

# AM10

## Notice of administrator's progress report



Companies House

TUESDAY



A22

\*A6L57ZNF\*

12/12/2017

#48

COMPANIES HOUSE

### 1 Company details

Company number 0 7 5 7 3 6 3 8

Company name in full The Imaginarium Studios Limited

→ Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Stephen John

Surname Absolom

### 3 Administrator's address

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

### 4 Administrator's name ①

Full forename(s) William James

Surname Wright

① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number 15 Canada Square

Street Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

② Other administrator

Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	d	1	d	5	m	0	m	5	y	2	y	0	y	1	y	7
To date	d	1	d	4	m	1	m	1	y	2	y	0	y	1	y	7

### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X

*SA*

X

Signature date

d	1	d	1	m	1	m	2	y	2	y	0	y	1	y	7
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Joint  
Administrators'  
progress  
report for the  
period 15 May  
2017 to 14  
November  
2017

The Imaginarium Studios  
Limited - in Administration

11 December 2017

# Notice to creditors

This progress report provides an update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 6).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+IH51040450.html>. We hope this is helpful to you.

**Please also note that an important legal notice about this progress report is attached (Appendix 7).**



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# 1 Executive summary

- The Directors of the Company resolved to appoint us, Stephen Absolom and Will Wright, as Joint Administrators of the Company. The notice of appointment was lodged at Birmingham County Court on 15 May 2017 and we were duly appointed.
- This progress report covers the period from the date of our appointment to 14 November 2017.
- We delivered our statement of proposals ('Proposals') to all known creditors on 27 May 2017. A decision was taken by the creditors on 20 June 2017 to approve our Proposals without modification.
- We completed two transactions shortly after appointment. The Company is no longer trading and we are continuing to attempt to realise value for the remaining assets of the Company. (Section 2 - Progress to date).
- The remaining potential recoveries in the administration relate primarily to the Company's Malaysian subsidiary and to the receipt of any back-end net profit share from the films Breathe and The Ritual, and from the video game Planet of the Apes: Last Frontier. (Section 2 - Progress to date).
- We are not aware of any secured claims against the Company (Section 3 - Dividend prospects).
- It is anticipated that there will be a dividend to preferential creditors, however the quantum and timing is unknown (Section 3 - Dividend prospects).
- Based on current estimates, and largely due to the uncertain nature of collecting any back-end net profit shares due to the Company, it is uncertain whether there will be a distribution to unsecured creditors (Section 3 - Dividend prospects).
- Please note: you should read this progress report in conjunction with our proposals which were issued to the Company's creditors and can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+IH51040450.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Steve Absolom  
Joint Administrator

## 2 Progress to date

This progress report covers the period from the date of our appointment. However, please refer to the proposals where the relevant information has previously been disclosed.

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our proposals.

### 2.1 Strategy and progress to date

#### Background

The Company was incorporated on 22 March 2011 by its two founders Jonathan Cavendish and Andy Serkis.

The Company's main business was in performance capture (transforming an actor's performance into a digital character), for film, TV, digital application and video games production.

The Company and its subsidiaries were also developing a film and television production business, as well as working on the production of a video game to accompany a previously released blockbuster film in which Andy Serkis starred.

The Company experienced a decline in EBITDA and cash due to a delay in key projects. A financing agreement fell through for a key film project, and there were significant delays in receiving agreed financing for the aforementioned video game. This put considerable pressure on the Company's ability to fund its working capital requirements which ultimately led to the appointment of administrators.

The Company had 21 employees at the time of appointment on 15 May 2017.

#### Strategy

The main strategy of the administration since the release of our Proposals has been to continue to realise the Company's remaining assets.

Once the Company's remaining assets have been realised, it is likely that the administration will exit either via creditors' voluntary liquidation, compulsory liquidation or dissolution. This will be dependent on whether a dividend will be payable to unsecured creditors, which at this stage is uncertain.

#### Progress to date

We completed two transactions shortly after appointment. One sale was for the shares in four of the five subsidiaries of the Company and associated intellectual property, and the other sale was for the equipment in the Company's performance capture studio and associated digital assets. Further details are set out in our Proposals and in Section 2.2 below.

As part of the sale of the shares in the Company's subsidiaries to Jawjip Limited, the Company stands to benefit from a back-end net profit share in respect of two films, Breathe and The Ritual (the 'Films').

