

The Insolvency Act 1986

# Statement of administrator's proposals

Name of Company YZMA 00434534 Ltd (Formerly Watford Control Instruments Limited)	Company number 00434534
In the High Court of Justice Manchester District Registry [full name of court]	Court case number 2437 of 2016

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

**\*I/-We (a) Jeremy Paul Oddie & Paul Anthony Palmer of Mitchell Charlesworth, Centurion House, 129 Deansgate, Manchester, M3 3WR**

\*Delete  
applicable

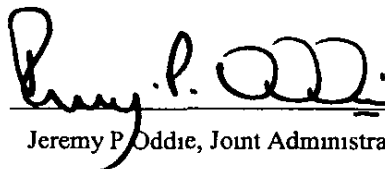
as attach a copy of ~~\*my/~~ our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 09/06/2016

Signed

  
 Jeremy P. Oddie, Joint Administrator

Dated 10 June 2016

## 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

Mitchell Charlesworth	
Centurion House, 129 Deansgate, Manchester, M3 3WR	
Our Ref W50632/JPO/JAB/KEM/2 04	Tel 0161 817 6100
DX Number	DX Exchange

WEDNESDAY



QIQ 29/06/2016 #6  
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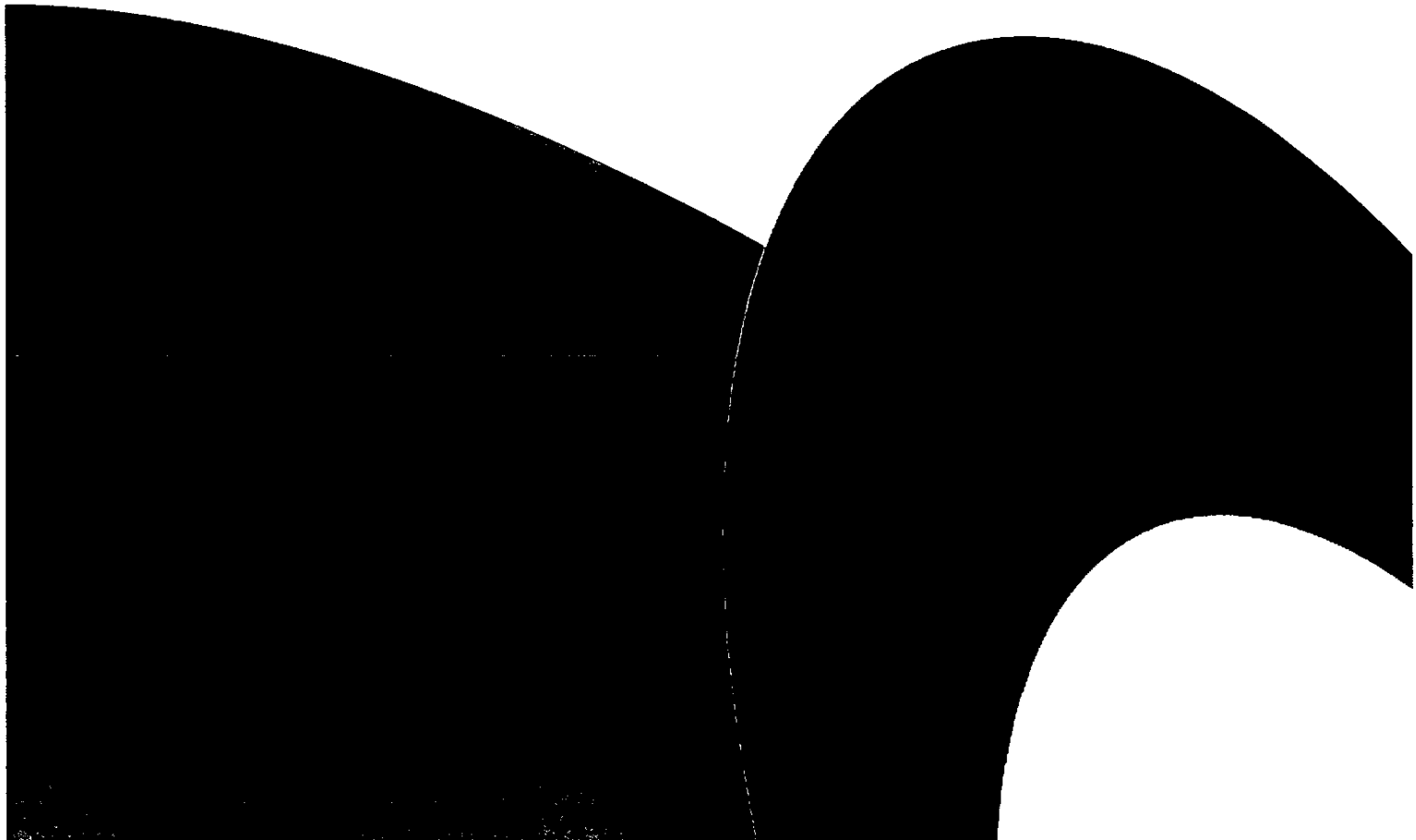
**YZMA 00434534 LTD (FORMERLY WATFORD CONTROL  
INSTRUMENTS LIMITED) IN ADMINISTRATION**

