

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company
Acrobat Music Group Limited

Company number
5858582

In the High Court of Justice
(full name of court)

Court case number
11678/2008

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

I/We (a)
S J Parker
Tenon Recovery
Sherlock House
73 Baker Street
London
W1U 6RD

C D Wilson
Tenon Recovery
Sherlock House
73 Baker Street
London
W1U 6RD

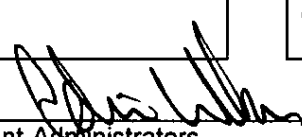
administrator(s) of the above company attach a progress report for the period

(b) Insert date

From
(b) 29 May 2009

To
(b) 18 December 2009

Signed


Joint Administrators

Dated

18th December 2009

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

Tenon Recovery
Sherlock House
73 Baker Street
London
W1U 6RD

DX Number

+44 (0) 207 935 5566
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

WEDNESDAY



A58 23/12/2009 249
COMPANIES HOUSE

Private and Confidential

To All Known Creditors

Our ref: MAN/CDW/5000680/ADM.602k
Date: 18 December 2009
e.newell@tenongroup.com
207 935 5566



A58

23/12/2009
COMPANIES HOUSE

248

Dear Sirs

Acrobat Music Group Limited – In Administration (“the Company”)

In accordance with Rule 2.47, I would like to provide creditors with my final report following my appointment as Joint Administrator on 24 December 2008.

1. Statutory Information

Statutory information relating to the Company and the appointment is attached to this report as **Appendix 1**.

2. Administrators' Proposals

Creditors approved the Administrators' proposals in accordance with Rule 2.33(5) of the Insolvency Rules 1986.

In accordance with Rule 2.110(2)(a), attached to this report as **Appendix 2** is a copy of these proposals. I can confirm that during the course of the Administration there were no material amendments to or deviations from these proposals.

3. Administration Strategy

The strategy of the Administration was outlined in detail in my initial report to creditors. I would summarise as follows:

The strategy for the Administration was to achieve a better result for the Company's creditors than would be achieved should the Company be wound up and to make a distribution to the secured creditor.

The business and assets of the Company were sold as a pre-packaged sale to Future Noise Music Limited (“Future Noise”) immediately following my appointment on 24 December 2008.

The strategy has been achieved as a sale of the business would not have completed if the Company had entered liquidation. The sale of the business resulted in higher realisations than would have been achieved upon winding up.


4. Administrators' accounts

Attached as **Appendix 3** is the Administrators' account for the period 24 December 2008 to 18 December 2009. I would comment specifically as follows:

Sherlock House, 73 Baker Street, London, W1U 6RD
Tel: +44 (0) 20 7935 5566 Fax: +44 (0) 20 7935 3512
Email: bakerstreet@tenongroup.com
www.tenongroup.com

Tenon Recovery is a trading name of Tenon Limited. A member of Tenon Group PLC. Registered Office 66 Chiltern Street London W1U 4GB No 4066924 England

Directors and staff acting as Administrative Receivers and Administrators act as agents of the company over which they are appointed and contract without personal liability

Morison  THE FIRM

4.1. Sale of Business

As I stated earlier, the business and assets of the Company were sold to Future Noise for £20,000. The full consideration in this respect has been received.

4.2. Trade Debtors

Accounting and Administrative Services Ltd have been instructed to assist with the collection of debts. The Statement of Affairs submitted by the director indicated the Company's debtors to have a realisable value of £100,000. To date £46,614 has been collected, and a further £9,000 is expected to be collected with the balance of the ledger being irrecoverable due to bad or doubtful debts.

Please note I am investigating whether the surplus from the US Dollar and Sterling accounts should be included as book debt realisations.

5. Outcome to creditors

5.1. Secured Creditors

As outlined in the Receipts and Payments account, a distribution has been made to Acuity Capital Management Limited in the sum of £81,188 in respect of their floating charge over the assets of the Company.

5.2. Preferential creditors

I have been advised by the Redundancy Payments Office that there are no preferential claims, as all claims were rejected because of the Transfer of Undertakings (Protection of Employment) Regulations ("TUPE").