The Films were released in the UK in October 2017. During the reporting period, the financier of The Ritual sold the worldwide film rights to Netflix (excluding the UK). This transaction was not carried out by Jawjip Limited and is not expected to place the Ritual film into a net profit position alone. Any share of net profit received is dependent on the performance of the Films.

The Directors of Jawjip Limited have advised that it is currently uncertain whether the Company will receive any net profit share from the Films. However, we continue to monitor their progress, and further information will be available in our next progress report.

Immediately prior to administration, the Directors of the Company concluded a sale of the Company's rights to the video game, Planet of the Apes: Last Frontier (the 'Apes Game'), to New Dawns Limited. The Directors completed this sale to preserve value in the rights to the game, which the Directors believed would likely have lapsed were they held by the Company in administration.

The sale to New Dawns Limited included provisions which entitled the Company to benefit from a back-end net profit share in the Apes Game. The Apes Game was released on 21 November 2017 which is outside of this reporting period; we continue to monitor its progress and further information will be provided in our next progress report.

The remaining asset of the Company yet to be realised is its 100% shareholding and other debtor balances in IMSAP, which operates in Malaysia. We continue to discuss the realisation of these assets with the Directors of IMSAP.

## **2.2 Asset realisations**

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

### **Studio equipment**

In the period, we received £85,000 from Creative Capture Studios Limited for equipment purchased in the performance capture studio as part of a pre-packaged sale.

### **Shares and Investments**

Jawjip Limited purchased the shares in four of the Company's five subsidiaries and associated intellectual property for £82,000 as part of a pre-packaged sale. This was received in the period.

### **Cash at bank - Malaysia**

£52,487 was held in a bank account for IMSAP at the date of our appointment. This was received in the period.

### **Cash at bank**

The Company held £23,552 in its bank accounts with Coutts at the date of our appointment. This was received in the period.

### **Equipment – digital assets**

In the period, Creative Capture Studios Limited purchased the digital assets relating directly to the performance capture equipment and the books and records for £15,000 as part of a pre-packaged sale.



### Intellectual property

£3,000 was received in the period as part of a pre-packaged sale from Jawjip Limited in relation to equipment directly associated with intellectual property.

### Investigations

We have reviewed the affairs of the Company and continue to consider if there are any actions which can be taken against third parties to increase recoveries for creditors.

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

## **2.3 Costs**

Payments made in this period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made during the period are provided below.

### Administrators' pre-administration costs

We have drawn £48,730 in the period in respect of costs associated with sales negotiations for two pre-packaged sales and for work leading up to our appointment.

### Pre-administration legal costs

£36,121 was paid to Gateley PLC in the period for their assistance in the preparation of sales contracts and the filing of appointment documents.

### Legal fees

In the period, £25,826 was paid to Gateley PLC in relation to concluding the two pre-packaged sales and for their assistance in the ongoing negotiations regarding IMSAP.

## **2.4 Schedule of expenses**

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

Summaries of the most significant expenses which have been incurred in the period but have not yet been paid are provided below.

### Administrators' fees

We have incurred time costs of £162,998 during the period.

### Administrators' disbursements

We have incurred disbursements of £871 in the period.

## **3 Dividend prospects**

### **3.1 Secured creditors**

We are not aware of any secured claims against the Company.

### **3.2 Preferential creditors**

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay, up to 12 months prior to the appointment and (3) certain pension benefits, rank preferentially.

We estimate the amount of preferential claims to be £36,638.

Based on current estimates, we anticipate that preferential creditors should receive a dividend. We have yet to determine the amount of this, but this will be dependent on further recoveries made in the administration.

### **3.3 Unsecured creditors**

Based on current estimates, it is uncertain whether there will be a dividend to unsecured creditors. Dividend prospects for unsecured creditors are dependent on further recoveries made in the administration.

The potential deferred consideration in relation to the back-end profit share from the sale of production rights in the Films and the Apes Game may allow for a dividend to unsecured creditors in the future. Given the timeframes under which this contingent consideration could fall due, any dividend to unsecured creditors would most likely occur during a creditors' voluntary liquidation or compulsory liquidation.

## **4 Joint Administrators' remuneration, disbursements and pre-administration costs**

### **4.1 Joint Administrators' remuneration and disbursements**

During the period, preferential and unsecured creditors have provided approval that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 4 and the charge-out rates included in Appendix 5.
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5.

## Time costs

From the date of our appointment to 14 November 2017, we have incurred time costs of £162,998. These represent 424 hours at an average rate of £384 per hour.

