

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company Chapman Entertainment Limited	Company number 04162019
In the High Court of Justice, Chancery Division <small>[full name of court]</small>	Court case number 8213 of 2012

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

I/We (a) Antony David Nygate and Sarah Megan Rayment 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) 28 December 2012

Signed

[Signature]
Joint Administrator(s)

Dated

28/12/12**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 7/DAW/ADM751 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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27/12/2012

#137

COMPANIES HOUSE

THURSDAY



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Private and Confidential

«NAME»

«A1»

«A2»

«A3»

«A4»

«A5»

28 December 2012

Our Ref 7/MAT/C6

Please ask for Matthew Tang
Direct Line 020 7893 2100

FAO «CONTACT»

TO ALL CREDITORS AND MEMBERS

Dear Sir/Madam

Chapman Entertainment Limited - In Administration ("the company")

I refer to the appointment of Sarah Megan Rayment and myself as Joint Administrators of the company on 6 November 2012

I attach a statement to creditors pursuant to Rule 2.33 of the Insolvency Rules 1986, which incorporates a statement of proposals under Paragraph 49 of Schedule B1 of the Insolvency Act 1986. Additionally, I provide a report setting out the work undertaken by the Joint Administrators to date, incorporating details of my firm's policies regarding fees and disbursements and a summary recording the time spent on the Administration, together with a creditors' guide to Administrators' fees.

Pursuant to Paragraph 52(1)(b) of Schedule B1 of the Insolvency Act 1986, I do not propose to call a formal meeting of creditors because there will be insufficient assets to enable me to make any distribution to unsecured creditors, other than potentially by way of the prescribed part, which is explained in the report.

However, further to Paragraph 52(2) of the same Act, if at least 10% of creditors of the Company require me to call a meeting they must notify me using the appropriate form 2.21B (attached) by 14 January 2013. Please note that before such a meeting can be held I will require a deposit towards the cost of convening the meeting.

Yours faithfully
For and on behalf of
Chapman Entertainment Limited

A D Nygate
Joint Administrator

Authorised by the Institute of Chartered Accountants in England & Wales

Enc



**Chapman Entertainment Limited
In Administration**

**Statements 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**

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CHAPMAN ENTERTAINMENT LIMITED - IN ADMINISTRATION

Registered No. 04162019

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

In the High Court of Justice, Chancery Division
8213 of 2012

1 Introduction

- 1.1 This report is addressed to the creditors of Chapman Entertainment Limited ("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 mention in section 8 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 14 January 2012. 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.
- 1.2 Creditors may approve the proposals with or without modifications subject to the Joint Administrators' agreement to any such modifications. If the creditors reject the Joint Administrators' proposals a report will be sent to the High Court of Justice, Chancery Division 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.
- 1.3 If the Joint Administrators' proposals are approved the Joint Administrators will continue to control the business of the company to the extent that it has not been transferred. The Joint Administrators 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 the Joint Administrators' proposal is that the company will move from Administration to Creditors' Voluntary Liquidation. Alternatively, if there are insufficient funds available for a distribution to be paid to the unsecured creditors, the Joint Administrators proposal is that the company exits the Administration by way of dissolution.

2 Events leading up to the Appointment of the Joint Administrators

- 2.1 The company was incorporated on 16 February 2001 as a producer and licensor of children's TV programming. Since its incorporation the company has produced and continues to license the pre-school titles of Fifi and the Flowertots (from May 2005 onwards), Roary the Racing Car (May 2007), Little Charley Bear (January 2011) and Raa Raa the Noisy Lion (May 2011).
- 2.2 The TV programming of each title is broadcast in numerous territories worldwide, and subsequent product licenses have been agreed with, over the course of the company's incorporation, approximately 250 licensees for a variety of different products. Over 125 licence agreements currently remain active.
- 2.3 In the UK, where the company's key market lies, Fifi and the Flowertots and Roary the Racing Car are both broadcast on Channel 5, with Little Charley Bear and Raa Raa the Noisy Lion being broadcast by the BBC.
- 2.4 Ongoing trading of the business suffered significantly from 2009 onwards due to declining revenues from TV and product licensing. During the financial year to 30 June 2010 total revenues totalled £6.7m, with net profits of £195k, compared to revenues of £7.4m and net profit of £557k in the previous year. By the year ended 30 June 2011, turnover had fallen to £5.5m, and the company reported a net loss of £9.9m, due in large part to the amortisation of its productions.

