

The Insolvency Act 1986

Administrator's progress report

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(s) and address(es) of administrator(s)

We (a) Antony David Nygate and Sarah Megan Rayment of BDO LLP, 55 Baker Street, London, W1U 7EU

administrator(s) of the above company attach a progress report for the period

(b) Insert date

From

(b)

16 April 2014

to

(b)

15 October 2014

Signed

Joint administrator(s)

Dated

12-11-14

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.

c/o Robert Ferne, BDO LLP, 55 Baker Street, London, W1U 7EU

Our Ref

Tel 020 7893 3562

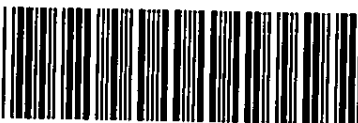
DX Number

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

SATURDAY



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COMPANIES HOUSE

12 November 2014

Your Ref -CREF-
Our Ref 7/MT/Chapman/A6Please ask for
David Wallis
020 7893 3481**TO ALL KNOWN CREDITORS**

Dear Sirs

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

It is now over 24 months since our appointment in respect of the Company. In accordance with Rule 2.47 of the Insolvency Rules 1986, we are now reporting on the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration for the period to 15 November 2014.

1 Statutory Information

- 1.1 The Joint Administrators are Antony David Nygate and Sarah Megan Rayment of BDO LLP, 55 Baker Street, London W1U 7EU and they were appointed in respect of the Company on 6 November 2012. 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.
- 1.2 The Joint Administrators were appointed by the directors of the Company pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice, Chancery Division and the Court case number is 8213 of 2012.
- 1.3 The registered office of the Company is situated at 55 Baker Street, London W1U 7EU and the registered number is 04162019.

2 Receipts

- 2.1 We enclose, for your information, a summary of our trading and general receipts and payments to 15 October 2014 showing a balance in hand of £176,969, together with a copy of our abstract account covering the last six month period from 16 April 2014 to 15 October 2014. We consider that the receipts and payments shown are largely self-explanatory, although should you have any specific queries please contact David Wallis.



3 Sale of business

- 3.1 As previously reported, the Company continued to trade in Administration with a view to finding a suitable purchaser for the Company's Intellectual Property Rights ("IPR").
- 3.2 Following an extensive marketing process, the IPR was sold to Classic Media Distribution Limited ("Classic") on 3 July 2013 for an initial consideration of £950,000 and deferred consideration of an amount equal to 35% of the net revenue received by Classic up to a discharge date of 31 December 2016, up to a maximum of £2.55m. Deferred consideration received to date totals £99,126.
- 3.3 The Joint Administrators made an application to Court to extend the Administration for a period of 42 months in order to collect the deferred consideration due under the sale agreement with Classic. This application was granted by the Court on 31 October 2013, and the Administration has now been extended to 5 May 2017.

4 Trading the business

- 4.1 To date, the Joint Administrators have achieved a trading surplus of £358,906. In the 6 month period to 15 October 2014, as shown in the attached receipts and payments accounts, further receipts totalling £1,942 were received in respect of debts due from licensees which had accrued in the period prior to the effective date of the sale of the Company's IPR.
- 4.2 Sale consideration of £98,044, subject to the secured creditors' fixed charge security, as shown in the attached receipts and payments account, reflects deferred consideration received from Classic in respect of revenue earned in the quarter to 30 June 2014. Classic is currently due to report on deferred consideration payable in respect of the subsequent quarter to 30 September 2014 and we anticipate receiving this revenue statement and corresponding deferred consideration shortly.
- 4.3 There remains only a limited sum of outstanding debts that accrued during the course of the Administration under various agreements with licensees which have not yet been realised. Where appropriate, the Joint Administrators are in negotiations with the respective licensees, along with Classic, with a view to realising further funds. Should our recovery attempts be unsuccessful, legal proceedings will be considered in order to maximise realisations.

5. Costs in the Administration

- 5.1 We attach a summary of the professional fees and other expenses which have been paid in the last period of the Administration and the costs which have accrued and not yet been paid.

6. Future of the Administration

- 6.1 As we have previously reported, following an application by the Joint Administrators, the Court made an order extending the Administration to no later than 5 May 2017.
- 6.2 It is currently anticipated that there may be sufficient realisations in the Administration to enable a distribution to be paid to unsecured creditors under the Prescribed Part referred to in section 7.4.

- 6.3 The Joint Administrators have also obtained consent from the Court to make a distribution to unsecured creditors from the Prescribed Part during the course of the Administration, if funds allow, pursuant to paragraph 65 of Schedule B1 of the Insolvency Act 1986

7. Prospects for Creditors

7.1 Secured creditor

- 7.1.1 The principal secured creditor is Coutts & Co ("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. Coutts will face a significant shortfall under its security.

- 7.1.2 In addition, further funds had been invested in the Company by 3 other parties by way of secured loans totalling approximately £1.63m. Security over certain assets had been granted to these lenders by the Company and partial releases were obtained to complete the sale of the IPR assets. As Coutts holds a charge which ranks in priority to these creditors, the other secured creditors will not receive any distribution under their security.