5.3. Unsecured creditors and the Prescribed Part

A debenture was granted in favour of Acuity Capital Management Limited on 14 August 2008. Since this charge follows the commencement of the provisions of Section 176A of the Act, the Joint Administrators are required to set aside a "Prescribed Part" fund specially for unsecured creditors.

No distribution was made to the unsecured creditors during the Administration as the Administrators considered it more appropriate to deal with this through a liquidation process.

The prescribed part will be calculated at 50% up to £10,000 and 20% of the property that exceeds this amount. The Prescribed part set aside in accordance with section 176A of the Insolvency Act 1986 amounts to approximately £30,000. However, the Prescribed Part payment may increase depending upon the final realisation of the debtors.

It is currently estimated that there will be a distribution to unsecured creditors in the region of 8p in the pound, although this depends on final creditor claim adjudication.

6. End of Administration

As outlined in the initial report to creditors, it was the Administrators' intention to exit the Administration via Compulsory Liquidation or dissolution. If, however a prescribed part distribution did apply, the company would then enter Creditors Voluntary Liquidation to allow distribution of the funds. As a prescribed part distribution will apply, the proposed exit route is Creditors' Voluntary Liquidation.

The Administrators' proposals, approved by creditors at the initial meeting held pursuant to paragraph 49 of Schedule B1 of the Act, included the provision to end the Administration through a move into Creditors' Voluntary Liquidation. Furthermore no nominations for the appointment as liquidator were received and as such in accordance with paragraph 83(7) of Schedule B1 of the Act the current Administrators will become the liquidators.

Enclosed with this report is a Form 2.34B; Notice of move from Administration into Creditors' Voluntary Liquidation. The Administration will cease to be effective from the date the above form is filed at Companies House. In accordance with the resolution passed by creditors at the initial meeting, the Administrators' release from liability will take effect within 14 days of the filing of Form 2.35B.

7. Remuneration

The secured creditor has approved the Joint Administrators' remuneration in the sum of £20,327 to date, which has been paid in full.

The Administrators' time costs to date amount to £57,996 plus disbursements of £651. In accordance with Statement of Insolvency Practice 9 I have attached at **Appendix 4** a breakdown of these time costs.

8. Further Information

This is the final report you will receive on this matter but should you have any queries please do not hesitate to contact Michelle Newell on the above number.

Yours faithfully

For and on behalf of

Acrobat Music Group Limited



C D Wilson

Joint Administrator

Licensed to act as an Insolvency Practitioner by the Insolvency Practitioners Association

Statutory Information

Company Information

Company Name	Acrobat Music Group Limited
Company Number	5858582
Registered Office	Sherlock House, 73 Baker Street, London, W1U 6RD,
Trading Address	3rd Floor, Monument House, 215 Marsh Road, Pinner, HA5 5NE

Appointment details

Administrators	C D Wilson and S J Parker of Tenon Recovery
Administrators' address	Tenon Recovery Sherlock House, 73 Baker Street, London, W1U 6RD
Date of appointment	24 December, 2008
Court	High Court of Justice
Court Reference	11678/2008
Appointed by:	Directors
Functions:	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.
EC Regulations:	The Company's registered office is from where the Company carries on its business. Therefore in the absence of proof to the contrary, the Company's centre of main interests is in the United Kingdom and as such these proceedings will be the main proceedings as defined in article 3 of the EC regulation as.
Extensions:	The Administrators have not sought an extension to the period defined by Paragraph 76(1) of Schedule B1 of the Act that provides for the automatic end of the Administration after 12 months from the date of appointment.

Acrobat Music Group Limited – in Administration

Statement of Joint Administrators' proposals Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986

In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 ("the Act") and The Insolvency Rules 1986 ("the Rules"), S J Parker and C D Wilson the Joint Administrators ("Administrators") of Acrobat Music Group Limited ("the Company"), make the following proposals for achieving the purpose of the Administration.

These proposals and the attached report to creditors together set out the information required by and discharge the Administrators' duty pursuant to Paragraph 49 of Schedule B1 of the Act and Rule 2.33 of the Rules.