- 2.5 As a result of the adverse trading conditions, the company was unable to maintain investment in new programming, and instead instigated a large number of cost cutting measures. Further, and as part of a strategy to restructure the business from early 2011 onwards, the company sought alternative third party funding or a purchaser for the company and/or its assets. Various interested parties were identified and negotiations entered into, although no sale was completed. As a result, the company obtained continued support from its secured lenders to assist with ongoing trading.
- 2.6 As at 30 June 2012, the company had net liabilities of c£3.9m and was therefore significantly balance sheet insolvent. The directors had at this point instructed agents to provide an indicative value of the various programme titles which constituted the company's principal assets ("the intellectual property rights" or "IPR"). Indicative values obtained suggested that the net book value as held in the company's books and records was overstated, such that Coutts & Co ("Coutts" or "the Bank") as the main finance provider and secured creditor would suffer a significant shortfall in respect of its lending in the event that any sale could be achieved.
- 2.7 In addition, under the terms of its facilities a £1m repayment was due to the Bank on 31 July 2012 but the company was unable to meet this repayment.
- 2.8 Our firm was engaged by the company in September 2012 to conduct a high level review of the company's financial position, including its short term cash flow forecast and its ability to continue to trade within its current facilities.
- 2.9 A review of the short term cash flow forecasts prepared by the directors indicated that the company would have insufficient funds to continue trading from October 2012, notwithstanding the repayment due to have been made to the Bank under the terms of its facility. As such, the directors took advice regarding their statutory and fiduciary duties regarding ongoing trading and consequently took steps to place the company in Administration.
- 2.10 On 6 November 2012 an application for appointment of Joint Administrators was made by the directors of the company, pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986. On 6 November 2012, Antony David Nygate and Sarah Megan Rayment were appointed Joint Administrators. Under the provisions of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the Joint Administrators carry out their functions jointly and severally and neither Joint Administrator has exclusive power to exercise any function.

3 Statement of Affairs and Statutory Information

- 3.1 At Appendix 1 is a record of the names of the company's office holders together with details of the shares held in the company.
- 3.2 We attach at Appendix 2 the Statement of Affairs of the company at the date of our appointment, as prepared by the directors. The statement has been based on the company records and information available at the time of completion. The Joint Administrators have reviewed the Statement of Affairs but have not carried out any audit or detailed verification work at this time. There may be some errors and omissions within the company records and this statement should be treated with caution. It should be noted that Coutts has a priority ranking charge registered against the investments in programmes.
- 3.3 The Joint Administrators have a duty to investigate the failure and affairs of the company. Should any creditor have any information that should be brought to our attention, please forward details to us.

4 Achieving the purpose of the administration**4 1 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 the company as a going concern (i.e. restructuring the company's business, resulting in the survival of the company). We would comment that this objective was not possible as the indicative values obtained demonstrated that the value of the company's assets was significantly less than the level of its debts, meaning it would be highly unlikely that any further third party funding could be found to allow the company to continue to trade in the long term.
- (b) With regard to the second objective of 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), the position is that continuing to trade the company whilst in Administration has preserved the maximum possible value in the principal assets, being its rights to various licences, for the benefit of the creditors of the company.
- (c) The final objective is realising property in order to make a distribution to one or more secured or preferential creditors and we can advise that a distribution will be made to at least one of the secured creditors. There should be no preferential creditors.

5 Management of the company's affairs since the Joint Administrators' appointment**5 1 Initial Actions**

5 1 1 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. In particular, we reviewed forecast short term trading cash flows, which were prepared by the Joint Administrators' staff and were based on information initially prepared by the former finance director, together with the accounts assistant at the company.

5 1 2 A significant number of staff had already left the company prior to Administration. Based on the review of the short term cash flows and expectations of future requirements, of the company's four employees as at the date of appointment the remaining director was made redundant immediately on our appointment as Joint Administrators. Members of the Joint Administrators' team attended at the premises of the company in Wandsworth, London SW18 in order to effect this redundancy and to take control of the company's affairs.

5 2 Trading during the Administration

5 2 1 From our review of the short term cash flows, and having removed overheads and historic liabilities which would otherwise have been payable had the company not been in Administration, it is anticipated that the company should generate a cash surplus in the short term period, before accounting for the Administration costs. As such, it is unlikely that there will be a necessity to request funding from the secured creditor in order to safeguard the trading period.

5 2 2 This has been made possible by the fact that the Bank has raised no objection to the Joint Administrators utilising pre-appointment debtor receipts for the purposes of ongoing trading. These funds are subject to the floating charge security held by the Bank.

- 5.2.3 The office manager was made redundant on 23 November whilst the remaining employees, being the legal manager and product approval manager, have been retained to assist the Joint Administrators during the trading period and sale process, detailed further below.
- 5.2.4 As part of our initial negotiations, we have agreed a substantially reduced level of rent with the landlord of the company's premises at Wandsworth.
- 5.3 Licenses and contractual matters
- 5.3.1 The key licence agreements to which the company is party and from which it benefits as licensor have all been reviewed in detail and we are satisfied that no termination issues should arise as a result of the Administration. In addition, we have been in contact with various licensees to ensure that they are aware that any contractual advances, guarantees or royalty payments which fall due should be paid as normal.
- 5.3.2 The company is also party to key agency agreements with two agents, Cake Distribution Limited (programming) and Copyright Promotions Licensing Group Limited (product). We have met with both agents to explain the Administration process and that the Joint Administrators will continue to trade the business with a view to achieving a sale of the IPR owned by the company. The licensing agents have agreed to continue providing the services under the contracts held with the company, which primarily involves accounting for revenues due from licensees, debt collection and reviewing proposals for new licences.
- 5.3.3 New licence proposals and requests for product approvals under existing licence agreements are being reviewed on a case by case basis, with advice provided by the licensing agents and our solicitors, Farrer & Co ("Farrer"). We have been advised by the licensing agents and our appointed sales agent (see below) that the approval of new license agreements is essential to maintain the value in the IPR. Ongoing product approvals are required for similar reasons and to meet certain pre-Administration contractual obligations in order to mitigate any potential breach of contract claims.
- 5.3.4 In determining the suitability of any potential new licence agreements, only those which are in the best commercial interests of the company, and where sufficient comfort can be obtained that there will be no potential negative impact on the value of the IPR, are being agreed and entered into by the company in Administration.
- 6 Sale of business
- 6.1 Strategy
- 6.1.1 We are currently evaluating the potential strategies available to maximise the value of the IPR for the benefit of the company's estate. It is likely that the preferred strategy will be either to pursue an imminent sale of the company's IPR, either individually or as a whole, and/or to enter into a longer-term master licensing agreement.
- 6.1.2 The strategy pursued will be dependent on the interest received from potentially interested parties. To date, I have been contacted by 34 parties that have expressed interest in some or all of the IPR. In addition, we have actively contacted a further 56 parties whom we believe may be interested in some or all of the IPR.
- 6.1.3 Interested parties who have entered into non-disclosure agreements have been provided with sales information in order for indicative offers to be submitted by 18 January 2013.