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**Joint Administrator's Report and Statement of Proposals**

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**06 JUNE 2016**



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These proposals and appendices are to be read in conjunction with each other and all collectively form the Joint Administrators Proposals

## STATUTORY INFORMATION

Registered name of the company	YZMA 00434534 Ltd (Formerly Watford Control Instruments Limited) ("the Company")
Registered number of the company	00434534
Registered office of the company	C/o Mitchell Charlesworth LLP, Centurion House, 129 Deansgate, Manchester, M3 3WR
Former registered office of the company	Regency House, 45-51 Chorley New Road, Bolton, Lancashire, BL1 4QR
Principal trading address (if different from the registered office address)	5 Godwin Road, Earlstrees Industrial Estate, Corby, Northamptonshire, NN17 4DS
Any previous name of the company in last 2 years	Watford Control Instruments Limited
Trading name or style of the company	None
Nature of the business of the company	Manufacture of voltage stabilisation apparatus
Court	High Court of Justice Manchester District Registry
Court reference number	2437 of 2016
Names of Joint Administrator and their IP Numbers	Jeremy Paul Oddie 008918 Paul Anthony Palmer 009657
Address of Joint Administrator	Mitchell Charlesworth, Centurion House, 129 Deansgate, Manchester, M3 3WR
Date of Joint Administrator's Appointment	18 May 2016
Telephone number of Joint Administrator	0161 817 6100
Other person who can be contacted about this matter	Kenzie Mancier

### Officers & Members of the Company

Officers of the company are found at Appendix A. Shareholders and their holdings are also found in this Appendix

## **BACKGROUND TO THE ADMINISTRATION**

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The Company was incorporated on 5 May, 1947 and its current principal trading activities are in the field of manufacture of voltage stabilisation apparatus. The company was formed by the majority shareholder, Mr Stephen Brod, who died 3 years ago. The shares are held by the Executors of the Deceased Estate.

There is one director, Colin D Brown (who was formally employed by the company) and, at the time the administration commenced, 18 employees (17 employees + 1 director, all on either weekly or monthly payrolls).

Key products are voltage stabilisation and power saving equipment (including the trade marked name of Rotavolt).

The reasons for the current financial difficulties are due to the significant decline in sales in the UK and international markets as well as increasing pressure upon cash flow, with rising costs and a lack of certainty within international currency exchanges and metal markets. The Company also had significant employee surplus, as there were 37 employees on the 2 Company payrolls (one weekly and one monthly) at the start of February 2016.

There had been a loyal workforce with an average service of 13.5 years (ranging from 0 to 42 years' service) and the age profile of employees demonstrated an average age of 50 (ranging from 21 to 67 years).

The late Stephen Brod had provided informal financial support for the Company over many years, essentially providing the key source of finance for the Company. Following his death this source of funding was no longer available and the Company faced a decline in reserves.

In 2015 the director attempted to resolve the position by approaching the Company accountants, Cowgill Holloway, for advice. Their recommendation was to see if a buyer for the Company could be found. They were instructed to produce a sales information pack and circulate it amongst their contacts and known industry players.

This sales process identified an overseas interested party who made an offer to acquire the intellectual property of the Company. It appears that, for reasons unknown, the offer was not progressed.

The director approached the Company accountants again in January 2016 for further advice as the cash position had worsened due to core trading activity failing to generate cash.

### **Source of the initial introduction**

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The Company was introduced to Mitchell Charlesworth by Cowgill Holloway, the Company's accountants, in January 2016.

Mitchell Charlesworth has a relationship with this source as accountants and insolvency practitioners who operate in similar fields and capacities.

### **Extent of the Joint Administrator's Involvement Prior to Appointment**

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Following the initial introductions, the Insolvency Practitioners carried out a fact & figure finding exercise with a basic information questionnaire issued to the director on 21/01/2016.

The data was analysed and it became apparent that the Company needed to restructure significantly and reduce its overheads in order to stabilise the business and aim to stem the cash outflows.

