



For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1

Company details

Company number 0 3 8 1 8 8 7
Company name in full Arranged Musical Options Ltd

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

2

Administrator's name

Full forename(s) Stephen Paul
Surname Grant

3

Administrator's address

Building name/number 2nd Floor, Regis House
Street 45 King William Street

Post town London
County/Region
Postcode E C 4 R 9 A N
Country

4

Administrator's name ^①

Full forename(s) Jonathan
Surname Amor

① Other administrator
Use this section to tell us about
another administrator.

5

Administrator's address ^②

Building name/number 33 Park Place
Street

Post town
County/Region Leeds
Postcode L S 1 2 R Y
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

2	7	0	5
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2	0	2	2
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To date

2	6	1	1
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2	0	2	2
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7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X 

X

Signature date

2	2	1	2
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2	0	2	2
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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

Katie Newton

Company name

Azets

Address

**2nd Floor, Regis House
45 King William Street**

Post town

London

Company number

Post code

E C 4 R 9 A N

Country

DX

Telephone

0207 4031877**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.

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Arranged Musical Options Ltd – In Administration

Joint Administrators' Progress Report for the Period from 27 May 2022 to 26 November 2022

22 December 2022

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1 Introduction

Stephen Paul Grant and Jonathan Amor, both of Azets Holdings Limited, which trades as Azets, were appointed Joint Administrators of Arranged Musical Options Ltd ("the Company") on 27 May 2022. The appointment was made by the director.

This Administration is being handled by Azets at 2nd Floor, Regis House, 45 King William Street, London, EC4R 9AN. The Joint Administrators' can be contacted by phone on 0207 403 1877 or via email at Katie.Newton@azets.co.uk. The Administration is registered in the High Court of Justice, Business and Property Courts of Manchester, Insolvency and Companies List (ChD) with reference number 000396 of 2022.

The Company operated from leased offices at Bank Chambers, Manchester and traded from Xenon House, 10 School Lane, Didsbury, Manchester, M20 6RD. The business traded under the names Alan Gregory Music & Musical Instruments and Dawsons Music & Sound.

The registered office of the Company has been changed to 2nd Floor, Regis House, 45 King William Street, London, EC4R 9AN and its registered number is 03818887.

The Joint Administrators are required to provide a progress report covering the period of six months commencing from the date the Company entered Administration and every subsequent period of six months. This progress report covers the period from 27 May 2022 to 26 November 2022 ("the Period") and should be read in conjunction with the Joint Administrators' Report and Proposals ("the Proposals").

Information about the way that the Joint Administrators will use, and store personal data on insolvency appointments can be found at <https://www.azets.co.uk/about-us/privacy-cookie-policy/>. If you are unable to download this, please contact us and a hard copy will be provided to you.

2 Receipts and Payments

Attached at Appendix A is a summary of receipts and payments for the Period. A receipts and payments would ordinarily include a comparison to the director's Statement of Affairs figures. Whilst the Joint Administrators have requested the director prepare a Statement of Affairs, this has not been received, and as such, the comparison is not included in the receipts and payments account.

In Section 3 below, you will find an update on the progress made during the Period in realising the Company's assets and dealing with its affairs.

As at 26 November 2022, a total of £867.72 was held in the Administration account. This account is held with Metro Bank Plc and is non-interest bearing. This account has been reconciled to the bank statements.

3 Progress of the Administration

You may recall that the statutory objective being pursued in the Administration is to realise property in order to make a distribution to one or more secured and preferential creditors. In addition to the pursuance of this statutory objective, the Joint Administrators have duties imposed by insolvency and other legislation, some of which may not provide any financial benefit to creditors.

This section of the report provides creditors with an update on the progress made in the Period, both in terms of the achievement of the statutory objective, but also work which is required of the Joint Administrators under other related legislation.

Administration (including statutory compliance & reporting)

As noted above, the Joint Administrators must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work that the Joint Administrators anticipated would need to be done in this area was outlined in the Proposals, circulated to creditors on 1 June 2022.