- 7.1.3 As a result of the above, 2 out of the 3 parties have released their security in order to rank as unsecured creditors and participate in any distribution made under the Prescribed Part.

- 7.1.3 To date, distributions totalling £868,330 have been made to Coutts under its fixed charge.

7.2 Preferential creditors

- 7.2.1 Preferential creditors are employee claims in respect of unpaid wages (capped at £800) and holiday pay.

- 7.2.2 As previously advised, all employees had been paid their wages in full up to the date of the Administration and no accrued holiday pay was owed. As such, the Redundancy Payments Service has confirmed that there are no preferential claims in the Administration.

7.3 Unsecured creditors

- 7.3.1 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 £1,002,365, including claims totalling £511,000 in respect of creditors who have released their security as referred to at 7.1.3 above. Based on current information, there is likely to be sufficient realisations in the Administration to enable a distribution to be made to unsecured creditors under the provisions of the Prescribed Part (see below)

7.4 Prescribed Part

- 7.4.1 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 a company has granted a floating charge to a creditor after 15 September 2003. The Company has granted a floating charge after 15 September 2003.

- 7.4.2 Based on present information, there may be sufficient realisations in the Administration to enable a distribution to be made to unsecured creditors under the provisions of the Prescribed Part. At this stage the quantum of the distribution is uncertain as this is subject to recovery of royalties, advances due under license agreements and the remaining book debts, as referred to at 4.2 above.

8. Joint Administrators' Remuneration

- 8.1 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 or alternatively by reference to the time the Joint Administrators and their staff have spent in attending to matters in this Administration or a fixed amount
- 8.2 As no meeting of creditors was convened because there will be insufficient property to enable a distribution to be made to unsecured creditors, other than potentially by reason of the Prescribed Part, which is mentioned above (Paragraph 52(1) of Schedule B1 of the Insolvency Act 1986), the Joint Administrators' 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.
- 8.3 To date, total costs of £421,397 have accrued of which, with the consent of the remaining secured creditors, £250,000 has been drawn to date. We attach schedules which summarise the time costs accrued to 7 November 2014, for the periods since the date of appointment and since our last report, and which indicate the work undertaken in these respects

9. Joint Administrators' Disbursements

- 9.1 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. Since our last report no further category 1 disbursements have been accrued and drawn.
- 9.2 Some Administrators recharge expenses, for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors, before they can be drawn, and these are known as category 2 disbursements. At the time of obtaining the creditors' agreement to the basis of the Joint Administrators' remuneration, the policy of BDO LLP was not to charge any category 2 disbursements.

10 Other Matters

- 10.1 The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency practitioners. In the event that you make a complaint to me but are not satisfied with the response from me then you should visit

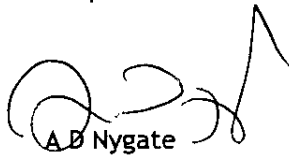
<http://www.bis.gov.uk/insolvency/contact-us/IP-Complaints-Gateway> where you will find further information on how you may pursue the complaint.

- 10.2 We 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.

If you require any further information regarding this matter, please do not hesitate to contact David Wallis on the above number.

Please note the Joint Administrators act only as agents of the Company and without personal liability.

Yours faithfully
For and on behalf of
Chapman Entertainment Limited



A. D. Nygate
Joint Administrator

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

Summary of Joint Administrators' Receipts and Payments from 6 November 2012 (date of appointment) to 15 October 2014

	Estimated to realise per Directors' Statement of Affairs	Movement since 15 April 2014 (date of last report)	Total Realisations
	£	£	£
RECEIPTS			
Investment in programmes	4,000,000	-	-
Book Debts	90,287	-	87,861 93
Petty Cash	3,961	-	2,360 71
Furniture & Equipment	5,500	-	11,539 00
Cash at Bank	-	-	948 00
Sale Consideration - Fixed Charge	-	98,043 83	963,601 56
Sale Consideration - Floating Charge	-	-	85,524 81
Insurance Refund	-	-	1,190 24
Interest Gross	-	82 13	451 37
Output VAT	-	19,997 13	54,185 79
License Arrangement Fees	-	-	4,410 42
Trading Surplus to 15 April 2014	-	1,941 77	358,906 21
	<u>4,099,748 00</u>	<u>120,064 86</u>	<u>1,570,980 04</u>
PAYMENTS			
Data Room Costs		-	17,759 25
Insurance		-	1,281 16
Legal Fees & Disbursements		24,856 90	133,460 95
Chattel Agents' Fees & Disbursements		-	7,937 00
Debt Recovery Agents' Fees & Disbursements		-	9,834 60
Agents' Fees & Disbursements		-	10,000 00
Joint Administrators' Fees		-	250,000 00
Joint Administrators, Disbursements		-	1,779.88
Storage Costs		148 10	2,332 98
Bank Charges & Interest		20 00	40 00
Re-direction of Mail		-	60 00
Press Relations		-	229 44
Input VAT		4,986.81	90,965.74
		<u>25,025.00</u>	<u>525,681.00</u>
DISTRIBUTIONS			
Fixed Charge Security - Coutts & Co		150,000 00	868,329.95
BALANCE IN HAND			176,969 09
			<u>1,570,980 04</u>