6.2 Instruction of agents

- 6.2.1 During the pre/post-Administration periods, we have had numerous meetings and conversations with external corporate finance teams to explore their potential interest in marketing the IPR.
- 6.2.2 We have since engaged Mediatique Limited ("Mediatique"), a specialist media corporate finance boutique, in an advisory capacity in the initial stages of the sales process. This work includes the review of the information memorandum and similar marketing materials, the identification of any further potentially interested parties and assistance in the preparation of a process letter and form of desired offer structure.
- 6.2.3 Our firm's Corporate Finance department is assisting the Joint Administrators in the preparation of sales information and with the ongoing marketing process.
- 6.2.4 Once this initial process has been concluded and indicative offers received, we should then be in a better position to evaluate the potential strategies available to maximise the value of the IPR, whether by way of an asset sale or a master licence agreement.

7 Other assets**7.1 Leasehold Property**

- 7.1.1 The Company benefits from a lease at the premises in Wandsworth which runs until September 2021. There are currently rental arrears of £128k which will rank as an unsecured claim in the Administration. The annual rent due under the lease is £120k.
- 7.1.2 We understand that the Company had engaged specialist agents prior to the Administration to gauge any third party interest in the lease with nominal interest expressed in the premises. On this basis, and due to the current level of arrears, which we would expect the landlord would seek to be paid under the terms of any assignment, I do not anticipate there to be any value in the lease. Should it be necessary, I will request professional advice to confirm this.

7.2 Pre-Appointment debtors

- 7.2.1 The pre-appointment debtor ledger indicates amounts due to the Company of c£128k. The former finance director indicated that certain debts were deemed to be irrecoverable due to provisions which had been identified but never fully raised where the individual debtors were believed to have entered formal insolvency processes. I have verified these instances.
- 7.2.2 It is estimated that £80k is recoverable and demands for payment have been made. As shown on the receipts and payments, £50.5k has been collected to date.

7.3 Office Furniture and Equipment

- 7.3.1 I have instructed Eddisons, chattel agents, to provide a valuation of the office furniture and equipment at the Wandsworth premises. The initial indication from the agents is that the assets do not hold any significant value.

8 Creditors' claims**8.1 Secured creditors**

- 8.1.1 The largest single secured creditor is Coutts in respect of a debt arising from a fully drawn revolving credit facility of c£6.5m provided to the company. This debt, which is subject to accruing charges and interest, is secured by fixed and floating charges over

the assets of the company. It is likely that Coutts will face a significant shortfall under its security.

- 8.1 2 In addition, further funds have been invested in the company by various parties in the form of secured loans which total approximately £1.35m. Security over certain assets has been granted to these lenders by the company, although on the basis that Coutts, whose charge ranks prior to any of these subsequent charges, is likely to suffer a shortfall, these secured creditors will not receive any distribution in respect of their security

8 2 Preferential creditors

- 8 2.1 All employees had been paid their wages in full up to the date of the Administration. Further, there was no accrued holiday pay owed to any of the employees who have been made redundant. As such, there should be no preferential claims in the Administration

8.3 Unsecured creditors

- 8.3 1 The level of unsecured trade creditors as per the directors' estimated statement of affairs totals £755,564. Unsecured creditors' claims notified to us to date total approximately £424,284. Based on current information, there may be sufficient floating charge realisations to allow a dividend to be paid to unsecured creditors under the provisions of the Prescribed Part (see below)

9 Prescribed Part

- 9.1 Under the provisions of Section 176A of the Insolvency Act 1986 the 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. The company has granted a floating charge after 15 September 2003

- 9 2 Based on present information the Joint Administrators estimate that, after allowing for costs, the value of the company's net property could be in the region of £150k, which means a distribution totalling £33k would be payable to unsecured creditors

10 EC Regulations on Insolvency Proceedings

- 10 1 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 Regulation will apply in respect of this Administration and these proceedings will be main proceedings as provided by Article 3 of the aforesaid Regulation