The landlord of the building, the Executors of the Estate of the late Stephen Brod, had also provided informal notice that they wished for the building to be vacated, in order that the entire site could be placed on the open market for sale

Various options were identified, and it was evaluated as to whether each option would or would not apply to the particular circumstances of the Company. Ultimately, a recommendation to place the Company into Administration was made

The director of the company implemented all of the advice provided

Cash flow forecasts were established to see if there was sufficient work in progress and sales to allow the Company to trade, whilst a buyer was identified

It was therefore concluded that a short period of trade would allow for a sales information pack to be prepared and a buyer sought for the business and / or its assets. It was not anticipated that trading would exceed a period of 6 weeks initially

MC Vanguard Corporate Finance Limited (the Corporate Finance division of Mitchell Charlesworth LLP) was instructed to produce a sales flyer for the business & sales information pack. The sales flyer was circulated requesting expressions of interest by close of business on 26/02/2016

Charterfields Limited (RICS qualified chartered surveyors and valuing agents) was instructed to conduct a site visit (on 12/02/2016) and provide a valuation report of the various assets owned by the Company

We instructed Nexus Solicitors Limited to assist in various legal matters leading up to the appointment (including corresponding with High Court Enforcement Officers) as well as to draft the ultimate sales purchase agreement in relation to the sale

Enquiries were made with the director for details of any previously interested party. The overseas organisation was contacted again

#### **Particular Events Leading up to the Administration**

##### ***Goodwill***

It was established that the Company had a long standing and well known trading name within its market place. It had a globally renowned reputation for reliable products. Indeed, it had been discovered that stocks of spares were maintained for voltage stabilisation units built over 10 years ago

The Company owned several items of intellectual property (registered trademarks, domain names, etc) across the UK, Europe and the Far East and had established agency relationships, under agreements, with 13 organisations worldwide

##### ***Employees***

As part of an economic restructuring of the business, a programme of overhead rationalisation was undertaken in order to reduce costs. A key area investigated was the employee costs

Details of the employees were obtained from the Company and it became apparent that the ongoing costs of the payrolls were significant. It was determined that there was a high level of spare capacity within the workforce and therefore rationalisation of the labour capacity was required. As a direct result, the director of the Company made 18 jobs redundant on 24/02/2016, with further redundancies following on 31/03/2016

All employees received letters of consultation from the director on 15/02/2016

The remaining employees were subject to the Transfer of Undertakings and Protection of Employment Rights Regulations as part of the sale of the business

### ***Landlord***

The Company had entered a formal full repairing lease with the landlord, the Late Stephen Brod, on 16/05/1990 which had a term of 15 years. The lease contained terms within it for formal extension, however it appears that neither landlord nor tenant carried out the necessary requirements to give notice to extend the lease.

We took legal advice on this matter, from Nexus Solicitors, and were advised that the Company was essentially a tenancy at will.

The Company had paid rent to the landlord up to the lease end date and continued to maintain payments at the lease term rate for many years following its technical end in 2005. It became apparent that following Mr Brod's death that the rent was subsequently paid on an ad hoc basis and by the time we were introduced to the Company, arrears in the region of 24 months had accrued.

The Executors of the deceased estate had expressed a wish for the building to be returned to them, fully vacant, in order that they may place it on the open market for sale.

The nominated Administrators entered into negotiations with the solicitor for the Executors of the deceased estate, LSGA Solicitors, and terms were agreed that the Company may remain in occupation of the building, without having to pay rent from the trading cash flow, until either

- ⌚ a buyer for the business and assets was identified or
- ⌚ formal winding up proceedings instigated if no buyer was to be found

The solicitor agreed that the rent sums could be paid out of any sales consideration in exchange for them not demanding the site be immediately returned to them. The rent charged was set at a level which included partial recovery of arrears.

Once a buyer had been identified, they were introduced to LSGA Solicitors in order to negotiate a separate licence to occupy. The Executors of the deceased estate made it very clear that they wished for a short licence terms and were not prepared to enter into any licence agreement exceeding a period of 3 months.

### ***Trading***

We were advised by the senior management team of the Company that the late Mr Brod had always insisted on stocks being held for a 3 to 6 month period. This resulted in significant stocks of raw materials and work in progress being held on site.

We instigated an alternative "just in time" approach where possible, advising the team on site to utilise what they had and minimise the ordering of new stock unless absolutely necessary.

At the time the cash flow forecasts were prepared by the Nominated Joint Administrators, in February 2016, the trade and expense creditors stood at £120,588.80.

The proposed Joint Administrators guided the director and senior management team in negotiations with key suppliers. It became apparent that some essential suppliers were not prepared to make supplies to the Company unless they received payment in advance and / or their existing debts settled.

The director and senior management proceeded to seek out alternative suppliers and find alternative manufacturing solutions.

Trade and expense creditors were reduced overall by c£30,000 during the period of trading prior to administration

#### ***Notice of Intention to Appoint Administrators***

The first Notice of Intent to Appoint Administrators was filed in the Manchester District Registry under reference 2146 of 2016 on 10/02/2016. This was because 2 creditors had commenced proceedings for County Court Judgments against the Company and there was a significant threat of asset seizure.

As part of the marketing of the business, requests were made for expressions of interest to be placed by 26/02/2016.

Further interested parties made themselves known to us following the expiry of this deadline and 2 potentially interested parties went to visit site.

Due to the negotiations with 3 particular interested parties (out of 4 offers received – see later), subsequent decisions were made to file further Notice of Intent to Appoint Administrators. The final Notice of Intent to Appoint Administrators was filed in the same court under reference 2437 of 2016 on 05/05/2016.