BDO LLP
55 Baker Street
London
W1U 7EU

A D Nygate & S M Rayment
Joint Administrators

12 November 2014

Chapman Entertainment Limited - In Administration

Summary of Joint Administrators' Trading Receipts and Payments from 6 November 2012
(date of appointment) to 15 October 2014

	Movement since 15 April 2014 (date of last report)	Total Realisations
RECEIPTS	£	£
Royalties and Licence Agreement Fees	1,941.77	533,591.48
	<u>1,941.77</u>	<u>533,591.48</u>
 PAYMENTS		
Property Costs	-	52,444.68
License Delivery Costs	-	12,854.45
Wages and Other Payroll Costs	-	21,282.74
Trademark Applications	-	5,488.64
Ransom Payments	-	520.21
Bank Charges & Interest	-	480.76
Consultancy Fees	-	2,230.00
Agents' Commission	-	61,949.95
Storage Costs	-	17,433.82
Sundry Expenses	-	0.02
	<u>-</u>	<u>174,685.27</u>
 Trading Surplus to 15 April 2014		358,906.21
		<u>533,591.48</u>
 BDO LLP 55 Baker Street London W1U 7EU	A D Nygate & S M Rayment Joint Administrators 12 November 2014	

Chapman Entertainment Limited
In Administration

Statement of fees and expenses paid and accrued in the period 6 November 2012 (date of appointment) to 15 October 2014

	Paid In Period £	Accrued In Period £	Total In Period £
Storage Costs	148 10	-	148.10
Bank Charges & Interest	20 00	-	20.00
Joint Administrators' Fees	-	13,258 95	13,258.95
Legal Fees & Disbursements	24,856.90	-	24,856.90
	<u>25,025.00</u>	<u>13,258.95</u>	<u>38,283 95</u>

BDO LLP
55 Baker Street
London
W1U 7EU

A D Nygate & S M Rayment
Joint Administrators

12 November 2014

Chapman Entertainment Limited - In Administration

Summary of Time Charged and Rates Applicable for the Period From 6 November 2012 (date of appointment) to 7 November 2014

Description	PARTNER		MANAGER/DIRECTOR		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AVERAGE RATE
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	£
A Pre Appointment Matters					0 80	209 60	1 50	367 50					2 30	577 10	250 91
B Steps on Appointment	6 00	3,948 00			4 50	1,179 00							10 50	5,127 00	488 29
C Planning and Strategy			1 00	455 00	0 65	295 75	2 00	490 00					3 65	1,240 75	339 93
D General Administration	31 50	20,727 00	31 10	12,012 40	57 00	14,980 20	128 00	31,360 00	98 35	17,988 20	7 90	711 00	353 85	97,778 80	276 33
E Asset Realisation/Dealing	83 50	53,776 00	198 30	71,704 50	167 95	44,147 65	49 25	12,066 25					499 00	181,694 40	364 12
F Trading Related Matters			24 50	10,841 50	121 10	31,728 20	240 50	58,922 50					386 10	101,492 20	262 87
G Employee Matters			10 00	3,128 00			10 90	2,670 50	14 25	1,359 75			35 15	7,158 25	203 65
H Creditor Claims/Queries			2 00	774 00	4 90	1,306 20	4 25	1,041 25	4 25	386 75			15 40	3,508 20	227 81
I Reporting			18 75	8,531 25	28 40	7,468 80	21 30	5,218 50	12 25	1,135 75			80 70	22,354 30	277 00
J Distribution and Closure							1 90	465 50					1 90	465 50	245 00
	121 00	78,451 00	285 65	107,446 65	385 30	101,315 40	459 60	112,602 00	129 10	20,870 45	7 90	711 00	1,388 55	421,396 50	

Net Total 421,396 50

Other Disbursements 1,779 88

Billed 251,779 88

Grand Total 171,396 50

Chapman Entertainment Limited - In Administration

Summary of Time Charged and Rates Applicable for the Period From 15 April 2014 (date of last report) to 7 November 2014

Description	PARTNER		MANAGER/ DIRECTOR		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AVERAGE RATE
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	£
C Planning and Strategy			1 00	455 00									1 00	455 00	455 00
D General Administration	2 50	1,645 00	5 45	2,483 00	9 90	2,640 00	4 60	1,127 30	3 60	824 40	2 30	207 00	28 35	8,926 70	314 87
E Asset Realisation/Dealing	2 00	1,316 00	1 00	455 00									3 00	1,771 00	590 33
H Creditor Claims/Queries					0 80	232 00							0 80	232 00	290 00
I Reporting	4 50	2,961 00	1 75	796 25			4 40	1,078 00	3 60	824 40	2 30	207 00	6 15	1,874 25	304 76
			9 20	4,189 25	10 70	2,872 00	9 00	2,205 30					39 30	13,258 95	

Net Total 13,258 95

Other Disbursements -

Billed -

Grand Total 13,258 95