The work undertaken in this regard during the Period can be summarised as follows:

- Notifying creditors of the Joint Administrators' appointment and other associated formalities including statutory advertising and filing relevant statutory notices at Companies House;
- Arranging insurance cover in respect of the Company's leasehold property located in Didsbury, Manchester;
- Preparing and issuing the Proposals (including the disclosure required under Statement of Insolvency Practice 16 in relation to the pre-packaged sale of the business and assets);
- Filing the Proposals at Companies House;
- Reporting on the outcome of the deemed approval of the Proposals to Companies House and the Court;
- Convening and holding a virtual meeting of creditors in respect of the approval of the Joint Administrators' fees and expenses;
- Issuing notifications to the director of the Company regarding the requirement to provide a Statement of Affairs;
- Dealing with routine correspondence and emails relating to the case;
- Setting up and maintaining physical case files and electronic case details on IPS (case management software);
- Undertaking periodic reviews of the progress of the Administration;
- Obtaining a specific penalty bond – this is insurance required by statute that every insolvency officer has to obtain for the protection of each estate;
- Securing the Company's books and records;
- Case planning, administration and general case progression, including adjustments in appointment strategy;
- Opening, maintaining and managing the appointment's cashbook and bank account;
- Undertaking regular bank reconciliations of the bank account containing estate funds;
- Establishing the status of VAT election on the property located in Didsbury, Manchester; and
- Overseeing and controlling the work undertaken on the case by case staff.

As noted in the initial fees information, this work will not necessarily bring any financial benefit to creditors but is required on every case by statute.

Realisation of Assets

Pre-Packaged Sale

As reported in the Proposals, the sale of the Company's business and assets was completed upon the appointment of the Joint Administrators. An immediate payment of £25,000.00 was payable on completion in respect of the Company's stock and business records. The Joint Administrators can confirm that this amount was received from Musical Instrument Company Limited ("the Purchaser") upon the completion of the sale, and this realisation is shown on the receipts and payments account attached at Appendix A.

In addition to the initial consideration, there is deferred consideration payable in the amount of £50,000.00 in respect of the Company's goodwill and intellectual property which was to be paid no later than six months after the completion of the sale. Please be advised that despite the six-month period having passed, this deferred consideration has not yet been received. The Joint Administrators are liaising with the Purchaser to establish when this amount will be received.

Please also be advised that the transfer of the Company's goodwill and intellectual property will not be transferred to the Purchaser until the deferred consideration payment has been received.

Leasehold

Creditors will be aware from the Proposals that the Company owns the leasehold of the former trading address situated at Xenon House, 10 School Lane, Didsbury, Manchester, M20 6RD ("the Property").

Hilco Appraisal Limited t/a Hilco Valuation Services ("Hilco"), specialist property valuation agents, were instructed to value and provide a strategy for the marketing and sale of the Property. Hilco's initial valuation anticipated that the leasehold would realise £550,000.00.

Details of the sale of the Property were placed on Hilco's website, and they contacted a number of parties from their internal list of potential clients to determine the level of interest in the Property. A for sale sign was also placed outside the Property to encourage further enquiries.

Hilco collated all of the enquiries received about the Property and arranged three open days which resulted in over 30 inspections of the Property. The open marketing process continued for several weeks and during this period, Hilco received over 50 enquiries about the Property.

The interested parties were invited to submit their best bids by close of business on 20 July 2022 and Hilco received fifteen formal bids which ranged from £450,000.00 to £656,000.00.

Best and final bids were called for by 28 July 2022 from the top two bidders and following the expiry of this deadline, Hilco made their recommendations to the Joint Administrators in relation to the bids received.

The highest offer, in the amount of £660,000.00, was accepted and Heads of Terms were sent to the Joint Administrators' instructed solicitors, JMW Solicitors LLP ("JMW"), to prepare the legal documentation for the sale.

Contracts were exchanged on 25 October 2022 and a deposit of £66,000.00 is being held by JMW in a client deposit account, pending completion of the sale.

JMW have been liaising with the freeholder, Manchester City Council in relation to the Licence to Assign and in the Period outside of this report, the Licence was finalised. It is envisaged that the sale will complete before the end of 2022.