Negotiations with all parties proved to be complex and resulted in two Sale & Purchase Agreements being issued to two separate solicitors. If full value was to be achieved for the Company, it was necessary to continue to revise and review the cash flow forecasts and protect the Company and its assets.

#### **Significant Professional or Personal Relationship**

The Joint Administrators do not believe that there is any significant personal or professional relationship between the Company or its directors and Mitchell Charlesworth; they have carried out the appropriate conflict review prior to accepting the appointment.

#### **Alternative Courses of Action**

The following courses of alternative action were considered with the Company's director prior to the Administrator's appointment and the pre-packaged sale. Each option was considered and the following conclusions reached:

<b>Option</b>	<b>Conclusions</b>
Continued trade both with or outside of a formal Company Voluntary Arrangement ("CVA")	<p>This was not a viable option because</p> <ul style="list-style-type: none"><li>✦ The core business did not generate sufficient cash from its trading activities in order to generate a sufficient surplus with which to fund a CVA.</li><li>✦ The landlord had indicated that they wished to regain occupation of the trading premises with a view to selling it on the open market with vacant possession.</li></ul>



Distressed sale of the business and assets as a going concern by management	This was a viable option, however, it was felt that with appropriate economic restructuring a sale of the business as a whole may be achieved resulting in enhanced asset realisations
Sale of the business and assets as a going concern by the Administrator	<p>Following the restructuring of the Company, it became a far more attractive proposition for a purchaser; however, there was still a significant employee liability. Any potential Administrator could not guarantee that a sufficient offer would be received that would cover these costs in the event that a sale did not complete within 2 weeks of an appointment date.</p> <p>Furthermore, it was believed that the goodwill of the Company would be significantly damaged as a result of administration proceedings. The loss of the trademarks and other intellectual property would have significant impact upon the value of assets.</p> <p>There was also no guarantee that a buyer would be identified – only one interested party had been brought to the Proposed Joint Administrator's attention, and they had expressed an interest in the goodwill and intellectual property only. Therefore this was not an option.</p>
Sale of assets by the Administrator after a period of marketing to third parties	This option was considered. However, as explained above, an administration procedure would significantly damage the values of goodwill and intellectual property, making the overall returns far less attractive. The forced sales value of the assets would provide a far lower return.
Liquidation and subsequent forced sale of the Company's assets	Liquidation would not provide a better outcome for creditors than a pre-packaged sale, for the reasons previously stated.

It was concluded that an Administration procedure would provide the best outcome for creditors in the circumstances.

#### **Other Alternative Courses of Action**

The proposed Joint Administrators did consider placing the Company into liquidation, but felt that there would be significant value lost for creditors (including the landlords).

Liquidation would only become a realistic option if no interested parties were identified. We already had been advised about one interested party, but their interest was limited to only the intellectual property and goodwill – which would have little / no value within liquidation proceedings.

### **Trading the Business**

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It was decided that trading the business post-Joint Administrator appointment would not be appropriate because, having carried out analysis of cash flow and funding requirements, the Insolvency Practitioners concluded that trading this business was not practicable.

Cash requirements for the first 6 weeks of trade amounted to £100,000.

The nominated Joint Administrator did not approach any potential funders of working capital because the existing financiers held formal security over all of the assets of the business and there was nothing left available to finance. The deceased estate was not in a position to assist with funding working capital over and above the concessions it had already made in respect of rent arrears and rent due.

The sole director held only one ordinary share of the Company and was not in a position to inject personal monies into the Company.

### **Summary of Activities**

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In the time since the introduction was made, Mitchell Charlesworth has assisted the company as follows.

- ✎ Carried out a fact & figure finding exercise
- ✎ Analysed the data & determined the insolvency of the company
- ✎ Instructed Charterfields Limited to value the assets of the business
- ✎ Prepared significant cash flow forecasts
- ✎ Determined the options available to the company and how each would or would not apply to the particular circumstances. Made recommendations as to which option would be best for the Company
- ✎ Planned and implemented a stabilisation programme that enabled overheads to be better controlled, monitored and rationalised
- ✎ Negotiated revised occupation terms with the landlord
- ✎ Instructed Nexus Solicitors Limited to assist in the preparation of Sales Purchase Agreements, assisting with High Court Enforcement Officers and other matters generally
- ✎ Guided the management team towards a change of process for stock control
- ✎ Prepared marketing information and distributed it to generate interest (see below)
- ✎ Taken interested parties around the site, providing opportunity for simplified due diligence
- ✎ Negotiated with various interested parties over sales offers
- ✎ Finalised a sale of the business

## **Marketing Activities Conducted**

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Marketing a business is an important element in ensuring that the best available consideration is obtained for it in the interests of the Company's creditors as a whole. The Administrator advised the Company prior to his appointment, that any marketing should conform to the marketing essentials set out in SIP16 which includes the following key considerations:

- ✦ The business should be marketed as widely as possible, proportionate to its nature and size in the time available using whatever media or other sources that are likely to achieve this outcome;
- ✦ Previous marketing of the business prior to the Administrator's involvement may not provide justification to avoid further marketing. The Administrator must be satisfied as to the adequacy and independence of any prior marketing undertaken by the Company,
- ✦ Marketing should have been undertaken for an appropriate length of time to satisfy the Administrator that the best outcome for creditors as a whole has been achieved,

Any marketing attempts must by default, include the use of the internet

### **Marketing by the Company's Management Team**

The business of the Company had been marketed by the director during 2015 via the Company's accountants, Cowgill Holloway

These marketing efforts resulted in one offer being received for the intellectual property & goodwill of the business only, which subsequently stalled

### **Marketing by Administrator Prior to Appointment**

The business of the Company had been marketed by the then nominated Joint Administrator as follows:

- ✦ Circulation of details to contacts database of MC Vanguard Corporate Finance Limited, Charterfields Limited & Mitchell Charlesworth LLP. The flyer was also issued to the company's accountants and the solicitor instructed by the Executors of the Deceased estate

This method of marketing was selected as

- It has a positive previous track record
- It was highly cost effective
- It would bring the opportunity to a very wide range of potentially interested parties

- ✦ Advertising on Turner Parkinson's website TP Deals: <http://www.tpdeals.co.uk/>

This method of marketing was selected as

- It was highly cost effective
- It has a very wide range of people and organisations that subscribe to its newsletters
- It has a known reputation in its own right for businesses for sale

- ✦ Contacting previous known interested party

This method of marketing was utilised as they had previously expressed an interest

Other marketing strategies (such as publishing in print, radio, etc.) were considered to be not cost effective based on the proportionality of the size of this organisation

These marketing efforts resulted in the following.

- ✦ Interested parties being generated
- ✦ 13 Non-Disclosure Confidentiality Agreements being issued by MC Vanguard Corporate Finance Limited of which 11 were returned
- ✦ 2 Non-Disclosure Confidentiality Agreements being issued by Charterfields Limited of which 2 were returned
- ✦ 4 offers for varying aspects of the business and / or its assets
- ✦ Offers being made for the business ranging from £1 to £369,438

Following an extended initial period of trade, and extensive negotiations with three key interested parties, constant re-planning and re-forecasting, eventually two Sales Purchase Agreements ("SPAs") were issued.

The purchaser requested that the company name be changed, as the name was to be acquired as part of the SPA. A member's meeting therefore took place at 2.00pm on 18/05/2016 in order to change the company name from Watford Control Instruments Limited to Yzma 00434534 Ltd This was a critical aspect of the SPA and a key requirement of the purchaser.

#### **The Appointment**

As a result, Jeremy Paul Oddie and Paul Anthony Palmer of Mitchell Charlesworth, a firm of Chartered Accountants and Business Advisors with licensed insolvency practitioners, were appointed Joint Administrator of the Company by Director at 3 00pm on 18/05/2016. Joint Administrators act jointly and severally in relation to the administration

Full details of the sale that was ultimately reached and executed shortly after the appointment of Joint Administrators was circulated in the initial Notice of Appointment correspondence that included the required SIP 16 Sale of the Business disclosures dated 19<sup>th</sup> May 2016

#### **EC Regulations**

The EC Regulation on Insolvency Proceedings 2000 applies to the Administration The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

## **ADMINISTRATION STRATEGY AND OBJECTIVE**

The Joint Administrator must perform their functions with the purpose of achieving one of the following objectives

- ✦ Rescuing the Company as a going concern; or
- ✦ 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); or
- ✦ Realising property in order to make a distribution to one or more secured or preferential creditors

Further information on the pursuance of the above objectives is detailed below.

## Trading

The Joint Administrator has not traded the business of the company during the period of this report

## Disposal of Assets

A sale of the business and assets of the company occurred shortly after the appointment of the Joint Administrators on the 18<sup>th</sup> May 2016. The initial Notice of Appointment correspondence that included the required SIP 16 Sale of the Business disclosures dated 19<sup>th</sup> May 2016.

Watford Control 1947 Limited (a Company with registration 10186990) ("the Purchaser") acquired the following on 18<sup>th</sup> May 2016

Details of Assets	Apportionment of Consideration £
Office furniture & equipment	750
Plant & Equipment	15,000
Motor Vehicles	14,000
Stock	28,000
Intellectual property rights, goodwill, telephone numbers, personal data, customer lists, sales contracts, etc	157,930
Debtors (estimated)	111,871
Work in Progress	41,844
<b>Total</b>	<b>369,395</b>

## Future Management of the Company if Administrators Proposals are Accepted

The company's affairs will continue to be managed as part of the Administration with a view to achieving one of the statutory objectives of administration.

## Administration Objectives

Of the three statutory objectives to be achieved, the Joint Administrator are following the second objective.

### The First Objective

- Rescuing the Company as a going concern;

This objective is not being pursued because the shares of the company had sufficient liability attached to them that they were deemed to have no value.

