

The Insolvency Act 1986

Notice of move from administration to creditors' voluntary liquidation

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

(a) Insert 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

(b) Insert name and address of registered office of company

having been appointed administrator(s) of (b) Sonex Communications Plc 55 Baker Street, London, W1U 7EU

(c) Insert date of appointment

On (c) 13 September 2011 by (d) Sony Europe Limited

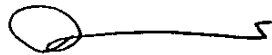
(d) Insert name of applicant / appointor

hereby give notice that

(e) Insert name(s) and address(es) of liquidator(s)

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply, and it is proposed that (e) David Harry Gilbert and Andrew Howard Beckingham of BDO LLP 55 Baker Street, London, W1U 7EUwill be the liquidator(s) of the company (IP No(s) 2376 and 8683)

Signed



Joint Administrator

Dated

10 September 2012

Contact Details

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

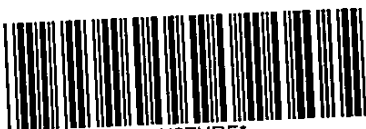
BDO LLP, 55 Baker Street, London,		
W1U 7EU, ,		
Our Ref	DHG/JBS/ADM979 Notice of Move from ADM to CVL/C15	Tel 020 7486 5888
DX Number		DX Exchange

If completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

WEDNESDAY



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12/09/2012

#320

COMPANIES HOUSE



Tel +44 (0)20 7486 5888
Fax +44 (0)20 7935 3944
DX 9025 West End W1
www.bdo.co.uk

55 Baker Street
London W1U 7EU

10 September 2012

Our Ref DHG/JBS/ADM966

Please ask for John Strowger
Direct line 020 7893 2945

TO ALL KNOWN CREDITORS

Dear Sirs

Sonex Communications Plc - In Administration (the "Company")

I now supply my final report in respect of this Administration

1 Statutory Information

The Joint Administrators are David Harry Gilbert and Andrew Howard Beckingham of BDO LLP, 55 Baker Street, London, W1U 7EU and they were appointed in respect of the above company on 13 September 2011. Under the provisions of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.

The Joint Administrators were appointed by Sony Europe Limited ("Sony") being a Qualifying Floating Charge Holder, pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the Birmingham District Registry and the court case number is 8458 of 2011.

The Company's registered office is situated at 55 Baker Street, London, W1U 7EU and the registered number is 03156247.

2 Receipts & Payments

I enclose a summary of my receipts and payments to date, showing a balance in hand of £281,742.04, together with a copy of my abstract account covering the last six month period.

I would comment specifically on the following matters:

2.1 Trading during the Administration

As previously reported, the Company traded in Administration until 8 January 2012. During this period, the Company's stores generated net revenues of £5,180,411.56. As at the time of writing, I have settled net trading costs of £4,815,447.01.

Despite protracted efforts by my staff, some utility providers have still to submit final invoices for supplies made during the period the Company traded in Administration.

DHG/JBS/ADM966



Sony has agreed to cap the amount payable to it for stock supplied to the Company in Administration to an amount equal to the value of the surplus generated from trading whilst in Administration, after all other costs have been paid.

Accordingly, creditors should be aware that funds are being carried over into the Liquidation to enable final payments to be made to Sony and the utility providers. These amounts are included in the balance in hand referred to above.

2.2 Leasehold Assets

As reported previously, I engaged the property agent Braiser Freeth LLP ("BFL") to undertake a review and valuation of the Company's leasehold interests. This review confirmed that the assets were of negligible value due to either: clauses limiting the ability of the Company to assign the stores, or the short periods remaining until the leases expired.

2.3 Transferred Stores

Upon my appointment, I continued to trade the Company's fifteen *Sony Centre* outlets whilst a marketing campaign was undertaken to find buyers for the stores. Following this period of marketing, the Company's stores in Milton Keynes, Solihull and Cabot Circus were transferred to new operators.

I received a total of £16,320.00 in respect of premiums for the transferred leases. The lease premiums paid by the purchasers were either in line with or in excess of the valuations provided by BFL.

As creditors will recall, all Sony stock was subject to retention of title. Therefore, the Sony goods could not be sold by the Company to the new operators. Instead, I received credit notes from Sony to the value of the stock transferred. Third party stock at the transferred stores was sold to the new operators for £11,717.19.