An initial meeting of creditors has not been summoned pursuant to Paragraph 52(1)(b) since the Administrators consider that the company has insufficient property to enable a distribution to be made to unsecured creditors.

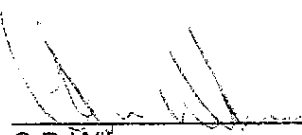
Proposals

The Administrators propose that:

- (a) They continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration such that:
 - (i) they dispose of the Company's ownership of such assets at such time(s) on such terms as they consider expedient;
 - (ii) they investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company which supplies or has supplied goods or services to the Company.
 - (iii) in addition, they do all such things and generally exercise all their powers as Administrators as they in their discretion consider desirable or expedient in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals; and
- (b) The Administration shall continue (subject to the statutory provisions relating to automatic termination) until the realisable assets of the Company have been realised and all liabilities incurred during the Administration have been discharged or until such a time as deemed appropriate by the Administrators. At this stage the Company shall be dissolved or placed into liquidation as outlined below. If necessary, the Administrators propose to seek an extension of their appointment as Administrators from the creditors and/or the Court pursuant to paragraph 76 of Schedule B1 to the Act.
- (c) If the Administrators consider that there will be no distribution to creditors who are neither secured nor preferential, and if they also consider that an exit from the Administration into compulsory liquidation is not appropriate, then the Administrators be authorised to take the necessary procedural steps to bring about the end of the Administration and move the Company into dissolution pursuant to paragraph 84 of Schedule B1 to the Act.
- (d) In the event that the Administrators are of the view that it is appropriate for the Company to move from Administration into Liquidation, whether compulsory or voluntary, the Administrators be authorised to take steps to place the Company into whichever

liquidation process they, at their discretion, deem appropriate. In either circumstance, it is proposed that the Joint Administrators would take the appointment as joint liquidators of the Company and that they will act jointly and severally in their duties. In relation to moving into creditors' voluntary liquidation, and in accordance with paragraph 83(7) and Rule 2.117 (3), creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the proposals and before those proposals are approved.

- (e) Upon the Company either proceeding into Creditors Voluntary Liquidation or dissolution as set out above, the Joint Administrators discharge from liability, pursuant to paragraph 98 of Schedule B1 shall take effect 14 days following either the Company entering into liquidation or filing the notice of moving from Administration to dissolution.
- (f) They be at liberty to incur and pay such costs and expenses, including professional fees, as considered to be incidental to the achievement of the purpose of the Administration or for the purposes set out herein or to the Administrators' statutory duties.
- (g) The Administrators shall be remunerated by reference to time properly spent both for their services as Administrators and also for their staff in attending to the matters arising in the Administration of the Company, charged at the charge out rates prevailing at the time the work is undertaken. The Administrators' remuneration will be agreed by the Creditors' Committee or in the event that no Committee is formed by creditors the Administrators' remuneration will be agreed with the secured creditors and, if appropriate, the preferential creditors.
- (h) They consult with the Creditors' Committee, if formed, at appropriate intervals concerning the conduct of the Administration and the implementation and development of these proposals and where they consider it expedient obtain the sanction of that Committee on behalf of the creditors of the Company (and without further reference to them) to any proposed action on the part of the Administrators.



C D Wilson
Joint Administrator

29 January 2009

ACROBAT MUSIC GROUP LIMITED - IN ADMINISTRATION

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS
FROM 24 DECEMBER 2008 TO 18 DECEMBER 2009