The main issue arising was that the landlords of the premises wanted to have a fully vacant property in order to market and sell the building. The position of the lease has been explained earlier and anyone wishing to acquire the share capital would also have to consider an acquisition of the building at market value too. This was highly unlikely to be achieved.

### **The Second Objective**

- ♣ 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); or

This objective is being pursued because the enhanced value achieved by preserving the intellectual property and goodwill of the company has meant that far better results are available when compared with the likely outcome in liquidation.

### **The Third Objective**

- ♣ Realising property in order to make a distribution to one or more secured or preferential creditors

This objective is being pursued, only as a consequence of the second objective being achieved. But it is not the prime purpose of the administration

### **Pre Packaged Sale of the Business**

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Following the completion of the pre-packaged sale of the Company's business and assets on 18<sup>th</sup> May 2016 to Watford Control 1947 Limited, the Joint Administrator sent a letter to creditors on 19<sup>th</sup> May 2016 to provide further information on the sale pursuant to the requirements of Statement of Insolvency Practice 16. A copy of this statement is attached at Appendix B

These proposals were not issued at the same time as the initial SIP 16 disclosure because there was insufficient information in relation to the creditor position as a whole following finalisation of the figures

Additionally, the Joint Administrators had to immediately address some difficulties arising in relation to the weekly wages for the remaining employees on the weekly payroll on 20<sup>th</sup> May 2016. The same problems then arose for the final weekly wages (up to and including 18/05/2016 paid on 27/05/2016) and final monthly wages (for the period 01/05/2016 to 18/05/2016 paid on 26/05/2016) during the following week. These matters have now been resolved

The discovery of a pension scheme that had not previously been disclosed has caused some further enquiries to become necessary resulting in a detailed investigation and instruction of agents

The level of claims from creditors claiming retention of title necessitated immediate action as part of the SPA with the Purchaser

Furthermore, the company has received correspondence from the Employment Tribunal in relation to former employee claims

### **Sales to Connected Parties**

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The sale of the business or assets has NOT been made to a connected party.

The purchaser has two corporate shareholders. One of the corporate shareholders is a customer of the company. The other corporate shareholder is a customer as well as a supplier to the company

The sole director (who has been on the payroll of the company on a formal basis for many years) has been transferred to the purchaser as part of the Transfers of Undertakings and Protection of Employment Rights Regulations. He is not a director of the purchasing organisation.

## JOINT ADMINISTRATOR'S RECEIPTS AND PAYMENTS

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A summary of receipts and payments for the Administration period ending 06 June 2016 is attached as Appendix C

## FINANCIAL POSITION

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### Statement of Affairs

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Attached at Appendix D is a summary of the Directors' Estimated Statement of Affairs for the Company as at the date of appointment, 18<sup>th</sup> May 2016, together with a list of creditor names and addresses (including details of their estimated balances owed and details of any security held by them)

This was verified by a statement of truth by the director on 31 May 2016.

### Observations

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The following observations are made by the Joint Administrator in relation to the information provided in Appendix D

- ⌚ It is believed that the holder of the Qualifying Floating Charge, Royal Bank of Scotland PLC, is not owed any monies. This will be formally established in due course
- ⌚ Unsecured creditor balances are an estimate based on the information received at the company's premises on 18<sup>th</sup> May 2016. Further supplier invoices are anticipated as many invoices are issued at month end
- ⌚ The recoverability of the book debt ledger is stated at a level that assumes a full recovery is made on the ledger. This may fluctuate significantly depending upon overall recoverability.
  - This office has already been put on notice that some of the aged debts may not be recoverable and that the credit insurers have removed some debtors from cover. This matter is yet to be investigated
- ⌚ The recoverability of the Work in Progress is stated at a level that assumes no customer cancels their existing orders and that the WIP is capable of being billed in full as anticipated and collected in full

### Limited Disclosure

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No court order has been made in relation to limited disclosure

## PROPOSALS

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It is proposed that the Joint Administrator will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that:

- ⌚ The Joint Administrators sell the business (as previously indicated) to Watford Control 1947 Limited
- ⌚ The Joint Administrators continue to realise the deferred consideration aspects of the sale agreement, potentially exercising the buy-back option to the Book Debts (that forms part of the sale agreement) and subsequently pursuing those that are re-acquired

- ✎ If, having realised the assets of the Company, the Joint Administrator thinks that a distribution will be available to the unsecured creditors from the fund created out of the Company's net floating charge property (known as the 'Prescribed Part') by virtue of §176A(2)(a), this will be distributed by the Administrator in the Administration and the Company will thereafter proceed to dissolution

However, it must be noted that it is believed that the holder of the Qualifying Floating Charge is not owed any monies and hence this is unlikely to occur in practical terms