## Remuneration

During the period, we have not drawn any remuneration.

## Disbursements

During the period, we have incurred disbursements of £871. None of these have yet been paid.

## Additional information

We have attached a revised fees estimate at Appendix 4. Our time costs were higher than anticipated for the following reasons:

- More creditor queries than anticipated;
- Higher tax review costs;
- Higher costs of retrieving of Company books and records, a statutory duty;
- More correspondence with the Company directors including issues regarding IMSAP; and
- Investigations taking longer than initially estimated.

At this stage, we do not propose to request approval from creditors to draw additional fees beyond those already approved.

We have attached a revised expenses estimate within our Schedule of Expenses at Appendix 3. Our estimated expenses have increased due to higher than anticipated legal costs, largely incurred while completing the two pre-packaged transactions. In addition, work was carried out relating to IMSAP, the Apes Game and corporate governance that was not included in our original estimate.

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from our appointment to 14 November 2017. We have also attached our charging and disbursements policy.

## 4.2 Pre-administration costs

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, in our proposals:

Pre-administration costs analysis (02/05/2017 to 15/05/2017)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Pre-administration</b>			
Pre-Administration Sale of business - preparation	<b>75.50</b>	32,627.50	432.15
Appointment documents	<b>31.90</b>	13,637.50	427.51
Pre-administration checks	<b>5.80</b>	2,465.00	425.00
<b>Total in period</b>	<b>113.20</b>	<b>48,730.00</b>	<b>430.48</b>

On 20 June 2017, we obtained approval from preferential and unsecured creditors to pay all of these pre-administration costs as an expense of the administration.

## **5 Future strategy**

### **5.1 Future conduct of the administration**

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- To continue to do everything that is reasonable, and use all our powers appropriately, in order to maximise realisations from the assets of the Company;
- To make a distribution to the preferential creditors where funds allow;
- To make a distribution to unsecured creditors if funds become available.

### **5.2 Discharge from liability**

Preferential and unsecured creditors have granted approval that we be discharged from liability in respect of any actions as Joint Administrators, upon filing our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

### **5.3 Future reporting**

We will provide a further progress report within one month of 14 May 2018 or earlier if the administration has been completed prior to that time.

## Appendix 1 Statutory information

### Company information

Company name	The Imaginarium Studios Limited
Date of incorporation	22 March 2011
Company registration number	07573638
Present registered office	KPMG LLP, Arlington Business Park, Theale, Reading, RG7 RSD

### Administration information

Administration appointment	The administration appointment granted in Birmingham County Court, 8129 of 2017
Appointor	Directors
Date of appointment	15 May 2017
Joint Administrators' details	Steve Absolom and Will Wright
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	14 May 2018

## Appendix 2 Joint Administrators' receipts and payments account

The Imaginarium Studios Limited - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 15/05/2017 To 14/11/2017 (£)	From 15/05/2017 To 14/11/2017 (£)
ASSET REALISATIONS			
81,999.00	Shares and investments	82,000.00	82,000.00
24,343.00	Cash at bank	23,551.89	23,551.89
52,487.00	Cash at bank - Malaysia	52,487.00	52,487.00
		158,038.89	158,038.89
OTHER REALISATIONS			
	Petty cash	423.77	423.77
	Contribution to costs	2,280.00	2,280.00
	Office equipment	400.00	400.00
1.00	Intellectual property	3,000.00	3,000.00
99,997.00	Studio equipment	85,000.00	85,000.00
3,000.00	Equipment - digital assets	15,000.00	15,000.00
		106,103.77	106,103.77
COST OF REALISATIONS			
	Pre-administration legal costs	(36,121.30)	(36,121.30)
	Administrators' pre-administration costs	(48,730.00)	(48,730.00)
	Legal fees	(25,826.20)	(25,826.20)
	Statutory advertising	(69.00)	(69.00)
	Bank charges	(20.00)	(20.00)
		(110,766.50)	(110,766.50)
PREFERENTIAL CREDITORS			
(37,524.00)	Employees' holiday pay	NIL	NIL
		NIL	NIL
UNSECURED CREDITORS			
(375,723.00)	Trade & expense	NIL	NIL
(170,780.00)	Employees	NIL	NIL
(2,326,966.00)	Directors	NIL	NIL
(77,000.00)	Non-preferential PAYE/NIC	NIL	NIL
(17,179.00)	Non-preferential VAT	NIL	NIL
		NIL	NIL
DISTRIBUTIONS			
(5.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL

