

KAM JM Dial-a-TV Q1

TO ALL KNOWN CREDITORS

23 July 2009

Dear Sirs

**Dial-a-TV Limited – In Administration (“the Company”)
In the High Court of Justice No. 11581 of 2008**

Further to my report dated 16 February 2009, I am pleased to present my report on the progress of the Administration. The report relates to the period from 29 December 2008, the date of my appointment, to 28 June 2009. I enclose the following documents:

- Form 2.24B – notice of the Joint Administrators' Progress Report at Appendix 1;
- Statutory Information relating to the Company at Appendix 2;
- The Joint Administrators' Proposals at Appendix 3;
- An abstract of receipts and payments from 29 December 2008 to 28 June 2009 and a trading receipts and payments account for the same period at Appendix 4;
- A summary of my firm's time costs for the period 29 December 2008 to 30 June 2009 at Appendix 5;
- A summary of my firm's disbursements recovery policies and hourly charge out rates at Appendix 6;
- Form 2.25B – notice of conduct of business by correspondence at Appendix 7.


The report should be read in conjunction with my previous report, which was circulated to creditors on 16 February 2009.

1. The Administrators' Proposals

At the meeting of creditors held on 6 March 2009, the creditors approved the Joint Administrators' proposals put to the creditors at that meeting. A copy of those proposals is attached for your ease of reference at Appendix 3.

Russell Square House 10-12 Russell Square London WC1B 5LF
Telephone 020 7509 9000 Fax 020 7436 8884 www.cvdffk.com
DX 299 London/Chancery Lane

London Brighton & Hove Colchester Croydon Leicester Northampton Reading Stevenage Watford
Chantrey Vellacott DFK LLP is a limited liability partnership registered in England and Wales (No. OC313147)
whose registered office is at Russell Square House 10-12 Russell Square London WC1B 5LF

The term 'Partner' denotes a member of a limited liability partnership. A list of members of Chantrey Vellacott DFK LLP is available at our registered office
Registered to carry on audit work and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales
Chantrey Vellacott DFK LLP is an independent member firm of  International an association of independent accounting firms and business advisors



INVESTOR IN PEOPLE

2. Progress of the Administration

Since my last report the Company has continued to trade under the control of the Joint Administrators.

I attach at Appendix 4, an abstract of receipts and payments from 29 December 2008 to 28 June 2009. I also attach at Appendix 4 a receipts and payments account for the same period that details the trading income and expenses on a cash basis.

As stated in my previous report, the majority of the receipts will have been from contracts assigned to a funder of the business, and thus these funds are not assets of the Company.

You will recall that in order to attempt to sell the business of the Company an advert was placed in the Financial Times and contact was made with competitors of the Company. Despite this approach resulting in interest from some 36 parties no offer for the whole business was forthcoming. As a result trading has continued with the consent of the Company's secured creditors to enable a decision to be made on how best to protect the continued collection of income for those creditors. At present the major secured creditors are reviewing a number of potential options and it is anticipated that a decision on how to proceed will be made in the coming weeks.

As a sale of the business is no longer expected it is now considered that the second objective of an administration, namely *achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration)* is unlikely to be achieved and that the aim of the Administration has become *realising property in order to make a distribution to one or more secured or preferential creditors*.

3. Estimated Outcome

3.1 Secured Creditors

At present there have been no distributions to the secured creditors of the Company. Once the trading of the Company by the Joint Administrators has ceased the cash surplus generated from receipts after costs will be determined and the process of agreeing the apportionment of the trading surplus across the funders will be dealt with.

In addition to the cash surplus from trading, certain creditors have the benefit of charges over the physical assets of the Company. The amounts realisable for these assets are, at present uncertain.

Finally, our initial report referred to a number of contracts which appeared not to have been allocated to a particular funder, and that one of the funders (Hitachi) was claiming to have assigned these contracts to themselves prior to our appointment. I can report that this matter is still subject to legal argument and has yet to be resolved.

3.2 Preferential Creditors

At the commencement of the Administration a number of employees were made redundant by the Joint Administrators, although these employees were paid up to date for wages, their outstanding holiday pay fell as a preferential claim against the Company. In his Statement of Affairs, the Director of the Company, Gary Nichols, estimated the amount owed to be £8,576.

The preferential creditors rank ahead of the Company's floating charge creditors for distribution, after costs.