	Note	Estimated to Realise - Director's Statement of Affairs	Receipts/ Payments Between 24.12.08 and 23.06.09	Receipts/ Payments Between 24.06.09 and 18.12.09	Total Receipts/ Payments To Date
FIXED CHARGE RECEIPTS					
Goodwill		£ 1	£ 1	£ Nil	£ 1
		<u>1</u>	<u>1</u>	<u>Nil</u>	<u>1</u>
FIXED CHARGE PAYMENTS					
Office Holders' Fees			1	Nil	1
Balance (Receipts Less Payments)			Nil	Nil	Nil
			<u>1</u>	<u>1</u>	<u>1</u>
FLOATING CHARGE RECEIPTS					
Contracts		£ 1	£ 1	£ Nil	£ 1
Books and Records		1	1	Nil	1
Intellectual Property and Business Claims		1	1	Nil	1
Property Licences		1	1	Nil	1
Office Furniture and Equipment		10,000	5,000	Nil	5,000
Stock		14,995	14,995	Nil	14,995
Book Debts	1	100,000	24,578	22,036	46,614
Surplus funds from USD account		Nil	17,062	32,443	49,505
Surplus funds from Sterling account		Nil	29,777	Nil	29,777
Bank Interest		Nil	69	63	132
		<u>124,999</u>	<u>91,485</u>	<u>54,542</u>	<u>146,027</u>
FLOATING CHARGE PAYMENTS					
Legal Fees			12,546	Nil	12,546
Bank Charges			Nil	20	20
			<u>12,546</u>	<u>20</u>	<u>12,566</u>
PAYMENTS TO TENON RECOVERY					
Administrators Fees	2		12,827	7,500	20,327
FLOATING CHARGE DISTRIBUTIONS					
Distribution to Floating Charge Holder			45,000	36,188	81,188
Balance (Receipts Less Payments)	3		<u>21,112</u>	<u>10,834</u>	<u>31,946</u>
			<u>91,485</u>	<u>54,542</u>	<u>146,027</u>

Notes

- 1 The Joint Administrators' are investigating whether the surplus from the USD account and Sterling account should be stated as book debt realisations.
- 2 The Joint Administrators' fees were approved by the secured creditor.
- 3 The balance of funds is in an interest bearing current account held at the Bank of Ireland.
- 4 The above statement is shown exclusive of VAT.
- 5 This summary should be read in conjunction with the Joint Administrators' report dated 18 December 2009.
- 6 The secured creditor paid £24,943 plus VAT to the Joint Administrators in respect of of pre-appointment fees, including fees for the agents and solicitors.

C D Wilson & S J Parker
Joint Administrators
18 December 2009

Office Holder Remuneration

Case Name	Acrobat Music Group Limited	
Court		
Court reference	11678/2008	
Office Holders	C D Wilson	IP Number: 9478
	S J Parker	IP Number: 8989
Firm	Tenon Recovery	
Address	Sherlock House, 73 Baker Street, London, W1U 6RD	
Type of Appointment	Administration	
Date of Appointment	24 December 2008	

1. Overview of Case

1.1. Appointment

We were appointed Joint Administrators on 24 December 2008 following an application by the Directors.

1.2. Strategy

See main body of report.

1.3. Staffing

Staff at different levels assisted with this case, although the majority of the work was carried out by Senior Administrators.

1.4. Existing fee arrangements

The secured creditor has approved my fees of £20,327 plus VAT to date, which has been paid in full. I have also been paid £10,000 plus VAT in respect of my pre-appointment fees.

1.5. Outcome to creditors

See main report.

2. Explanation of office-holders charging and disbursement recovery policies

2.1. Time recording

Time properly incurred on cases is charged to the assignment at the hourly rate prevailing at the time. The current hourly charge out rates are outlined below:

	£
Director and licensed Insolvency Practitioners	475
Associate Director	350 to 380
Senior Manager	335
Manager	285 to 335
Other Senior Staff	215 to 250
Assistants & Support Staff	120 to 200

2.2. Disbursement recovery

Certain costs may be incurred in relation to a case and in the first instance, paid by Tenon Recovery, and then recharged to the case. These are Category 1 disbursements and the amount recharged is the exact amount incurred. Examples are statutory bond, statutory advertising, land registry searches, insurance, travel and subsistence, archiving and storage costs.

Other costs which may be charged to the case are room hire for meetings held at the offices of Tenon Recovery and the cost of sending out reports to creditors, if material. These are Category 2 disbursements and the costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally.