11 Pre Administration Costs

- 11.1 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)	£54,344 00	£22,500 00	£31,844 00
(ii)	£16.10	Nil	£16 10
(iii)	Nil	Nil	Nil
TOTAL	<u>£54,360 10</u>	<u>£22,500.00</u>	<u>£31,860.10</u>

We now explain in more detail the facts behind the above costs. In respect of the fees and expenses incurred by the Joint Administrators prior to the Administration appointment, these were subject to a formal engagement with the company, dated 11 September 2012, which set out that our fees would be based on time costs, using the same rates as are recorded in the BDO Policy document attached to this proposal. The engagement also provided for the proposed Administrators to engage other specialists to assist, where necessary, on such reasonable terms as we could negotiate.

(i) The fees charged by the Joint Administrators

Under the terms of the engagement letter dated 11 September 2012, BDO provided a Limited Scope Review based on the following scope:

- High level review and commentary on the company's financial position at the latest available balance sheet date;
- High level review of the company's short term cash flow forecast and its ability to continue to trade within its current facilities; and
- Options available to the directors to maximise the return to creditors in light of both the likely short term cash requirement and balance sheet position of the company, including both solvent and insolvent options

Time costs totalling £22,500 were billed and payment received from the company prior to Administration.

(ii) The expenses incurred by the Joint Administrators

In preparation for the Administration disbursements have been incurred by the Joint Administrators in respect of travel expenses.

The Joint Administrators' disbursements are reimbursement of precise costs we have had to meet. The expenses in respect of other professional's fees are reasonable and have been necessary in preparation for the Administration.

No Payments have been received.

(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)

No fees have been incurred in this regard.

12 Joint Administrators' Remuneration

- 12.1 Kindly note that under the terms of the Insolvency Rules 1986 the Joint Administrators are obliged to fix their 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 the Joint Administrators have to deal, by reference to the time the Joint Administrators and their staff spend in attending to matters in this administration, or a fixed amount.
- 12.2 Attached at Appendix 4 is a schedule that summarises the time that has been spent in administering this Administration up to 14 December 2012. This shows total time costs

of £70,934.40, represented by a total of 234 55 hours at an average charge out rate of £302.43.

- 12.3 Included within the proposals below is a resolution regarding the Joint Administrators' remuneration. 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 the 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, if any, preferential creditors as set out in Rule 2.106(5A)(a)/(b) of the Insolvency Rules 1986.

13 Possible outcomes for the company and Creditors

- 13.1 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.
- 13.2 It is the Joint Administrators' recommendation and proposal, as detailed below, that once realisations are sufficiently completed the company should move from Administration to Creditors' Voluntary Liquidation and that Antony David Nygate and Sarah Megan Rayment be appointed Joint Liquidators. The choice of Liquidators, however, is a matter for the creditors to consider.
- 13.3 Alternatively, in the event that there are no funds available for the unsecured creditors then the company will exit the Administration by way of dissolution.

14 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 meeting of the creditors of the company, these proposals will be deemed agreed on 14 January 2013.

Formal Proposals - the Joint Administrators propose that:

- (a) they continue to manage the company's business and realise assets in accordance with objective 2 of the statutory purpose of the Administration, and
- (b) they make payments to the secured and, if any, preferential creditors, and
- (c) they exit the Administration by way of a Creditors' Voluntary Liquidation and that Antony David Nygate & Sarah Megan Rayment will be Joint Liquidators and will act jointly and severally. Alternatively, if there are insufficient funds available for a dividend to be paid to the unsecured creditors, they exit the Administration by way of dissolving the company under Paragraph 84 of Schedule B1 of the Insolvency Act 1986, and

NB Under Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) creditors may nominate different liquidators, but in the absence of such nomination the above named would become the liquidators.

- (d) The remuneration of the Joint Administrators is to be approved by the secured and/or preferential creditors in accordance with Rule 2.106(5A)(a)/(b) of the Insolvency Rules 1986, on the basis of time properly spent in attending to matters arising in the Administration.

A further resolution is put to the creditors:

- (e) 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 28 December 2012

A handwritten signature in black ink, appearing to read 'A.D. Nygate', written over a horizontal dotted line.

A.D. Nygate
Joint Administrator

7/MAT/ADM682 Proposals/C6

, Chapman Entertainment Limited

Statutory Information

**Chapman Entertainment Limited
In Administration**

Statutory Information

Company Number:	04162019
Date of Incorporation:	16 February 2001
Address of Registered Office:	55 Baker Street London W1U 7EU Formerly New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ
Directors:	Lisa Kim Eaton Keith Vincent Chapman
Company Secretary:	None
Nominal Share Capital:	£150 - divided into 15,000 ordinary shares of £0.01 each
Registered Shareholders:	No of £0.01 ordinary shares held
Chapman Entertainment (Pavilion) Ltd	15,000 <hr/> 15,000

Trading Results:

Year ended 30 June	Turnover £'000s	Gross Profit £'000s	Net Profit (after tax) £'000s	Directors' remuneration £'000s	Balance on P & L a/c £'000s
2012 (management)	3,029	221	(1,879)	n/a	(11,493)
2011 (audited)	5,491	(4,888)	(9,921)	527	(9,614)
2010 (audited)	6,732	4,358	195	632	272
2009 (audited)	7,401	4,515	557	656	77