One of the major assets that was considered to be caught by a floating charge was the unallocated contracts referred to in Section 3.1 above. It was envisaged that should these contracts had been realised then there was a possibility that there would have been funds available to make a distribution to the preferential creditors. However, as stated above this asset is still subject to the claim of Hitachi and should their claim be valid then this asset would be not available for the benefit of the preferential creditors (or the prescribed part – see Section 3.3)

Due to uncertainty referred to above I am unable to determine at the present time whether there will be a distribution to preferential creditors.

3.3 Unsecured Creditors and the Prescribed Part

The possibility of a dividend for unsecured creditors is uncertain. Should a dividend be available it is anticipated that this will be via the Prescribed Part.

The Prescribed Part is a sum of money set aside from funds subject to floating charges; the sum to be set aside is calculated in accordance with relevant legalisation.

As stated in Sections 3.1 and 3.2, one of the major potential floating charge assets is subject to a claim by Hitachi. Should their claim be valid any realisation of the asset would not be subject to the Prescribed Part.

4. Administrators' Remuneration

At the meeting of creditors held on 6 March 2009 the creditors resolved that the Joint Administrators be remunerated on the basis of their time costs.

I attach at Appendix 5, a breakdown of the time costs for the period 29 December 2008 to 30 June 2009. A summary of my firm's disbursements recovery policies and hourly charge out rates, by grade of staff, is shown at Appendix 6.

I advise that no fees have been drawn to date.

5. Extension of the Administration

By statute the period of an administration is twelve months, unless extended by the creditors or the Court. At the time of sending out the Joint Administrators' proposals it was envisaged that twelve months would have been sufficient time to deal with all matters arising. It is now apparent that this time frame may not be long enough due to extended period of trading of the Company. I therefore consider it prudent to seek the consent of the creditors for an extension of the term of the administration for an additional six months.

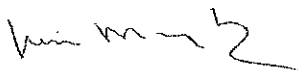
Should I be able to deal with all matters in the original twelve month time frame I will do so and the extension will not be utilised. Should a further extension beyond six months be necessary, I will apply to the court for such an extension. Creditors will be advised accordingly.

6. Written Resolution

I do not consider it necessary to call a meeting of creditors to sanction the extension of the term of the administration and therefore, I enclose a form of written resolution for use by creditors for this purpose. If you are in agreement with the proposed extension, I should be grateful if you would sign and return Form 2.25B at Appendix 7 confirming your agreement to the proposed extension. The form should be returned no later than 14 August 2009.

Should you require any further information, in addition to that already given, please contact Jason Maloney on the direct dial telephone number below

Yours faithfully



K A MURPHY

Joint Administrator

Licensed by The Institute of Chartered Accountants in England and Wales

Direct Dial 020 7509 9273

kmurphy@cvsdfk.com

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Dial-a-TV Limited - In Administration ("the company")

Kenneth William Touhey, David John Oprey and Kevin Murphy were appointed Joint Administrators on 29 December 2008, to manage the affairs, business, and assets of the company. All enquiries and correspondence should be addressed to the Joint Administrators at Chantrey Vellacott DFK LLP, Russell Square House, 10-12 Russell Square, London, WC1B 5LF. Tel 020 7509 9000 Fax 020 7509 9110. The Administrators are agents of the company and act without personal liability. Kenneth William Touhey, David John Oprey and Kevin Anthony Murphy are authorised to act as Insolvency Practitioners by The Institute of Chartered Accountants in England and Wales (Practitioner Nos 8369, 5814 & 8349 respectively).

**FORM 2.24B NOTICE OF THE
JOINT ADMINISTRATORS' PROGRESS REPORT**

The Insolvency Act 1986

Administrator's progress report

Name of Company DIAL-A-TV LIMITED	Company number 0272882
In the HIGH COURT OF JUSTICE [full name of court]	Court case number 11581 OF 2008

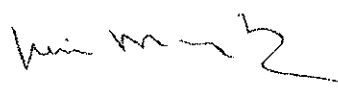
(a) Insert full name(s) and address(es) of administrator(s)

I / We (a) KENNETH WILLIAM TOUHEY, DAVID JOHN OPREY AND KEVIN ANTHONY MURPHY OF CHANTREY VELLACOTT DFK, RUSSELL SQUARE HOUSE, 10-12 RUSSELL SQUARE, LONDON WC1B 5LF