The current level of costs recharged are detailed below:

Room hire	£60.00
Envelope	4.2p
Paper (photocopies per sheet)	7p
Postage (depending on size and weight)	At cost
Storage of archive box for one month	32p
Travel (per mile)	40p

3. Description of work carried out

Section 4 of this appendix outlines the time costs to date in relation to activities undertaken during this matter. These matters can be summarised as follows:

3.1. Administration and planning

The following activities have been undertaken:

- > Statutory duties associated with the appointment including the filing of relevant notices;
- > Notification of the appointment to creditors, members, employees and other interested parties;
- > Setting up case files;
- > Reviewing available information to determine appropriate strategy; and
- > Setting up and maintaining bank accounts.

Staff of different levels were involved in the above activities depending upon the experience required.

3.2. Investigations

The time spent comprises:

- > Corresponding with the former directors and management;
- > Review of questionnaires and comments provided by interested parties;
- > Review of company documentation;
- > Liaising with the creditors' committee on such matters; and
- > Completion of statutory returns to the Department of Trade and Industry.

Due to the complex nature and importance of the investigations, the staff utilised to conduct such work involved experienced members of staff.

3.3. Realisation of assets

The time spent includes the following matters:

- > Liaising with AAS in respect of debt collection;
- > Liaising with the purchaser in regards to the sale of the Company; and
- > Liaising with purchaser in relation to the sale consideration.

3.4. Creditors

The time spent includes the following matters

- > Recording and maintaining the list of creditors;
- > Dealing with employee related matters;
- > Dealing with reservation of title claims;
- > Recording creditor claims
- > Reporting to creditors;
- > Meetings of creditors;
- > Dealing with creditor queries; and
- > Reviewing and evaluating creditor claims.

Staff of different levels were involved in the above activities depending upon the experience required.

4. Time and chargeout summary

To date a total of 265 hours have been spent at an average charge out rate of £219 bringing the total cost to date to £57,996. I sought approval for my fees from the secured creditor and have drawn to date £20,327.

A summary table is shown below:

Classification of work function	Insolvency Practitioner/ Director/ Associate Director	Manager	Hours Other senior professionals	Assistants and support staff	Total	Time cost £	Average Hourly rate £
Administration and Planning:							
Accounting	Nil	Nil	3.3	2.4	5.7	1,129.00	198.00
Planning	0.5	2.5	10.6	0.3	13.9	3,506.25	252.00
General	6.4	Nil	10.4	2.0	18.8	5,111.50	272.00
Meetings	Nil	Nil	1.3	0.5	1.8	369.00	205.00
Appointment Activity	4.0	Nil	10.9	1.0	15.9	4,017.00	253.00
Mail	Nil	Nil	11.3	Nil	11.3	2,599.00	230.00
Investigations	2.5	Nil	9.3	Nil	11.8	3,014.00	255.00
Realisation of assets:							
Debtors	1.3	Nil	11.6	5.0	17.9	3,823.00	214.00
Leases	Nil	Nil	7.3	Nil	7.3	1,679.00	230.00
Bank	Nil	Nil	5.2	6.4	11.6	2,092.00	180.00
Other Assets	1.8	Nil	9.7	Nil	11.5	2,861.00	249.00
Creditors:							
Secured	Nil	1.5	7.5	2.0	11.0	2,507.50	228.00
Employee Related	Nil	Nil	9.0	0.3	9.3	2,112.00	227.00
Unsecured	0.3	7.5	33.1	50.7	91.6	17,342.25	189.00
Retention of Title	0.4	1.0	20.1	1.3	22.8	5,280.00	232.00
Tax	Nil	Nil	2.1	0.5	2.6	553.00	213.00
Total hours	17.2	12.5	162.7	72.4	264.8	57,995.50	219.00
Total fees claimed £						20,327.00	

The above costs exclude VAT.

5. Disbursements

5.1. Category 1

Category 1 disbursements incurred are outlined below:

	Incurred £	Paid £
Travel	16.70	Nil
Specific penalty bond	528.00	Nil
Courier	56.77	Nil
Postal Redirection	49.80	Nil
Total	651.27	Nil

The above costs exclude VAT.

5.2. Category 2 disbursements

No Category 2 disbursements have been charged to this matter.