- ✎ If, having realised the assets of the Company, the Joint Administrator however thinks that a distribution will be made to the unsecured creditors other than by virtue of §176A(2)(a) as noted above, they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Joint Administrator to an end. This will move the Company automatically into Creditors' Voluntary Liquidation (CVL) in order that the distribution can be made. In these circumstances, it is proposed that the Joint Administrator will become the Joint Liquidator of the CVL. The acts of the Joint Liquidators may be undertaken by either or both of them. See section below on **Exit Routes** for further information on this process
- ✎ Court approval is not required to enable the Joint Administrator to make a distribution to the unsecured creditors of the Prescribed Part. If however, a distribution to unsecured creditors not limited to the Prescribed Part is anticipated, the Administrator may consider making an application to court to seek permission to distribute this in the Administration.
- ✎ If the Joint Administrator thinks that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company

See section below on **Exit Routes** for further information on the exit routes available from Administration

The Joint Administrator shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as amended, as they consider desirable or expedient to achieve the statutory purpose of the Administration

If the Joint Administrator considers it necessary to extend the period of the Administration, they will seek the consent of creditors or the approval of the court to the extension. Creditors may consent to an extension for a period of up to one year and the court can order that the Joint Administrator's term of office be extended for a specified period determined by it

The creditors must consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Joint Administrator's remuneration and disbursements and any proposed act on the part of the Joint Administrator without the need to report back to a further meeting of creditors generally, to include any decision regarding the most appropriate exit route from the Administration.

The basis of the Joint Administrator's remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by them.

- ✎ as a percentage of the value of the assets they have to deal with, or
- ✎ by reference to time properly spent by the Joint Administrator and their staff managing the Administration, or
- ✎ as a set amount, and



- In accordance with Statement of Insolvency Practice 9, issued by the Association of Business Recovery Professionals, the Joint Administrator be authorised to draw Category 2 disbursements as and when funds are available, in accordance with his firm's published tariff Details of Category 2 disbursements charged by the firm can be found in Appendix B

Where no Creditors' Committee is appointed, the remuneration and disbursements of the Joint Administrator shall be fixed by resolution of a meeting of creditors or where the Joint Administrator thinks that the company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the prescribed part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with R2 106 of the Insolvency Rules 1986

In this case, the Joint Administrator is seeking to approve the basis of their remuneration as follows:

- As a set amount of £75,000 + VAT

The Joint Administrator be authorised to draw remuneration as and when funds are available

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

## **EXIT ROUTES**

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### **Creditors Voluntary Liquidation ("CVL")**

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If the Joint Administrator thinks a dividend may be paid to the unsecured creditors other than by virtue of the Prescribed Part In this situation, the Joint Administrator will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into CVL

It is proposed that the Joint Administrator will also become the Joint Liquidator of the CVL

Creditors have the right to nominate an alternative liquidator of their choice To do this, creditors must make their nomination in writing to the Joint Administrator prior to these proposals being approved Where this occurs, the Joint Administrator will advise creditors and provide the opportunity to vote

In the absence of a nomination, the Joint Administrator will automatically become the Joint Liquidator of the subsequent CVL

### **Dissolution of the Company**

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If the Joint Administrator thinks a distribution will be available to the unsecured creditors from the Prescribed Part by virtue of §176A(2)(a), this will be distributed within the Administration and a notice will thereafter be filed at Court and with the Registrar of Companies with the Joint Administrator's final report, for the dissolution of the Company

The same notice will be filed and the Company moved to dissolution if the Joint Administrator thinks that the Company has no property which might permit a distribution to its unsecured creditors A copy of these documents will be sent to the Company and its creditors.

The Joint Administrator's appointment will end following the registration of the notice by the Registrar of Companies

## **Compulsory Liquidation**

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If a move to Creditors' Voluntary Liquidation is not possible because a dividend to the unsecured creditors (other than by virtue of the Prescribed Part) is not anticipated, but the Joint Administrator concludes that an exit into liquidation is appropriate so that further investigations into the Company's affairs may be carried out, an application to court may be made to exit into Compulsory Liquidation instead. If this is appropriate, at this stage it is anticipated, but not mandatory, that the Joint Administrator will become the Joint Liquidator in the subsequent liquidation.

## **PRE-ADMINISTRATION COSTS**

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Pre-administration costs are defined as:

- Fees charged, and
- Expenses incurred

by the Joint Administrator, or another person qualified to act as an insolvency practitioner before the company entered Administration (but with a view to its doing so), and "unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration.

### **Details of Agreement**

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The director of the Company signed an engagement letter dated 05 February 2016 that stated the company would undertake to pay professional fees for the assistance of Mitchell Charlesworth's insolvency practitioners in the provision of advice, and guidance in the run up to placing the company into administration.