Debtors

Upon the Joint Administrators' appointment, it was estimated that the Company had debtors totalling £4,518.74 which related to amounts due in respect of hired equipment. It has been confirmed that these amounts are all subject to an invoice financing agreement with Bz Commercial Finance Designated Activity Company ("Breal") who are collecting these amounts directly.

Cash at Bank

Upon appointment, the Joint Administrators contacted HSBC UK Bank plc ("HSBC"), Santander UK plc and The Royal Bank of Scotland plc to request that the final cash balances in the Company's accounts be transferred to the Administration account.

All of the Company's accounts were overdrawn upon the commencement of the Administration and as a result, no funds will be realised in this regard. All of these accounts have now been closed.

The work that the Joint Administrators and their staff have undertaken to date is anticipated to meet the statutory purpose of the Administration, as detailed in the Proposals, as it will result in a distribution in full to the secured creditor of the Company and a distribution to the preferential creditors.

Creditors (claims and distributions)

The Joint Administrators are not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.

During the Administration, the Joint Administrators have continued to liaise with the secured creditor, Breal, in respect of the realisation of the Company's assets.

Since 1 December 2020, claims from preferential creditors now fall into one of two categories, either ordinary (typically involving employee claims and payments made on behalf of the Company by the Redundancy Payments Service ("RPS") following dismissal, which rank equally among themselves), or secondary (which are claims by HM Revenue & Customs ("HMRC") for VAT or other relevant tax deductions such as PAYE and employee NIC deductions, together with student loans and CIS deductions, which also rank equally among themselves). Ordinary preferential claims rank ahead of secondary preferential claims and all preferential creditors must be paid in full before any distribution can be made to the unsecured creditors of a company.

Work undertaken by the Joint Administrators in dealing with a company's creditors may only bring a financial benefit to certain classes of creditor such as a secured creditor or the preferential creditors, however the Joint Administrators are required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Joint Administrators in dealing with those claims.

Retention of Title

It was brought to the Joint Administrators' attention that some of the Company's stock was subject to retention of title ("ROT") clauses. Once aware of this, the Joint Administrators promptly requested further information from these creditors to verify their entitlement to reclaim their stock.

Once the ROT entitlements were verified, the Joint Administrators contacted the Purchaser and their agent to assist with locating and returning the stock.

Hilco were instructed to assist with attending the former trading premises with the ROT claimants in order to identify their stock and liaise with the ROT creditors in this regard. Outside of the Period, some of this stock was identified and returned to creditors.

In the event that the remaining stock is unable to be identified by the Purchaser, these claims will be treated as unsecured claims in the Administration.

Third Party Instruments

It was also brought to the Joint Administrators' attention that the Company was holding items which belonged to third parties. These items consist of instruments that customers had brought in for repair or resale which were not returned prior to the Company ceasing to trade.

The Joint Administrators are continuing to liaise with the Purchaser to identify and return the items.

In the event that these instruments cannot be located, those parties concerned will become unsecured creditors.

More information on the anticipated outcome for all classes of creditor in this case can be found in Section 4 below.

Investigations

Some of the work the Joint Administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 ("CDDA 1986") and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Joint Administrators can pursue for the benefit of creditors.

The Joint Administrators submitted a report on the conduct of the director of the Company to the Department for Business, Energy & Industrial Strategy under the CDDA 1986. As this is a confidential report, we are unable to disclose the contents.

Shortly after appointment, the Joint Administrators made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting or as a response to our request to complete an investigation questionnaire.

This assessment identified a number of transactions that require further investigation and an update on the outcome of these investigations will be provided upon conclusion of this work.

Immediately upon the Joint Administrators' appointment, the Company's books and records were requested from the director of the Company in order to assist the Joint Administrators with their statutory enquiries into the affairs of the Company. Despite numerous requests, these books and records were not provided by the director in the Period of this report.

Outside of the Period, the hard copy books and records were collected and the Joint Administrators and their staff are reviewing these as part of their investigations.

The electronic records of the Company remain to be delivered up and the Joint Administrators are continuing to liaise with the director in this regard.