No purchasers for the remaining stores were identified and these stores closed on or before 8 January 2012 and the leases offered to their respective landlords. To date, the landlords of five units have accepted my offers of surrender. The remaining seven leases will be disclaimed after the Company moves to Liquidation.

3 Costs in Administration

In addition to the trading costs, discussed above, I provide a summary of the professional fees and other expenses which have been paid in the last period of this Administration.

3.1 Legal Costs

In the last period, I paid my retained legal adviser, Matthew, Arnold & Baldwin LLP ("MAB") £15,625.00. This represented the balance of fees due to MAB for drafting legal documents to facilitate the transfer of stores to new owners and to attend to a number of statutory matters arising after the Company entered Administration.

3.2 Agents' Fees

I have paid Philip Davies & Sons £1,330.00 to empty the Company's head office and securely dispose of confidential information held on the Company's servers and computers.

3.3 Storage Costs

I am required to retain and store the Company's records until 12 months after the dissolution of the Company. As at the time of this report, I have paid Total Data Management £8,333.33 in this regard

4 Pre-Appointment Costs

My pre appointment fees and disbursements of £23,528.15 were approved and have been drawn.

5 Future of the Company

In accordance with paragraph 83 of Schedule B1 of the Insolvency Act 1986, the Company will move to Creditors' Voluntary Liquidation in order to distribute the Prescribed Part.

This is in line with my proposals, which were deemed accepted by creditors on 16 November 2011

6 Prescribed Part

Under Section 176A of the Insolvency Act 1986, where after 15 September 2003 a company has granted to a creditor a floating charge, a proportion of the net property of the company must be made available purely for the unsecured creditors. The provision will apply in this instance.

Based on present information the Joint Administrators estimate that, after allowing for remaining costs, the value of the Company's net property will be £605,024 07 and this means that the Prescribed Part should be £124,004 81.

7 Prospects for Creditors

7.1 Secured Creditor

At the date of the Administration, a debt of £1,781,842 was outstanding to Sony This debt comprised a term loan to the Company of £1,500,000 with the remainder of the debt being made up of unpaid invoices for stock that was subject to Retention of Title, but had been sold prior to my appointment This debt is secured by an all monies debenture, created on 23 December 2010.

To date, I have made distributions to Sony of £450,000 under its floating charge. I anticipate a further distribution of c£31,000 will be made under the debenture, leaving a shortfall to Sony under its security of c£1,300,842.

7.2 Preferential Creditors

I have received and paid preferential claims against the Company of £4,144.65. These claims comprise arrears of wages and holiday pay.

7.3 Unsecured Creditors

The directors' Statement of Affairs estimated the value of the Company's unsecured creditors to be £2,044,316 To date, I have received, but not yet adjudicated upon, unsecured claims against the Company of £1,646,528 Creditors should be advised that I

am expecting, but have still to receive, claims from a majority of the Company's landlords.

As noted in paragraph 6, above, unsecured creditors will receive a dividend from the Prescribed Part, which I anticipate will be £123,939 17 before costs and relevant expenses. The Prescribed Part will be distributed after the Company has moved to Creditors' Voluntary Liquidation.

8 Joint Administrators' Remuneration

The secured creditor has already approved the Joint Administrators' remuneration on a time costs basis and I have drawn £225,000 00 in this regard. The balance of my time costs will be written off.

Attached is a schedule which summarises the time costs drawn to date and indicates the work undertaken in that respect.

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. I therefore report that, since my last report, the sum of £328.24 has been drawn in respect of category 1 disbursements for statutory insurances and bordereaux.

Some Administrators recharge expenses that cannot economically be recorded in respect of each specific case, for example 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 the 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 fees within the Administration.

