend of 3p in the £ was declared and paid on 19 September 2013 to those creditors with an agreed unsecured claim

The director's Statement of Affairs estimated the value of the Company's unsecured creditors to be £2,044,316. For your information unsecured claims of £2,953,088 were accepted to rank for the purposes of calculating and paying the first dividend

4. Future Prospects

It is possible that a further, small dividend may be payable to creditors if the potential business rates refund proves to be collectable

In the event there are no further recoveries, I expect to be in a position to conclude the Liquidation of the Company and I will make arrangements to issue my draft final report to creditors with a view to calling a final meeting of creditors 8 weeks after

5. Joint Liquidators' Remuneration

The Joint Liquidators are obliged to fix their remuneration in accordance with Rule 4.127(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either:

- (a) as a percentage of the assets realised and distributed, and/or
- (b) by reference to the time the Joint Liquidators and the staff have spent attending to matters in the liquidation, and/or
- (c) as a set amount, and/or
- (d) as a combination of the above

The Statement of Insolvency Practice 9 provides that, where the Liquidation of a company is preceded by an Administration, the basis on which the office holders' remuneration was approved in the Administration will be carried over into the subsequent Liquidation

The basis of the office holders' remuneration during the Administration of the Company was on a time costs basis. Accordingly, the Joint Liquidators' remuneration in this matter is approved on the basis of time properly spent in dealing with issues arising in the Liquidation

To date, I have drawn £36,875 in respect of remuneration as shown on the enclosed Receipts and Payments account. I also enclose a schedule analysing my time costs to date and indicating the work undertaken in that respect.

6. Joint Liquidators' Disbursements

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements.

We therefore report that the sum of £486 has been drawn in respect of statutory advertising and statutory bonding costs.

Liquidators often charge expenses that cannot economically be recorded in respect of a specific case. These costs include postage, stationery, photocopying charges, telephone and fax costs. 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 is not to charge any category 2 disbursements.

I provide at the end of this report an extract from the Insolvency Rules 1986 setting out the rights of creditors to request further information and/or challenge the remuneration or expenses within the Liquidation.

If you require any further information please do not hesitate to contact Craig Ballard of my office.

Yours faithfully
for and on behalf of
Sonex Communications Plc



D H Gilbert
Joint Liquidator
Authorised by the Insolvency Practitioners Association

Enc

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Liquidators' fees and expenses:

Rule 4.49E Creditors' and members' request for further information

(1) If-

- (a) within the period mentioned in paragraph (2)-
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (iii) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company, or
- (b) with the permission of the court upon an application made within the period mentioned in paragraph (2)-
 - (i) any unsecured creditor, or
 - (ii) any member of the company in a members voluntary winding up,

makes a request in writing to the liquidator for further information about remuneration or expenses set out in a progress report in accordance with Rule 4.49B(1)(e) or (f) (including by virtue of Rule 4.49C(5)) or in a draft report under Rule 4.49D, the liquidator must, within 14 days of receipt of the request, comply with paragraph (3) except to the extent that the request is in respect of matter[s] in a draft report under Rule 4.49D or a progress report required by Rule 4.108 which (in either case) was previously included in a progress report not required by Rule 4.108

(2) The period referred to in paragraph (1)(a) and (b) is-

- (a) 7 business days of receipt (by the last of them in the case of an application by more than one member) of the progress report where it is required by Rule 4.108, and
- (b) 21 days of receipt (by the last of them in the case of an application by more than one member) of the report or draft report in any other case

(3) The liquidator complies with this paragraph by either-

- (a) providing all of the information asked for, or
- (b) so far as the liquidator considers that-
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the liquidation or might reasonably be expected to lead to violence against any person, or
 - (iii) the liquidator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information

Rule 4.131 Creditors' claim that remuneration is or other expenses are excessive

(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

(1A) Application may be made on the grounds that-

- (a) the remuneration charged by the liquidator,

- (b) the basis fixed for the liquidator's remuneration under Rule 4 127, or
 - (c) expenses incurred by the liquidator,
- is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 4 49E(5), be made no later than 8 weeks (or, in a case falling within Rule 4 108, 4 weeks) after receipt by the applicant of the progress report, or the draft report under Rule 4 49D, which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss the application, but it shall not do so unless the applicant has had an opportunity to attend the court for a hearing, of which he has been given at least 5 business days notice but which is without notice to any other party
- If the application is not dismissed under this paragraph, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the liquidator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders-
- (a) an order reducing the amount of remuneration which the liquidator was entitled to charge,
 - (b) an order fixing the basis of remuneration at a reduced rate or amount,
 - (c) an order changing the basis of remuneration,
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the liquidation,
 - (e) an order that the liquidator or the liquidator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,
- and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the liquidation

Sonex Communications plc - In Creditors' Voluntary Liquidation

Summary of Time Charged and Rates Applicable for the Period From 17 September 2012 (date of Liquidation) to 16 September 2013

Description	PARTNER / MANAGER		ASSISTANT MANAGER		EXECUTIVE		OTHER STAFF		GRAND TOTAL		AV RATE	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	£	£
B Steps on Appointment			1 50	393 00	1 50	135 00			3 00	528 00		176 00
D General Administration	5 10	1,672 80	2 00	531 00	40 55	5,921 20	0 75	67 50	48 40	8,192 50		169 27
E Assets Realisation/Dealing					0 25	28 00			0 25	28 00		112 00
F Trading Related Matters					0 50	89 50			0 50	89 50		179 00
G Employee Matters					17 20	2,144 40			17 20	2,144 40		124 67
H Creditor Claims	13 00	6,604 00	7 50	2,011 20	71 25	12,387 25			91 75	21,202 45		231 09
J Distribution and Closure			10 85	3,087 70	13 75	1,603 50			24 60	4,691 20		190 70
	18 10	8,276 80	21 85	6,022 90	145 00	22,508 85	0 75	67 50				

Net Total 185 70 36,876 05 198 58

Other Disbursements 483 99

Billed 37,361 19

Grand Total 0 85

Sonex Communications Plc - in Creditors' Voluntary Liquidation
Summary of the Joint Liquidators' receipts and payments account for the period
17 September 2012 (date of Liquidation) to 16 September 2013

	To date
Receipts	£
Transfer from Administration	281,742
Rates refund	2,450
Bank interest	936
	<u>285,128</u>
Payments	
Admin trading payments	105,263
Joint Adm/liq fees	36,875
Joint Admin/liq disbs	486
Payment to ISA for unpaid dividend cheques	26
Storage costs	7,739
	<u>150,389</u>
Distribution to Creditors	
Distribution to Preferential creditors @ 100p in £ on 15 April 2013	2,320
Distributions to Sony under floating charge on 19 September 2013	42,762
Distribution to unsecured creditors from prescribed part @ 3 0p in the £ on 19 September 2013	89,657
Liquidation Balance in Hand	-
	<u>285,128</u>

N B Statement of Affairs figures are not provided as the Liquidation followed the previous Administration of the Company

BDO LLP
55 Baker Street
London W1U 7EU

D H Gilbert & A H Beckingham
Joint Administrators
1 October 2013