Outstanding Matters

The following matters remain to be dealt with in the Administration:

- Continue to liaise with the Purchaser in respect of the receipt of the deferred consideration;
- Completion of the sale of the Property;
- Distribute funds to the secured creditor upon completion of the sale of the Property;
- Finalise the review of the Company's books and records to conclude the Joint Administrators' investigations into the affairs of the Company; and
- Where sufficient funds are available, pay a dividend to the preferential creditors of the Company.

4 **Estimated Outcome for Creditors**

The sections below provide details of the anticipated outcome for each class of creditor and further updates will be provided in the Joint Administrators' subsequent progress reports.

Secured Creditors

Breal hold a fixed and floating charge over the Company's assets in respect of funding via a term loan and an invoice discounting facility in relation to sales from the Company's education division. The initial charge was created on 19 May 2020 and registered at Companies House on 27 May 2020.

A further charge was created on 1 September 2021 and registered at Companies House on 2 September 2021 in respect of financial support provided to enable the Company to acquire the business and certain assets of Dawsons Music & Sound Ltd.

At the date of the Administration, there was an amount of approximately £582,341.04 owed to Breal under their security, to which interest and charges continue to accrue.

It is anticipated that Breal will be paid in full under its fixed charge from the sale of the Property.

Prescribed Part

There are provisions of the insolvency legislation that require an Administrator to set aside a percentage of a company's assets for the benefit of the unsecured creditors in cases where the company gave a floating charge over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part net of property". A company's net property is that left after paying the preferential creditors and the costs of the Administration but before paying the lender who holds a floating charge. An Administrator has to set aside:

- 50% of the first £10,000.00 of the net property; and
- 20% of the remaining net property up to a maximum of £800,000.00.

Based on present information, it is not anticipated that there will be any net property and as such, there will be no prescribed part to distribute to the unsecured creditors.

Preferential Creditors

Ordinary Preferential Creditors

The ordinary preferential creditors of a company are the former employees for arrears of wages, holiday pay, arrears of pension contributions (up to statutory limits) and the Redundancy Payments Service ("RPS") for any payments made to employees from the National Insurance Fund.

The Company employed 19 members of staff. Based on the information provided by the director prior to the commencement of the Administration, the estimated preferential claims of these employees amount to £69,534.85 which is in relation to arrears of wages (up to the preferential limit of £800.00) and accrued holiday pay, however no claim has been received from the RPS in respect of their subrogated claim in the Administration to date.

Holiday Pay

Owing to the limited books and records provided by the director, the Joint Administrators have been unable to verify the employees' rights to carry forward holiday and therefore they are unable confirm the holiday pay entitlements to be paid by the RPS in respect of carried over holiday pay.

In order to assist the Joint Administrators with providing the relevant information to the RPS the Joint Administrators encourage all former employees to submit evidence of their carried over holiday pay entitlements, including a copy of their contract, to Katie Newton of this office at 2nd Floor, Regis House, 45 King William Street, London, EC4R 9AN or by email at Katie.Newton@azets.co.uk by no later than 10 February 2023.

Pension Contributions

Prior to the Joint Administrators' appointment, the director also advised that there were outstanding pension contributions payable to the former pension scheme providers. Upon the commencement of the Administration, the Joint Administrators reviewed the Company's bank account statements where it was identified that pensions schemes were held with Legal & General Group plc, ReAssure Limited and Scottish Equitable plc.

In light of the extensive work needing to be undertaken in determining the amounts due in respect of unpaid contributions, the Joint Administrators instructed specialist insolvency pensions agents, Courts Trustees Limited ("Courts") to liaise with the pension scheme providers for confirmation of the outstanding contributions payable.

Courts have been unable to progress with their enquiries without first identifying which members were in each scheme. The Joint Administrators and their staff are reviewing the books and records of the Company to obtain this information. In order to expedite this work, the Joint Administrators encourage all former employees to submit any relevant information, including copies of payslips and correspondence received from their pension providers to Katie Newton of this office.

Based on current information, the Joint Administrators anticipate that there will be sufficient funds to pay a dividend to the preferential creditors in this regard, however the quantum is dependent on calculation of the total preferential amounts due, which is dependent on the information required from the employees in respect of their holiday and pension.