Yours faithfully
for and on behalf of
Sonex Communications Plc



D H Gilbert
Joint Administrator
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 Administrators' fees and expenses -

Rule 2.48A Creditors' request for further information

(1) If—

- (a) within 21 days of receipt of a progress report under Rule 2.47—
 - (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
 - (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2.47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either—**
- (a) providing all of the information asked for, or
 - (b) so far as the administrator 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 administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—**
- (a) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),
- and the court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just**

Rule 2.109 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 unsecured 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 administrator,
 - (b) the basis fixed for the administrator's remuneration under Rule 2.106, or
 - (c) expenses incurred by the administrator,
- 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 2.48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report 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 it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly**

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses (continued).-

Rule 2 109 (continued)

- (3) The applicant shall, at least 14 days before the hearing, send to the administrator 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 administrator 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 administration,
 - (e) an order that the administrator or the administrator'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 administration

Sonex Communications plc In Administration

Summary of Time Charged and Rates Applicable for the Period From 13 September 2011 (date of appointment) to 10 September 2012

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					23 00	6 026 00			1 15	254 15			24 15	6 280 15	260 05	
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	21 942 75	187 08	
C. Planning and Strategy	18 50	12 173 00	21 00	10 648 00	20 50	5 371 00							60 00	28 212 00	470 20	
D. General Administration	5 00	3 290 00	32 90	10 791 20	17 35	4 353 10	2 75	673 75	181 65	23 179 75	51 15	4 602 00	290 80	46 889 90	161 24	
E. Assets Realization/Dealing	6 50	4 277 00	33 00	16 764 00	94 35	24 719 70			0 85	167 45			134 70	45 928 15	340 97	
F. Trading Related Matters	11 50	7 567 00	60 00	38 133 00	289 90	75 453 10	10 50	1 785 00	72 15	10 793 65			464 05	133 731 95	288 18	
G. Employee Matters	0 50	349 50	105 60	30 965 00	3 00	786 00	10 40	2 860 00	36 60	3,537 00			156 10	38 497 50	246 62	
H. Creditor Claims					20 50	5 371 00			0 25	49 25			20 75	5 420 25	261 22	
I. Reporting	1 00	638 00	37 50	19 050 00	35 25	9 235 50			1 75	291 00			75 50	19 234 50	387 21	
J. Distribution and Closure	5 00	3 290 00			8 10	2 122 20			7 60	684 00			20 70	6 086 10	294 50	
	48 00	31 604 50	324 30	130 662 60	518 45	137 221 90	43 15	8 971 25	369 10	45,191 10	51 15	4 602 00				

Net Total 1 364 15 367 253 15 265 55

Other Disbursements

4 184 70

Billed

229 184 70

Grand Total

117 253 15

Sonex Communications Plc
In Administration

Summary of Joint Administrators' Receipts And Payments from 13 September 2011 (date of appointment) to 10 September 2012

	Estimated to realise per directors' Statement of Affairs	Movement in the last six months	To date
	£	£	£
Assets subject to fixed charge			
Fixed assets & leasehold property	3,975,000 00	-	16,320 00
<i>Less costs to realise</i>			
Joint Administrators' fees		-	5,000 00
Legal fees & disbursements		-	8,172 00
Agents fees & disbursements		-	3,148 00
	<u>3,975,000 00</u>	<u>-</u>	<u>-</u>
Assets subject to floating charge			
Administration trading receipts		-	5,180,411 56
Rent under licence		-	36,913 03
Stock	61,700 00	-	11,717 19
IT Equipment	-	740 00	740 00
HMRC tax refund	224,000 00	-	-
Book debts & cash in transit	306,491 00	4,021 05	225,505 69
Book debts - rates refunds	120,001 00	6,753 99	56,051 47
Cash at bank	248,541 00	-	371,301 25
Interest gross		642 90	1,097 66
	<u>960,733 00</u>	<u>12,157 94</u>	<u>5,883,737 85</u>
<i>Less costs to realise</i>			
Administration trading payments		117,388 87	4,815,447 01
Rent payable under licence		-	36,913 03
Legal fees & disbursements		15,625 00	47,729 00
Agents fees & disbursements		2,597 34	15,189 34
Joint Administrators fees		-	220,000 00
Joint Administrators' disbursements		328 24	4,184 70
Storage costs		6,055 59	8,333 63
Re-direction of mail		-	54 45
		<u>141,995 04</u>	<u>5,147,851 16</u>
Payments to creditors			
Distributions to preferential creditors at 100p in the £		-	4,144 65
Distributions to Sony Europe Limited under its Floating Charge		-	450,000 00
		<u>-</u>	<u>454,144 65</u>
Balance in hand		(129,837 09)	281,742 04
		<u>12,157 94</u>	<u>5,883,737 85</u>

BDO LLP
55 Baker Street
London
W1U 7EU

D H Gilbert & A H Beckingham
Joint Administrators
10 September 2012