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

(b) Insert dates

from (b) 29 DECEMBER 2008 to (b) 28 JUNE 2009

Signed 
Joint / Administrator(s)

Dated 23 JULY 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 public record

	Tel
DX Number	DX Exchange

Companies House receipt date barcode

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

STATUTORY INFORMATION

**Dial-a-TV Limited
(In Administration)**

Statutory Information

Scheduled below are extracts concerning the Company obtained from the file at Companies House: -

i) Directors

The directors of the company were: -

	Appointed	Resigned
Gary Nichols	15/06/1992	-
David Lloyd	15/06/1992	26/04/2008
Maurice Lloyd	01/11/1996	22/01/1998
Anna Nichols	01/02/2002	23/03/2004
Paul Richards	01/02/2002	14/08/2006

ii) Company Secretary

Ian Piggott	22/11/2008	-
Julie Ingham	16/10/2007	21/11/2008
Ian Piggott	01/02/2002	16/10/2007
Anna Nichols	24/07/1994	01/02/2002
Gary Nichols	15/06/1992	24/07/1994

iii) Shareholder Information (as advised by the Director)

Issued Share Capital – 1,705,750 ordinary shares at £1 per share and £103,500 preference shares at £1 per share held by Dial-a-TV Group Holdings Limited.

iv) Registered Office

The Registered Office of the Company is situated at: -

Russell Square House, 10-12 Russell Square, London, WC1B 5LF

Prior to the appointment of Administrators the Registered Office was: -

PO Box 108, Abbots Ripton, Huntingdon, PE28 2PP

v) Company Number

The Company's registered number is: 02722882

vi) Date of Incorporation

The Company was incorporated on 15 June 1992

vii) Court Proceedings

High Court of Justice number 11581 of 2008

viii) Other

The proceedings constitute main proceedings as defined in Article 3 of the EC Regulations.

ix) Statement for the purpose of paragraph 100(2) of Schedule B1 to the Insolvency Act

All functions, powers and duties of the Administrators may be exercised by either of them acting jointly and severally.

x Joint Administrators

Kenneth William Touhey, David John Oprey and Kevin Anthony Murphy
Chantrey Vellacott DFK LLP
Russell Square House
10-12 Russell Square
London
WC1B 5LF

Date of appointment: 29 December 2008
Details of Appointer: Gary Nichols - Director

xii Summary of Outstanding Registered Charges and Debentures

Description: Block Discounting Agreement

Person(s) Entitled: Hitachi Credit plc Status: Outstanding

Created 25/03/1998

Registered 28/03/1998

Description: Block Discount Master Agreement

Person(s) Entitled: Yorkshire Bank plc Status: Outstanding

Created 25/05/2001

Registered 24/05/2001

Description: Chattel Mortgage

Person(s) Entitled: Yorkshire Bank plc Status: Outstanding

Created 31/07/2001

Registered 03/08/2001

THE JOINT ADMINISTRATORS' PROPOSALS

IN THE MATTER OF

**DIAL-A-TV LIMITED
(IN ADMINISTRATION)**

The Joint Administrators' Original Proposals to Creditors

- 1 The Joint Administrators be authorised to continue to allow the business to trade to enable the marketing of the business and / or the collect out of the contracts.
- 2 The Joint Administrators take all practicable steps to realise any remaining assets of the Company.
- 3 That as soon as is practicable, the Joint Administrators take all steps necessary to settle the outstanding Administration costs subject to sufficient funds being available.
- 4 In the event that there are no further asset realisations to be made and insufficient funds to make a distribution to unsecured creditors, the Company will move to dissolution. Should asset realisations be ongoing and realisations are sufficient to enable a distribution to unsecured creditors, we shall take all steps necessary to settle outstanding Administration costs and place the Company into liquidation which will be the most appropriate exit route. It is proposed that Kenneth William Touhey, David John Oprey and I be appointed Joint Liquidators of the Company.

Please note that, in accordance with paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and rule 2.117(3) of the Insolvency Rules 1986, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of these proposals and prior to their approval.