Secondary Preferential Creditors

Based upon the information provided by the director prior to the commencement of the Administration, there is an amount of £79,597.75 owed to HMRC in relation to PAYE which ranks as a secondary preferential creditor. The Joint Administrators have not yet received a claim from HMRC in this regard.

It is not anticipated that there will be funds available to declare a dividend to the secondary preferential creditor.

Unsecured Creditors

Claims totalling £149,314.53 have been received from 14 creditors to date. Please note that this includes those claims received from ROT creditors whose stock has not been identified, or those creditors whose instruments have not been identified.

As previously mentioned in this report, the books and records of the Company are still in the process of being reviewed, however, based on the information provided by the director prior to the commencement of the Administration, claims of £607,828.87 are expected to be received in the Administration.

Please be advised that the Joint Administrators do not have the power to declare and pay a dividend to unsecured creditors without first obtaining a court order to do so. It is not anticipated that there will be sufficient funds available in the Administration to declare a dividend to the unsecured creditors and therefore, the Joint Administrators do not intend to review or agree any claims received.

5 Pre-Administration Costs

The following amounts in respect of pre-Administration costs were approved by creditors on 28 June 2022 at a virtual meeting of creditors:

- Azets in respect of their pre-appointment insolvency advice relating to placing the Company into Administration and assisting with the pre-packaged sale of the business and assets. Costs of £20,000.00 plus VAT were approved, £15,000.00 of which has been paid to date.
- Hilco in respect of their valuation and marketing of the business and assets of the Company. Costs of £7,500.00 plus VAT and expenses of £495.00 plus VAT were approved, none of which has been paid to date.
- JMW in respect of their assistance with placing the Company into Administration, preparing the sales documentation and providing legal advice in respect of overseeing the sales process of the business and assets of the Company. Costs of £5,000.00 plus VAT and expenses of £126.90 plus VAT were approved, however since approval was sought it has been established that costs of £2,500.00 were incurred in respect of pre-Administration costs, which have been paid.

The outstanding amounts will be paid once sufficient assets have been realised.

6 Joint Administrators' Remuneration and Expenses

Joint Administrators' Remuneration

At a virtual meeting of creditors held on 28 June 2022, creditors approved that the basis of the Joint Administrators' remuneration be fixed as a percentage of 2% of realisations made into the estate.

The only asset realised to date is the £25,000.00 initial consideration received in relation to the sale of the Company's stock and business records. The Joint Administrators are authorised to draw £500.00 in respect of this.

Owing to insufficient asset realisations, the Joint Administrators have not drawn any remuneration to date.

Joint Administrators' Expenses

Details of the expenses incurred to date are set out below:

<i>Type of Expense</i>	<i>Incurred</i>	<i>Future Anticipated Expenses</i>
Specific Bond	£410.00	-
Storage Costs	-	£800.00 - £1,200.00
Courier Services	-	£100.00 - £300.00
Statutory Advertising	£188.20	-
Insurance of Assets	£1,513.40	£200.00 - £500.00
Category 2		
Stationery	£564.17	£1,200.00 to £1,600.00
Postage	£390.00	£100.00 to £200.00
Total	<u>£3,065.77</u>	<u>£2,400.00 to £3,800.00</u>

The Joint Administrators have incurred expenses of £3,065.77 to 26 November 2022, none of which have been paid.

The expenses incurred are largely in line with the estimates provided for in the initial fees information circulated to creditors on 1 June 2022. There is however, a noticeable increase of costs in relation to postage and stationery. This is due to there being a large number of creditors which was not foreseen at the outset of the Administration. As no Statement of Affairs has been provided by the director, the Joint Administrators have written to all customers on the Company's database to ensure all potential creditors have been written to.

A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from <https://www.azets.co.uk/media/3wlcxhu/guide-to-administrators-fees-from-6-april-2017.pdf>.

Attached as Appendix B is additional information in relation to the Joint Liquidators' fees and expenses.