Chapman Entertainment Limited

Statement of Affairs

Statement of affairs

Name of Company
Chapman Entertainment Limited

Company number
04162019

In the
High Court of Justice, Chancery Division
[full name of court]

Court case number
8213 of 2012

(a) Insert name and address of
registered office of the company

Statement as to the affairs of (a) Chapman Entertainment Limited whose registered office is situated at
New Bridge Street House, 30-34 New Bridge Street, London EC4V 6BJ

(b) Insert date on the (b) 5 November 2012, the date that the company entered administration

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 6 November 2012 the date that the company entered administration

Full name Lisa Kim Eaton
Signed Lisa E
Dated 7 Dec 2012

A – Summary of Assets

Assets

Assets subject to fixed charge

Investments in Programmes

Fifi & The Flowertots Series 1-3

Roary The Racing Car Series 1-2

Little Charley Bear Series 1

Raa Raa the Noisy Lion Series 1

Assets subject to floating charge

Trade Debtors -Net of Provision – see attached breakdown

Petty Cash (Per June 2012 Management Accounts)

Fixtures & Fittings (Per June 2012 Management Accounts)

Computer Equipment (Per June 2012 Management Accounts)

Leasehold Improvements (Per June 2012 Management Accounts)

Intangible Assets

Uncharged assets

Prepaid Costs (Per June 2012 Management Accounts)

Commission on advances (Per June 2012 Management Accounts)

Estimated total assets available for preferential creditors

Book Value £	Estimated to Realise £
£109,502	
£256,316	
£2,180,172	
<u>£2,296,346</u>	
£4,842,336	£4,000,000 (1)
£90,287	£90,287
£3,961	£3,961
£6,609	£3,000
£5,749	£2,500
£10,624	Nil
<u>£86,282</u>	<u>Nil</u>
£203,512	£99,748
£89,952	
<u>£162,100</u>	<u>Nil</u>
£252,052	
£455,564	£99,748

(1) Based on a valuation for all properties from Genevieve Dexter of £4.4m in September 2012

(2) Some of the creditors listed in the Creditors are creditors of Chapman Pavilion Limited but have been listed as they have security over the assets of Chapman Entertainment Limited

(3) Woodside acts as trustee for £1,117,233 of loan stock issued by Chapman Pavilion Limited. The underlying holders are Keith Chapman (£356,202), George Robinson (£211,069), Edge VCT (£473,121), Family Investments (£39,578), Basil Street Investments (£16,464), Paul Found (£10,000), Mark Banwell (£6,332), Jonathan Scott-Barrett (£4,195) and D Cummings (£248). The loan stock is secured on some of the assets of Chapman Entertainment Limited

(4) There is £7,857,233 secured by fixed and floating charges on the assets of Chapman Entertainment Limited (Coutts (£6.5m), Keith Chapman (£120k), George Robinson (£120k) and loan stock (£1,117,233 – note 3))

Signature

Date

7 Dec 2012

A1 – Summary of Liabilities

	£	Estimated to Realise £
Estimated total assets available for preferential creditors (carried from page A)		99,718
Liabilities		
Preferential creditors -	0	
Estimated deficiency/surplus as regards preferential creditors		99,748
Estimated prescribed part of net property where applicable (to carry forward)		22,950
Estimated total assets available for floating charge holders (4)		76,798
Debts secured by floating charges (4)	7,857,233	
Estimated deficiency/surplus of assets after floating charges (4)	(7,780,434)	
Estimated prescribed part of net property where applicable (brought down)		22,950
Total assets available to unsecured creditors		22,950
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade Creditors	755,564	
Front Row Productions	75,000	
Chapman Entertainment (Pavilion) Limited	98,813	
Accrued Cost – Channel Five, back end share for Fifi & Roary to Sept 12	23,213	
Accrued Cost – Jane Horrocks, back end share for Fifi to Sept 12	1,802	
David Jenkins – 3 rd party back end share for Roary (July to Sept 12)	10,734	
Nickelodeon – 3 rd party back end share for Fifi & Roary (July to Sept 12)	2,110	
Accrued Cost – Target Entertainment (in administration)		
(Per June 2012 Management Accounts)	90,316	
Accrued Cost – Laytons (Per June 2012 Management Accounts)	30,045	
Accrued Cost – PBS Sprout (Per June 2012 Management Accounts)	15,882	
Deferred Income (Per June 2012 Management Accounts)	1,424,952	
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	2,528,431	
Shortfall to floating charge holders (brought down) (4)	(7,780,434)	
Estimated deficiency/surplus as regards creditors	(10,308,865)	
Issued and called up capital	250	
Estimated total deficiency/surplus as regards members		(250)