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

**JOINT ADMINISTRATORS' ABSTRACT
OF
RECEIPTS AND PAYMENTS ACCOUNT
&
TRADING ACCOUNT TO 28 JUNE 2009**

**Dial-a-TV Limited
(In Administration)**

**Joint Administrators' Abstract Of Receipts And Payments
To 28 June 2009**

RECEIPTS	Total (£)
Cash at Bank/in Hand	52,259
Vehicles	8,725
Pre-Appointment Insurance Claim	250
Sale of Road Tax Licence	73
Surplus from Trading	889,583
	<hr/>
	950,890
 PAYMENTS	
Statutory Advertising	1,776
Settlement of Motor Vehicle Finance	4,212
	<hr/>
	5,988
 BALANCE IN HAND	 <hr/>
	944,902
 REPRESENTED BY	
Balance in Bank Accounts/In Transit	1,088,035
Uncleared cheques	73
VAT Payable	-143,206
	<hr/>
	944,902
	<hr/>

**Dial-a-TV Limited
(In Administration)**

**Joint Administrators' Trading Account
To 28 June 2009**

	£	£
RECEIPTS		
Rental and HP Income		1,894,878
Commission Income		5
Sales of Product		5,541
Net Interest		<u>133</u>
		1,900,557
PAYMENTS		
Collector Fees	7,189	
Life Cover	1,025	
PAYE	169,555	
Payroll Costs	1,880	
Pension	4,077	
Temporary Staff	40,765	
Attachment of Earnings	2,092	
Wages	<u>520,544</u>	
Payroll & Wages		747,127
Lease/HP	14,937	
Road Tax	1,461	
Vehicle Fuel Costs	56,305	
Vehicle Tracker Costs	<u>752</u>	
Motor Vehicle Costs		73,455
Electricity	5,526	
Heating Oil	191	
Insurance	759	
Rates	2,502	
Rent	50,431	
Repairs	713	
Telephone	10,839	
Utilities	1,838	
Water	<u>950</u>	
Property Costs		73,749
Purchases	55,108	
Spare Parts	5,288	
Spares	<u>1,768</u>	
Product Costs		62,164
Bank Charges	21,658	
Customer Refunds	209	
Cleaners	1,513	
Commission Charges	799	
Credit Checking	1,919	
Fax, Postage and Office Costs	7,228	
IT Maintenance	7,347	
Meter Cards	118	
Ransom Payments	4,516	
Staff Expenses	4,563	
Sundry Expenses	810	
TV Licences	4,104	
Difference/Rounding	<u>(305)</u>	
Other Costs		54,479
Cash Surplus		<u><u>889,583</u></u>

SUMMARY OF JOINT ADMINISTRATORS' TIME COSTS

Dial a TV Limited - In Administration

TIME AND CHARGEOUT SUMMARY						
29 December 2008 to 30 June 2009						
Hours						
Classification of work function	Partner	Manager	Assistants & Support Staff	Total Hours	Time Cost £	Average hourly rate £
Administration and planning	59.60	213.20	270.00	542.80	96,903.50	178.53
Investigations	0.30	9.00	2.30	11.60	2,181.50	188.06
Realisation of assets	46.50	37.90	8.60	93.00	28,692.50	308.52
Creditors	79.80	132.80	135.80	348.40	76,821.50	220.50
Trading	54.50	349.80	233.70	638.00	144,846.50	227.03
Total hours	240.70	742.70	650.40	1,633.80	349,445.50	213.89
Total fees Claimed (£)	93,278.00	175,232.00	80,935.50	349,445.50		

Category 2 Disbursements

Other amounts paid or payable to the office holder's firm or to any party in which the office holder or his firm or any associate has an interest		
Type and purpose		£
Paper, Photocopying, Envelopes and Printing		0
Total		0

**JOINT ADMINISTRATORS'
CHARGE OUT RATES AND DISBURSEMENTS**

CHANTREY VELLACOTT DFK LLP

CHARGEOUT RATES AND DISBURSEMENT RECOVERY POLICIES

Chargeout Rates

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), the firm's chargeout rates applicable to this appointment, exclusive of VAT, are as follows:

	From 1 July 2009 £ per hour	From 1 July 2008 £ per hour
Partners / Office Holders	350 - 430	320-390
Directors	310 - 320	280-290
Managers	260 – 300	235-275
Assistant Managers	220 – 250	200-230
Senior Administrators	230 – 240	205-215
Administrators	115 – 130	105-115
Assistant administrators	95 - 110	85-100
Cashier	110 – 145	100-130
Secretaries and office admin support	70 - 105	64-95

Chargeout rates are normally reviewed annually on 1 July, when rates are adjusted to reflect such matters as inflation; increases in direct wage costs; and changes to indirect costs such as Professional Indemnity Insurance. It is the firm's policy for the cashier's time spent on an assignment to be charged to the case. However, secretarial and office admin support time is charged only in respect of identifiable blocks of time devoted to the case where we consider it to be viable to do so.