Professional Advisors

Hilco have remained instructed to assist with the valuation and marketing of the Property. They have also assisted the Joint Administrators with dealing an abandoned car at the Property, arranging for the premises to be cleared and to assist with ensuring the terms of insurance where adhered to.

In addition to their assistance with the Property, they have provided assistance with the ROT claims and identification of stock.

The basis of Hilco's fees for their work in dealing with the sale of the Property is 2% of gross Property realisations estimated at £13,200.00 plus VAT.

The basis of the fees for the remaining work was on a time costs basis, which totals £6,999.00 plus VAT and expenses of £985.00.

JMW have remained instructed to assist with preparing the sales documentation and providing legal advice in respect of overseeing the sales process of the Property. The basis of the Joint Administrators' fee arrangement with JMW is on a time costs basis. JMW have incurred time costs of £8,562.00 plus VAT, of which £2,500.00 has been paid.

Subcontractors

Courts, specialist insolvency pensions advisors, have been instructed to liaise with the Company's pension scheme providers and to provide advice in relation to the actions required to be undertaken in respect of the schemes and to calculate the unpaid contributions. No fees have been paid to Courts to date, however, fees totalling £2,000.00 plus VAT are estimated to be incurred.

It is considered that outsourcing this work has brought greater efficiency to this element of the work necessary in the Liquidation than if the subcontractors had not been instructed.

The choice of professionals was based on the Joint Administrators' perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. It was also considered that the basis on which they will charge their fees represented value for money. The charges were reviewed during the period of the instructions and the Joint Administrators are satisfied that they are reasonable in the circumstances of this case.

7 Creditors' Rights

Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Joint Administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Joint Administrators, as set out in this progress report, are excessive.

8 Ending the Administration

The Joint Administrators will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect.

All Administrations come to an end after a period of one year, unless the Company's creditors agree to extend this period, or the Court orders the Joint Administrators' term of office to be extended for a specific period of time. It may be necessary to extend the period of the Administration in order to conclude the Joint Administrators' investigations. Further information in this regard will be provided to creditors should this be necessary.

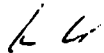
Based on present information, the Joint Administrators think that the Company has insufficient property to permit a distribution to the unsecured creditors and that there may only be a distribution available to the secured and/or preferential creditors of the Company. As a result, once these distributions have been made and the Joint Administrators' investigations have been concluded, a notice will be filed at Court and with the Registrar of Companies with the Joint Administrators' final report, for the dissolution of the Company.

The Joint Administrators' appointment will end following the registration of the notice by the Registrar of Companies.

9 Next Report

The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised or they wish to extend it.

Should you have any queries in relation to this report or the Administration in general, please contact Katie Newton on 0207 403 1877 or by email at Katie.Newton@azets.co.uk.



Stephen Paul Grant
Joint Administrator

Appendix A

Receipts and Payments Account from 27 May 2022 to 26 November 2022

Arranged Musical Options Ltd
(In Administration)
Joint Administrators' Summary of Receipts & Payments
For the Period from 27/05/2022 to 26/11/2022

S of A £	£	£
ASSET REALISATIONS		
Stock & Business Records	25,000.00	25,000.00
COST OF REALISATIONS		
Pre-Appointment Legal Fees	2,554.80	
Office Holders Fees	15,000.00	
Legal Fees	2,572.10	(20,126.90)
		4,873.10
REPRESENTED BY		
Vat Receivable		4,005.38
Bank 1 Current		867.72
		4,873.10

Appendix B

Additional Information in Relation to the Joint Administrators' Fees & Expenses



AZETS HOLDINGS LIMITED – FEES AND EXPENSES POLICY

Introduction

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk>.

Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency 9 (SIP 9) and can be accessed at <https://www.azets.co.uk/restructuring-and-insolvency-downloads/>. A hard copy may be requested from Azets Holdings Limited, 2nd Floor, Regis House, 45 King William Street, London, EC4R 9AN or Katie.Newton@azets.co.uk.

Staff Allocation and Charge Out Rates

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. Work carried out by all staff is subject to the overall supervision of the office holders.

The constitution of the case team will usually consist of a Partner/Director, Manager and an Administrator as well as support staff. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several members of staff may be allocated to meet the demands of the case.