Signature



Date

17 Dec 2012

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Coutts & Co	440 Strand, London, WC2R 0QS	£6.5m	Fixed and floating charge	04/12/06	£4m
George Robinson	20 Campden Hill Square London, W8 7JY	£120,000	Fixed charge over property and floating charge over all property assets and rights	04/08/11 and 20/08/11	
Kent Chapman	2 Upton Court, The Downs, London, SW20 8JB	£120,000	Fixed charge over property and floating charge over all property and assets	09/08/11 and 20/08/11	
Kent Chapman	2 Upton Court, The Downs, London, SW20 8JB	£60,000	Rent Waiver		
Woodside Corporate Services (3)	in its capacity as security trustee Woodside of 7th Floor 52 - 54 Gracechurch Street, London EC3V 0EH and Edge of 1 Marylebone High Street London, W1U 4LZ.	£1,117,233	Guarantee and fixed and floating charge, containing fixed charge and a floating charge over the programme intellectual property relating to various television programmes		
Trade Creditors	(see attached listing)	£753,564		n/a	n/a
Front Row Productions Ltd	N/A - Company dissolved	£75,000		n/a	n/a
Chapman Entertainment (Penyken) Ltd	New Bridge Street House, 30-34 New Bridge Street, London EC4V 6BJ	£98,813		n/a	n/a
Channel Five Ltd	22 Long Acre, London, WC2E 9LY	£23,213		n/a	n/a
David Jenkins	c/o Valerie Hoskins Associates, 20 Charlotte Street, London, W1T 2NA	£10,734			
Jane Horrocks	c/o Ruth Cooper, United Agents, 130 Shaftesbury Avenue, London W1D 5LU	£1,802		n/a	n/a
Nickelodeon Ltd	15/18 Rathbone Place, London, W1J 1JU	£12,844		n/a	n/a
Target Entertainment Ltd	In administration. C/o BDO LLP, 55 Baker Street, London, W1U 7EU	£90,316		n/a	n/a
Various	2 Moje London Riverside, London, SE1 2AP	£30,045		n/a	n/a
PJS Sprout	4100 E Dry Creek Road Littleton CO 80122	£15,882		n/a	n/a
Deferred Income		£1,424,952		n/a	n/a

Signature LSA EA Date 7 Dec 2012

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No of shares held	Nominal Value	Details of Shares held
Chapman Entertainment (Pavilion) Limited	New Bridge Street House, 30-34 New Bridge Street, London EC4V 6BJ	15,000A Shares 10,000 B Shares	£0.01 per share	
TOTALS		25,000	£250.00	

Signature LSA ER Date 7 Dec 2012

CHAPMAN ENTERTAINMENT LTD

TRADE DEBTORS

TRADE DEBTORS 128,316

Provision for Bad Debt

Kidz	15,690
Makeup Factory	2,938
RA Meredith	2,550
Weltron	15,587
Takes Media	1,264
	<u>38,029</u>