**The Imaginarium Studios Limited - in Administration****Abstract of receipts & payments**

Statement of affairs (£)	From 15/05/2017 To 14/11/2017 (£)	From 15/05/2017 To 14/11/2017 (£)
<b>(2,743,350.00)</b>	<b>153,376.16</b>	<b>153,376.16</b>

## REPRESENTED BY

Floating ch. VAT rec'able	22,139.30
Floating charge current	151,916.86
Floating ch. VAT payable	(20,680.00)
	<b>153,376.16</b>

## Appendix 3      Schedule of expenses (to date and estimated future)

Schedule of expenses (15/05/2017 to 14/11/2017)					
Expenses (£)	Narrative	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Future estimated costs (£)	Total (£)
<b>Cost of realisations</b>					
Administrators' fees		0.00	162,997.85	42,147.15	<b>205,145.00</b>
Administrators' disbursements	<b>Note 2</b>	0.00	870.61	0.00	<b>870.61</b>
Pre-administration legal costs	<b>Note 1</b>	36,121.30	0.00	0.00	<b>36,121.30</b>
Administrators' pre-administration costs	<b>Note 3</b>	48,730.00	0.00	0.00	<b>48,730.00</b>
Legal fees	<b>Note 4</b>	25,826.20	0.00	5,000.00	<b>30,826.20</b>
Statutory advertising	<b>Note 5</b>	69.00	0.00	69.00	<b>138.00</b>
Bank charges	<b>Note 6</b>	20.00	0.00	20.00	<b>40.00</b>
<b>TOTAL</b>		<b>110,766.50</b>	<b>163,868.46</b>	<b>47,236.15</b>	<b>321,871.11</b>

Whilst the above table provides information regarding our current and estimated future costs, paid or otherwise, for the anticipated duration of the administration, it may not reflect the actual costs eventually paid. This is especially on cases where the debts are insufficient to repay all costs in full.

### **Note 1: Pre-appointment legal costs**

Legal costs in respect of assistance in preparing sales contracts and the filing of appointment documents.

### **Note 2: Administrators' disbursements**

This includes KPMG staff subsistence, travelling and postage costs.

### **Note 3: Administrators' pre-administration costs**

Pre-administration work involved in providing the directors with support and advice in terms of the appointment process and costs associated with sales negotiations for two pre-packaged sales.

### **Note 4: Legal fees**

Legal costs in relation to the two pre-packaged sales and assistance in negotiations regarding the sales of shares held in IMSAP.

### **Note 5: Statutory advertising**

Costs associated with advertising the Joint Administrators' notice of appointment.

### **Note 6: Bank charges**

Bank charges for processing CHAP's payments



## **Requests for further information and right to challenge our remuneration and expenses**

### **Creditors' requests for further information**

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

### **Creditors' right to challenge our remuneration and expenses**

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Kelly Rumsam at KPMG LLP, Arlington Business Park, Theale, Reading, RG7 RSD.

## Appendix 4 Joint Administrators' revised fees estimate

### The Imaginarium Studios Limited - in Administration

		Disclosed estimated time costs for the engagement			Additional estimated time costs for the engagement			Total cost
	Notes	Estimated Total hours	Estimated Time cost (£)	Estimated Average hourly rate (£)	Additional Estimated Total hours	Additional Estimated Time cost (£)	Estimated Average hourly rate (£)	Total cost
<b>Administration &amp; planning</b>								
<b>Bankrupt/Director/Member</b>								
<b>Cashiering</b> - processing receipts, payments and bank reconciliations	Note 1	12.00	3,630.00	302.50	0.00	0.00	0.00	3,630.00
<b>General</b> - books & records, fees & work in progress	Note 2	31.00	9,730.00	313.87	15.00	5,600.00	373.33	15,330.00
<b>Statutory and compliance</b> - appointment & related formalities, bonding, checklist & reviews, reports to secured creditors, advertising, strategy	Note 3	143.00	49,345.00	345.07	0.00	0.00	0.00	49,345.00
<b>Tax</b> - VAT & Corporation tax, initial reviews, pre and post appointment tax	Note 4	4.00	1,785.00	446.25	55.00	16,640.00	302.55	18,425.00
<b>Creditors</b>								
<b>Creditors and claims</b> - general correspondence, notification of appointment, statutory reports	Note 5	51.00	15,715.00	308.14	49.00	15,155.00	309.29	30,870.00
<b>Committees</b> - committee meetings and reports to the committee								
<b>Employees</b> - correspondence	Note 6	29.00	11,550.00	398.28	14.50	6,230.00	429.66	17,780.00
<b>Investigation</b>								
<b>Directors</b> - correspondence, statement of affairs, questionnaires	Note 7	24.00	8,225.00	342.71	22.00	9,485.00	431.14	17,710.00
<b>Investigations</b> - director conduct and affairs of the Company	Note 8	24.00	9,695.00	403.96	4.00	1,835.00	458.75	11,530.00
<b>Realisation of assets</b>								
<b>Asset Realisation</b> - including insurance of assets	Note 9	92.00	37,550.00	408.15	7.00	2,975.00	425.00	40,525.00
<b>Trading</b>								
<b>Trading</b> - purchases, sales, cash projections		0.00	0.00	0.00	0.00	0.00	0.00	0.00
		<b>410.00</b>	<b>147,225.00</b>	<b>359.09</b>	<b>166.50</b>	<b>57,920.00</b>	<b>347.87</b>	<b>205,145.00</b>