We operate a time recording system which allows staff working on the assignment along with the office holders to allocate their time to an assignment in 6 minute units.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Administration and planning
- Investigations
- Realisation of assets
- Creditors
- Trading
- Case specific matters

Time costs are recorded at the individual's hourly rate in force at that time. Our charge out rates increased on 1 February 2022 and are shown below, exclusive of VAT.

1 February 2022 to date	£	3 December 2018 to 31 January 2022	£
Partner/Director	400.00 – 580.00	Partner	430.00 - 470.00
Manager	280.00 – 375.00	Directors/Manager	210.00 - 390.00
Administrator	130.00 – 275.00	Administrator	110.00 - 210.00
Support Staff	120.00	Junior/Trainee Administrator	95.00 - 200.00
		Cashiers/Secretaries	60.00 - 100.00

Included within the manager grade are Senior Manager, Manager and Assistant Manager. Included within the Administrator grade are Senior Administrator and Assistant. Where necessary and appropriate, members of staff from other departments of the practice will undertake work on a case. They will be charged at their normal charge out rate for undertaking such work.

Please note that charge out rates are reviewed annually and may be subject to change.

Expenses

On insolvency appointments, an office holder will typically incur expenses which relate to that assignment. Expenses (or costs) are amounts properly payable by an office holder from an insolvency estate which are not otherwise categorised as the office holder's remuneration or a distribution to a creditor or shareholder. These expenses may include, but are not limited to, agent's costs for disposal and realisation of assets, legal costs, specialist pension advice, tax services or other routine expenses associated with an insolvency appointment such as statutory advertising costs, the office holder's specific penalty bond and costs associated with storing the books and records. Expenses also include disbursements which are payments that are first met by the office holder and then reimbursed at a later date from the estate, usually when realisations permit. Details of the anticipated expenses on an insolvency assignment will be outlined in the office holder's fees estimate or other information provided to creditors about the fee basis or bases being proposed.

Expenses recharged to, or incurred directly by, an insolvent estate are subject to VAT at the applicable rate where appropriate.

Some expenses can be paid without prior approval from creditors (referred to as Category 1 expenses) and other expenses which may have an element of shared costs or are proposed to be paid to an associate of the office holder, require approval before they can be paid (referred to as Category 2 expenses).

Category 1 expenses are directly referable to an invoice from a third party that is not an associate of the office holder or the firm, which is either in the name of the estate or Azets Holdings Limited; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the insolvency estate. These costs are recoverable without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party.

Category 2 expenses are directly attributable to the estate but include an element of shared costs or is a payment to an associate of the office holder or the firm. These expenses are recoverable from the estate, subject to the prior approval of the creditors, in the same manner as the approval of the office holder's remuneration.

The Category 2 expenses which include an element of shared costs and are charged by this firm are as follows:

- Postage – charged in accordance with the current Royal Mail price guide for first class.
- Business mileage – charged at standard rates which comply with HM Revenue & Customs limits. The current rate is 45 pence per mile.
- Internal photocopying - charged at 5 pence per sheet for reports and circulars issued to creditors, shareholders, employees and other stakeholders. No additional charge is made for individual items of correspondence.

Please note that these category 2 expenses are reviewed annually and may be subject to change.

Payments to associates (as defined in Section 435 of the Insolvency Act 1986 and the Insolvency Code of Ethics), which are also classified as a category 2 expense requiring creditor approval, are not routinely made by this firm. Any such payments will be considered on a case by case basis and when seeking approval for the payments, the office holder will provide creditors with an explanation of the work to be done, why the work is necessary and the estimated payment that will be made. The form and nature of the relationship with the associate will also be provided.

Provision of Services Regulations

When carrying out all professional work relating to an insolvency appointment, Insolvency Practitioners are bound by the Insolvency Code of Ethics.

To comply with the Provision of Service Regulations, some general information about Azets Holdings Limited, including our complaints policy and Professional Indemnity Insurance and the Insolvency Code of Ethics, is available on our website using the following link: www.azets.co.uk/about-us/legal-regulatory-information/.