Net Balance	<u><u>90,287</u></u>
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Company name	Reference/acco Address1	Address2	Address3	Address4	Address5
Zentertain	33 Foley Street			London	W1W 7TL
Alphabet Kidz Ltd	Nice Business Park	Unit 19, 19 - 35 Sylvan Grove		London	SW15 1PD
Animation UK Campaign	Chesterfield House	2nd Floor	385 Euston Road	London	NW1 3AU
Annix Ltd	1 Womers Bungalow	1 Pinewood Studios	1 Pinewood Road	Iver Heath, Bucks	SLO 0NH
Arch (formerly UKC Group)	Office 3 04	Baltimore House	Baltic Business Quarter	Gateshead	NE8 3DF
Astar Productions	25F 2, No 37, Sec 2, San Min Rd	Pan Chiao Dist , 22069, New Taipei City		Taiwan, R O C	
B C Burgess	Brook Willow Farm	Woodlands Road	Leatherhead	Surrey	KT22 0AN
BDO LLP	55 Baker Street			London	W1U 7EU
Beam Low Ltd	15 Old Bailey	Basing View		London	EC4M 7EF
BNP Paribas Lease Group (Rentals)	Northern Cross	1 Thane Road	Basingstoke	Hampshire	RG21 4HL
Boots UK Ltd	D90 East 510			West Nottingham	NG90 1BS
British Telecommunications plc (BT)	81 Newgate Street	Twelve Trees Crescent		London	EC1A 7AJ
Brywaters (Leyton) Ltd	76 Charlotte Street			London	E3 3JG
Cake Distribution Ltd	Administration Office	CIT Group Finance (Ireland)		London	W1T 4QS
CIT Vendor Finance (UK) Ltd	Daisy House	Lindford Road Business Park	CIT House, Blackrock Busine	Carysfort Avenue, Bland Co	Dublin, Republic of Ireland
Daisy Communications Ltd	Freedom House	5 Abbeyfields	Nelson	Lancashire	B89 5SR
Design Communications (UK) Ltd	Chruchill Court	Hortons Way	Bury St Edmunds	Kent	IP33 1AQ
Direct-tec UK Ltd	267 Putney Bridge Road	Putney	Westerham	London	TN16 1BT
Double O Car Hire	Business Customer Service	E ON Energy Solutions Ltd	PO box 2010		SW15 2PT
E ON	23 St Fimbarrus Road	Fowey		Cornwall	PL23 1JJ
Ecaton Consulting	unit J altrincham business park	tribune avenue		cheshire	wa14 5rx
Factory Transmedia Limited	3 The Peak	Sydenham		London	SW26 4LJ
Fergus Burnett Photography	Immeuble 'Le Barjac' 1	Bld Victor		France	75015
France Television Interactive	81 Cromwell Road			London	SW7 5BW
Fraser Property Developments Ltd	Ecceler Sokak No 6/1 Florya 34153			Istanbul	Turkey
Gamma	Harrover House	14 Harrover Square		London	W15 1HP
Harbottle & Lewis LLP	Maple House	149 Tottenham Court Road		London	W1T 7NF
HIT Entertainment Ltd l/a HOT Animation	ref 90SPH00118, CT Operations	Caledonian House	Greenmarket, Dundee	DD1 4QX	NE98 1ZZ
HM Revenue & Customs - CT	ref 90SPH00118, Customer Operations Employer Office	8P4009	Chillingham House, Benton		SS99 1BF
HM Revenue & Customs - PAYE	VAT no 776 0534 Alexander House	21 Victoria Avenue		Southend-on-Sea	W1W 5BB
HM Revenue & Customs - VAT	131-151 Great Titchfield Street			London	EC4M 7ET
ikontakt	Fleet Place House	2 Fleet Place		London	SE1 2AP
Keltie LLP	2 more London Riverside			London	EC4V 6BJ
Loytons Solicitors	New Bridge Street House	30-34 New Bridge Street		Manchester	M11 2NE
Machityre Hudson Ltd	PO Box 1556	Eagle Farm, 4009	1-4 Argyll Street	London	W1F 7TA
Magna Home Entertainment	The Dresser Centre	Whitworth Street		mersham	HP7 0HL
Mandata Contracts Ltd	7th Floor	Palladium House		Surrey	RH4 1SJ
Media Insurance Brokers Ltd	5 The Old Millhouse	The Broadway		London	E1 7HW
MI Comms PR Ltd	Pippbrook	Dorking		Surrey	KT19 0EF
Mole Valley Council	7 Sandys Row	Ewell		London	SW1X 7HJ
Motion IT	8 Fairfield Way	Camden	Iver Heath	London	NW1 8TT
MY Media Consultants Ltd	4-5 Grosvenor Place	Pinewood Road		Bucks	SLO 0NH
NewShore Partners LLP	17-29 Hawley Crescent			Caerphilly	CF83 1XH
Nickelodeon UK Ltd	Pinewood Studios			Essex	CM20 2GZ
OutPost Facilities	Western Industrial Estate			Leatherhead, Surrey	KT22 7BA
PHS Group plc	PO box 6570	Harlow	Station Road	London	W1D 1BS
Pitney Bowes/Purchase Power	Unit 16	Mole Business Park	76 Oxford Street	Hertfordshire	EN11 0BZ
Premier Stage Productions Ltd	Floors 1-6	Oxford House			
Publicis Blueprint Ltd	Unit One, new England Industrial Estate	Pindar Road			
PWPFS Print & Design					

Company name	Reference/acco Address1	Address2	Address3	Address4	Address5
Rainbow Productions	Unit 3 Greenlee Park	Prince Georges Road		London	SW19 2JD
Robertson Taylor	33 Harbour Exchange Square			London	E14 9GG
Royal Mail Group Ltd	100 Victoria Embankment			London	EC4Y 0HQ
Runley Brothers Window Cleaning	27 Rothschild Road	Chiswick		London	W4 5HT
Ruth Crowe Cert. MRCSLT	Speech and Language Therapist	24 Clothorn Road	Didsbury	Manchester	M20 6BP
Sprout	Childens Network LLC	75 Remittance Drive	Suite 3032	Chicago	IL 60675 3032
Suffolk Life Annuities Limited	153 Princes Street	Ipswich		Suffolk	IP1 1QJ
Take 1 Scenic Services	Unit B, Altrincham Business Park	Tudor road	Broadheath	Altrincham	WA14 5RZ
Talentarc Ltd	The Media Village	131 151 Great Titchfield St		London	W1W 5BB
Thomas Water Utilities Ltd	PO Box 286			Swindon	SN38 2RA
The Entertainer (Amersham) Ltd	Boughton Business Park	Bell Lane	Little Chalfont	Buckinghamshire	HP8 6GL
Tony UK	St Nicholas House	St Nicholas Road	Sutton	Surrey	SM1 1EH
Traffix Ltd	2 Craven Court Craven Road	Broadheath		Altrincham	WA14 5DY
United Agents Ltd	12-26 Lexington Street			London	W1F 0LE
Valerie Hoskins Associates Ltd	20 Charlotte Street			London	W1T 2NA
VanBroc Ltd (formerly PCS)	Jubilee House	Merion Avenue	Stammore	Middlesex	H4J 4RY
Vivid Imaginations Ltd	Ashbourne House	The Guildway	Old Portsmouth Road	Guildford, Surrey	GU3 1LS
Wandsworth Borough Council	Business Rates Dept	Liberata UK Ltd	4th Floor, 123 Wood Street	London	EC2V 7AN
Woodside Corporate Services Ltd	7th Floor	52 54 Gracechurch Street		London	EC3V 0EH
ZDF Enterprises GmbH	Erich-Dombrowski-Str 1	D-55127		Mainz	Germany
Zillion Media	Post box 279	7500 AG Enschede			The Netherlands