**Note 1 - Cashiering**

Our work has involved closing the Company's bank accounts and transferring funds to the administration bank account, as well as carrying out monthly bank reconciliations on the administration account. These reconciliations will continue, and the administration account will be closed upon exiting administration.

**Note 2 - General**

Our work has involved collecting the Company's books and records not included in the sales contracts, which took longer than anticipated. We also arranged mapping of the Company's other electronic records. This also includes time spent on seeking approval for our fees and expenses as detailed in the Proposals.

**Note 3 – Statutory & Compliance**

Our work included notifying the Registrar of Companies and other relevant parties of our appointment, arranging bonding and ensuring compliance with all statutory obligations. Further details are included in the Proposals. Further work will involve ensuring our files comply with statutory requirements, as well as complying with all statutory requirements upon exiting administration.

**Note 4 - Tax**

Our internal VAT and Tax specialists have reviewed the Company's tax and VAT affairs. We will submit post-administration tax and VAT returns as required. The tax team have also reviewed the tax position regarding each asset realisation made. Time spent on tax is higher than initially anticipated, partly due to the nature of the pre-packaged transactions, which required additional review.

**Note 5 – Creditors & Claims**

Time has been spent dealing with creditor queries and agreeing creditor claims. Creditor queries have been higher than anticipated. Additional time is estimated for finalising unsecured creditor claims should a dividend be payable, and dealing with further creditor queries.

**Note 6 - Employees**

As reported, 17 employees were transferred to the Purchaser immediately following our appointment. Various employees were made redundant shortly after our appointment. Our work included making announcements to the employees on our appointment, assisting the former employees to complete their claim forms and dealing with any subsequent queries. Further time is estimated for the agreement and payment of preferential dividends to employees.

**Note 7 - Directors**

Our work has involved correspondence with the Directors regarding their statutory duties, requesting the completion of the Statement of Affairs and questionnaire, and finalising corporate governance. There has been more correspondence than initially anticipated with the Directors.

**Note 8 - Investigations**

We have reviewed the Company's affairs, carried out directorship searches, and complied with our statutory duties by submitting director conduct reports and other relevant reports to the Secretary of State. We are also investigating transactions and disposals made in the lead up to and/or immediately prior to our appointment.

**Note 9 – Asset realisation / lease assignments**

Whilst the majority of the Company's assets were sold shortly after appointment, further work has been carried out in attempting to realise the last remaining key asset, the Company's Malaysian based subsidiary *IMSAP*. There will also be ongoing work needed in respect of monitoring the progress of the deferred back-end net profit share arrangements per the productions.

## Appendix 5 Joint Administrators' charging and disbursements policy

### Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please contact Kelly Rumsam on 0118 3731423.

### Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration; using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£) for: Restructuring	
Grade	From 01 Nov 2016 £/hr
Partner	625
Director	560
Senior Manager	510
Manager	425
Senior Administrator	295
Administrator	215
Support	131

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

## Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

**Category 1 disbursements:** These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

**Category 2 disbursements:** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements from the date of our appointment to 14 November 2017.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Courier & delivery costs		13.34		NIL	13.34
External printing		27.52		NIL	27.52
Meals		18.98		NIL	18.98
Mileage		NIL		264.50	264.50
Postage		205.27		NIL	205.27
Rates		77.00		NIL	77.00
Sundry		245.00		NIL	245.00
Travel		19.00		NIL	19.00
Total		606.11		264.50	870.61

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Category 2 disbursements have been approved in the same manner as our remuneration.