Direct expenses ("Category 1 Disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case will be charged to the estate at cost, with no uplift. These include but are not limited to such items as case advertising, storage, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case.

Indirect expenses ("Category 2 Disbursements")

It is our normal practice to also charge the following indirect disbursements ("Category 2 Disbursements as defined by SIP 9) to the case, where appropriate:

Circulars to creditors

Plain/headed paper including photocopying	12p per sheet
Envelopes	12p each
Postage	Actual cost

Room Hire

For the convenience of creditors and to save the cost of booking an outside hotel room, meetings of creditors are occasionally held internally at either our London or Hove offices. Where meetings of creditors are held in one of our internal meeting rooms, a charge of £100 plus VAT is levied to cover the cost of booking the room.

Travel

Mileage incurred as a result of any necessary travelling is charged to the estate at the H M Revenue & Customs approved rate, currently 40p per mile.

All of the above costs are subject to amendment by the firm at any time and if amended will be notified to creditors with the next circular sent to all creditors.

Chantrey Vellacott DFK LLP

Effective 1 July 2009

Chantrey Vellacott DFK is a limited liability partnership registered in England and Wales (NoOC313147) whose registered office is at Russell Square House, 10-12 Russell Square, London, WC1B 5LF. The term "partner" denotes a member of a limited liability partnership. A list of members of Chantrey Vellacott DFK LLP is available at our registered office.

**FORM 2.25B NOTICE OF
CONDUCT OF BUSINESS BY CORRESPONDENCE**

Notice of conduct of business by correspondence

Name of Company DIAL-A-TV LIMITED	Company number 02722882
In the HIGH COURT OF JUSTICE <div style="text-align: right; font-size: small;">[full name of Court]</div>	Court case number 11581 OF 2008

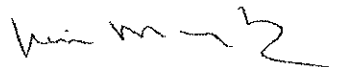
- (a) Insert full name(s) and address(es) of the administrator(s) Notice is hereby given by (a) KENNETH WILLIAM TOUHEY, DAVID JOHN OPREY AND KEVIN ANTHONY MURPHY OF CHANTREY VELLACOTT DFK, RUSSELL SQUARE HOUSE, 10-12 RUSSELL SQUARE, LONDON WC1B 5LF
- (b) Insert full name and address of registered office of the company to the creditors of (b) DIAL-A-TV LIMITED, C/O CHANTREY VELLACOTT DFK, RUSSELL SQUARE HOUSE, 10-12 RUSSELL SQUARE, LONDON WC1B 5LF
- (c) Insert number of resolutions enclosed that, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed are (c) ONE resolution for your consideration. Please indicate below whether you are in favour or against each resolution.
- (d) Insert address to which form is to be delivered This form must be received at (d) CHANTREY VELLACOTT DFK, RUSSELL SQUARE HOUSE, 10-12 RUSSELL SQUARE, LONDON WC1B 5LF
- (e) Insert closing date by 12.00 hours on (e) 14 AUGUST 2009 in order to be counted. It must be accompanied by details in writing of your claim. Failure to do so will lead to your vote(s) being disregarded.
- Repeat as necessary for the number of resolutions attached 1. THAT THE TERM OF THE ADMINISTRATION BE EXTENED FOR A PERIOD OF 6 MONTHS FROM 28 DECEMBER 2009 IN ORDER TO PROVIDE THE JOINT ADMINISTRATORS WITH SUFFICIENT TIME TO DEAL WITH MATTERS ARISING IN THE ADMINISTRATION. ACCEPT/REJECT

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:

Name of creditor: _____

Signature of creditor: _____

(If signing on behalf of creditor, state capacity e.g. director/solicitor)
If you require any further details or clarification prior to returning your votes, please contact me / us at the address above.



Signed _____
Joint / Administrator(s)

Dated 23 JULY 2009