Chapman Entertainment Limited

Summaries of the Joint Administrators' Trading Account and Receipts and Payments

**Chapman Entertainment Limited
In Administration**

**Summary of Joint Administrators' Trading Account from 6 November 2012
(date of appointment) to 20 December 2012**

	Total Realisations £
RECEIPTS	
Trading Receipts	19,196 69
	<u>19,196.69</u>
PAYMENTS	
Wages	6,040.19
Telephone	10.38
Waste Removal/Recycling	93 40
Ransom Payments	520 21
Practicing Certificate	436.00
Cleaning Services	299 65
Consultancy Fees	960.00
Patent Registration	2,320.00
Storage Costs	1,776 88
Bank Charges & Interest	60.00
Input VAT	511 69
	<u>13,028 40</u>
Trading Surplus	6,168.29
	<u>19,196.69</u>

**BDO LLP
55 Baker Street
London
W1U 7EU**

**A D Nygate & S M Rayment
Joint Administrators**

28 December 2012

**Chapman Entertainment Limited
In Administration**

Summary of Joint Administrators' Receipts and Payments from 6 November 2012 (date of appointment) to 20 December 2012

	Estimated to realise Per Directors' Statement of Affairs	Total Realisations
RECEIPTS	£	£
Investments in Programmes	4,000,000	-
Book Debts	90,287	50,511 35
Petty Cash	3,961	2,323 11
Fixtures & Fittings	3,000	-
Computer Equipment	2,500	-
Sundry Refunds	-	3.94
Trading Surplus	-	6,168.29
	<u>4,099,748</u>	<u>59,006.69</u>
PAYMENTS		
Agents' Fees & Disbursements		10,000.00
Bank Charges & Interest		20 00
Input VAT		2,000.00
		<u>12,020 00</u>
Balances in Hand		46,986.69
		<u>59,006.69</u>

**BDO LLP
55 Baker Street
London
W1U 7EU**

**A D Nygate & S M Rayment
Joint Administrators**

28 December 2012

Chapman Entertainment Limited

Summary of Joint Administrators' time costs

Summary of Time Charged and Rates Applicable for the Period From 6 November 2012 (Date of Administration) to 14 December 2012

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Chapman Entertainment Limited

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.



Chapman Entertainment Limited - In Administration

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 assignments

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

GRADE	£
Partner 1	658
Partner 2	530
Director	455
Senior Manager	387-421
Manager	290-328
Assistant Manager	262
Senior Executive	245
Executive	162-221
Junior Executive	142
Trainee	90
Support staff/Secretary	90

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

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 six 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



Other Costs

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

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, couriers, travel (by public transport), searches at Companies 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.

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 a 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.

BDO LLP
28 December 2012

Chapman Entertainment Limited

Joint Administrators' Formal Proposals

Chapman Entertainment Limited - In Administration

RESOLUTIONS TO BE DEEMED APPROVED IN THE ABSENCE OF A CREDITORS MEETING ON 14 JANUARY 2013

Formal Proposals - the Joint Administrators propose that:

- (a) they continue to manage the company's business and realise assets in accordance with objective 2 of the statutory purpose of the Administration, and
- (b) they make payments to the secured and, if any, preferential creditors, and
- (c) they exit the administration by way of a Creditors' Voluntary Liquidation and that Antony David Nygate & Sarah Megan Rayment will be Joint Liquidators and will act jointly and severally. Alternatively, if there are insufficient funds available for a dividend to be paid to the unsecured creditors, they exit the Administration by way of dissolving the company under Paragraph 84 of Schedule B1 of the Insolvency Act 1986, and

NB Under Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) creditors may nominate different liquidators, but in the absence of such nomination the above named would become the liquidators

- (d) The remuneration of the Joint Administrators is to be approved by the secured and/or preferential creditors in accordance with Rule 2.106 (5A)(a)/(b) of the Insolvency Rules 1986, on the basis of time properly spent in attending to matters arising in the Administration

A further resolution is put to the creditors:

- (e) 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

Chapman Entertainment Limited

Form 2.21B, Creditor's Request for a Meeting

Rule 2.37

Creditor's request for a meeting

Name of Company

Chapman Entertainment Limited

Company number

04162019

In the
High Court of Justice, Chancery Division
(full name of court)Court case number
8213 of 2012(a) Insert full name and
address of the creditor
making the request

I (a)

(b) Insert full name and
address of registered
office of the companyrequest a meeting of the creditors of (b)
Chapman Entertainment Limitedc/o BDO LLP
55 Baker Street
London
W1U 7EU

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and
address(es) of creditors
concurring with the
request (if any) and their
claims in the
administration if the
requesting creditor's
claim
is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of
concurrence(e) Insert details of the
purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated

PROOF OF DEBT

In The High Court of Justice
Chancery Division
Companies Court

No 8213 of 2012

Chapman Entertainment Limited
- In Administration -

Date of Administration 6 November 2012

- 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.