## Narrative of work carried out for the period 15 May 2017 to 14 November 2017

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> <li>■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets etc.;</li> <li>■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment;</li> <li>■ issuing regular press releases and posting information on a dedicated web page;</li> <li>■ preparing statutory receipts and payments accounts;</li> <li>■ arranging bonding and complying with statutory requirements;</li> <li>■ ensuring compliance with all statutory obligations within the relevant timescales.</li> </ul>
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> <li>■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same;</li> <li>■ briefing of our staff on the administration strategy and matters in relation to various work-streams;</li> <li>■ regular case management and reviewing of progress, including regular team update meetings and calls;</li> <li>■ liaising with management to review and update strategy and monitor progress;</li> <li>■ reviewing and authorising junior staff correspondence and other work;</li> <li>■ dealing with queries arising during the appointment;</li> <li>■ reviewing matters affecting the outcome of the administration;</li> <li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews;</li> <li>■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters;</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions.</li> </ul>
Cashiering	<ul style="list-style-type: none"> <li>■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts;</li> <li>■ preparing and processing vouchers for the payment of post-appointment invoices;</li> <li>■ creating remittances and sending payments to settle post-appointment invoices;</li> <li>■ reconciling post-appointment bank accounts to internal systems;</li> <li>■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.</li> </ul>
Tax	<ul style="list-style-type: none"> <li>■ gathering initial information from the Company's records in relation to the taxation position of the Company;</li> <li>■ submitting relevant initial notifications to HM Revenue and Customs;</li> <li>■ reviewing the Company's pre-appointment corporation tax and VAT position;</li> <li>■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations;</li> <li>■ working initially on tax returns relating to the periods affected by the administration;</li> <li>■ analysing VAT related transactions;</li> <li>■ reviewing the Company's duty position to ensure compliance with duty requirements;</li> <li>■ dealing with post appointment tax compliance.</li> </ul>
General	<ul style="list-style-type: none"> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9;</li> <li>■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.</li> </ul>
Asset realisations	<ul style="list-style-type: none"> <li>■ collating information from the Company's records regarding the assets;</li> <li>■ liaising with agents regarding the sale of assets;</li> <li>■ reviewing outstanding debtors and management of debt collection strategy;</li> <li>■ reviewing the inter-company debtor position between the Company and other group companies.</li> </ul>
Sale of business	<ul style="list-style-type: none"> <li>■ planning the strategy for the sale of the business and assets, including instruction and liaison with professional advisers;</li> <li>■ seeking legal advice regarding sale of business, including regarding non-disclosure agreements;</li> <li>■ collating relevant information and drafting information memorandum in relation to the sale of the Company's business and assets and advertising the business for sale;</li> <li>■ dealing with queries from interested parties and managing the information flow to potential purchasers, including setting up a data room;</li> <li>■ carrying out sale negotiations with interested parties.</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>■ liaising with internal health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with;</li> <li>■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.</li> </ul>

Open cover insurance	<ul style="list-style-type: none"> <li>■ arranging ongoing insurance cover for the Company's business and assets;</li> <li>■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place;</li> <li>■ assessing the level of insurance premiums.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>■ dealing with queries from employees regarding various matters relating to the administration and their employment;</li> <li>■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments;</li> <li>■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office;</li> <li>■ managing claims from employees.</li> </ul>
Pensions	<ul style="list-style-type: none"> <li>■ collating information and reviewing the Company's pension schemes.</li> </ul>
Creditors and claims	<ul style="list-style-type: none"> <li>■ drafting and circulating our proposals;</li> <li>■ creating and updating the list of unsecured creditors;</li> <li>■ responding to enquiries from creditors regarding the administration and submission of their claims.</li> </ul>
Investigations/ directors	<ul style="list-style-type: none"> <li>■ reviewing Company and directorship searches and advising the directors of the effect of the administration;</li> <li>■ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies;</li> <li>■ reviewing the questionnaires submitted by the Directors of the Company;</li> <li>■ reviewing pre-appointment transactions;</li> <li>■ submitting the online director conduct assessment to the relevant authority.</li> </ul>

## Time costs

### SIP 9 –Time costs analysis (15/05/2017 to 14/11/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Administration &amp; planning</b>			
Cashiering			
Fund management	0.20	59.00	295.00
General (Cashiering)	5.40	1,432.00	265.19
Reconciliations (& IPS accounting reviews)	3.30	890.50	269.85
General			
Books and records	26.30	8,707.50	331.08
Fees and WIP	14.00	4,841.80	345.84
Statutory and compliance			
Appointment and related formalities	42.90	17,135.30	399.42
Bonding & Cover Schedule	1.60	513.00	320.63
Checklist & reviews	30.30	10,240.70	337.98
Statutory advertising	1.00	360.00	360.00
Strategy documents	19.60	8,978.00	458.06
Tax			
Initial reviews - CT and VAT	14.45	4,507.75	311.96
Post appointment corporation tax	20.95	7,098.75	338.84
Post appointment VAT	6.10	2,413.50	395.66
<b>Creditors</b>			
Creditors and claims			
Agreement of preferential claims	0.40	170.00	425.00



**SIP 9 –Time costs analysis (15/05/2017 to 14/11/2017)**

	Hours	Time Cost (£)	Average Hourly Rate (£)
General correspondence	<b>14.90</b>	5,112.10	343.09
Notification of appointment	<b>2.80</b>	1,086.00	387.86
Pre-appointment VAT / PAYE / CT	<b>1.00</b>	425.00	425.00
Statutory reports	<b>51.00</b>	20,461.50	401.21
Employees			
Agreeing employee claims	<b>0.20</b>	85.00	425.00
Correspondence	<b>17.90</b>	7,607.50	425.00
DTI redundancy payments service	<b>9.40</b>	3,995.00	425.00
Pensions reviews	<b>9.00</b>	2,352.00	261.33
<b>Investigation</b>			
Directors			
Correspondence with directors	<b>3.20</b>	1,217.00	380.31
D form drafting and submission	<b>11.00</b>	5,095.50	463.23
Directors' questionnaire / checklist	<b>10.70</b>	3,634.50	339.67
Statement of affairs	<b>14.20</b>	5,437.00	382.89
Investigations			
Correspondence re investigations	<b>1.40</b>	595.00	425.00
Review of pre-appt transactions	<b>15.90</b>	4,605.00	289.62
<b>Realisation of assets</b>			
Asset Realisation			
Cash and investments	<b>42.10</b>	19,728.20	468.60
Debtors	<b>0.50</b>	186.50	373.00
Deferred consideration	<b>5.25</b>	2,231.25	425.00
Health & safety	<b>0.70</b>	271.50	387.86
Insurance	<b>0.90</b>	356.50	396.11
Leasehold property	<b>4.00</b>	1,219.00	304.75
Office equipment, fixtures & fittings	<b>1.30</b>	526.50	405.00
Other assets	<b>0.70</b>	297.50	425.00
Plant and machinery	<b>0.90</b>	382.50	425.00
Sale of business	<b>18.80</b>	8,742.50	465.03
<b>Total in period</b>	<b>424.25</b>	<b>162,997.85</b>	<b>384.20</b>
Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	424.25	162,997.85	
Carry forward time (appointment date to SIP 9 period end date)	424.25	162,997.85	

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

## Appendix 6      Glossary

<b>Company</b>	The Imaginarium Studios Limited - in Administration
<b>Coutts</b>	Coutts & Co
<b>EBITDA</b>	Earnings before interest, taxation, depreciation and amortisation
<b>IMSAP</b>	The Imaginarium Studios Asia Pacific Sdn Bhd
<b>Joint Administrators/we/our/us</b>	Steve Absolom and Will Wright
<b>KPMG</b>	KPMG LLP

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

## Appendix 7      Notice: About this report

This report has been prepared by Steve Absolom and Will Wright, the Joint Administrators of The Imaginarium Studios Limited – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules (England and Wales) 2016 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Stephen John Absolom and William James Wright are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

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**Presenter information**

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

Contact name **Kelly Rumsam**

Company name **KPMG LLP**

Address **15 Canada Square**

**Canary Wharf**

Post town **London**

County/Region

Postcode **E 1 4 5 G L**

Country

DX

Telephone **Tel +44 (0) 118 964 2000**

**Checklist**

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

**All information on this form will appear on the public record.**

**Where to send**

**You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.

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For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

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