### **Fees**

The agreed fees for the pre-appointment work were as follows:

- £3,500 + Disbursements + VAT for the provision of insolvency advice. These fees have been paid in full on 16 March 2016. This is 16.46 hours at an average rate per hour of £212.64 + VAT per hour.
- £15,000 + Disbursements + VAT for the necessary steps to place the company into Administration. These fees have been paid in full on 21 April 2016. This is 98.81 hours at an average rate per hour of £151.81 + VAT per hour.
- Time costs basis was agreed for marketing and sale of the business in the event a pre-packaged sale was to be utilised. The time costs for this aspect total £56,209.66 + Disbursements + VAT. These fees have been paid in part (totalling £22,472.65 + VAT) on 17<sup>th</sup> May 2016, leaving £33,737.01 + disbursements + VAT outstanding. This is 363.23 hours at an average rate per hour of £154.75 + VAT per hour.

### **Analysis of Time**

Attached at Appendix E is a Time Analysis which provides details of the activity costs incurred by staff grade for the total paid and unpaid pre-administration costs of this firm as noted above.

## **Work Done**

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The work carried out in relation to these fees was

- ✎ Obtaining detailed information in relation to the financial affairs of the company
- ✎ Providing advice about the insolvency of the company & a strategy in how to best address the situation
- ✎ Liaising with the secured financiers of the company
- ✎ Liaising with the key significant unsecured creditor of the company, being the landlord, and negotiated occupational terms with them
- ✎ Liaising with the employees and former employees of the company
- ✎ Advise director and senior personnel in streamlining activities
- ✎ Formulating a sales "taster" in relation to the business of the company and circulating this to contacts and potentially interested parties
- ✎ Collate interested parties schedules and issue Non-Disclosure Agreements
- ✎ Prepare & issue a sales pack in relation to the business of the company
- ✎ Take various interested parties around the site & provide them with figures for a limited due diligence
- ✎ Negotiate and agree the sale of the business of the company
- ✎ Instruct agents for the valuation of the assets of the company
- ✎ Instruct solicitors for legal advice in relation to sale of the business / appointment of administrators / etc
- ✎ Assist director in their duties and obligations to employee dismissals
- ✎ Assist in the preparation of the draft sales agreement
- ✎ Assist in the preparation of all documents in relation to the Notices of Intent to Appoint Joint Administrators
- ✎ Assist in the preparation of all documents in relation to the Appointment of Administrators
- ✎ Liaise with the bank to resolve problems over the final payroll payments

## **Why Necessary**

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The work was considered necessary because it ultimately achieved the best outcome for all creditors involved, with the enhanced values achieved via the sale.

At each point in time, when we were considering the appropriateness of filing subsequent Notice of Intention to Appoint Administrators, contemplation was given to various categories of creditors and how it would impact upon them. The potential for enhanced realisations as a direct consequence of the preservation of the goodwill and intellectual property of the company was very clear on each occasion

This work would subsequently assist the duly appointed Joint Administrator in achieving a statutory objective of Administration as a pre-packaged sale of the business and assets of the company was achieved, at an amount of £186,737 above the consolidated break-up value of the company

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## **The Figures**

Pre-appointment fees charged and expenses incurred by the administrator are summarised in Appendix F in the first subsection.

### **Other Insolvency Practitioners**

There are no other Insolvency Practitioner Fees to consider for the pre-appointment period

### **Outstanding Balances**

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The payment of the unpaid pre-administration costs set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Joint Administrator's proposals. This approval will be the responsibility of the Creditors' Committee if one is appointed or alternatively by resolution of a meeting of creditors where there is no Committee

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## **JOINT ADMINISTRATOR'S REMUNERATION**

### **Policy on Fees & Disbursements**

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Attached at Appendix G is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade

### **Time Incurred to Date**

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The Joint Administrator's time costs at 05 June 2016 are £12,525 + VAT. This represents 73.80 hours at an average rate of £169.85 + VAT per hour

### **Analysis & Explanation of Time**

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A narrative description of the time costs incurred is found at Appendix H. Attached at Appendix E (in the second subsection) is a Time Analysis which provides details of the activity costs incurred by staff to date. This information is provided in accordance with SIP 9 Office Holders Remuneration

### **Basis of Remuneration**

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As previously noted above, the Joint Administrator is seeking to fix the basis of their remuneration.

### **Work the Office Holder Intends to Undertake on this assignment**

A full explanation and details of the work proposed to be undertaken by the Joint Administrator can be found in Appendix I.

### **Fee Estimate**

A Fee Estimate can be found in Appendix J. This discusses the basis of remuneration and a forecast of the quantum based on the various information and assumptions made within the Fee Estimate

Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if the Joint Administrator considers the estimate will be exceeded during the Administration, the Joint Administrator is obliged to seek further approval for any increase in their remuneration.

The Fee Estimate provides details of these matters where relevant and appropriate approval to the basis of the remuneration will be sought as outlined in the "Proposals" section of this report. The Fee Estimates (Appendix J) need to be read in conjunction with Work the Office Holder Intends (Appendix I)

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#### **Expenses and Costs**

The Joint Administrator will provide updates on the expenses they consider will be, or are likely to be, incurred during this case with their progress reports in due course. Appropriate approval will be sought as outlined in the Proposals section of this report. A summary of the likely costs and expenses are found at the second subsection of Appendix F

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#### **Creditors Guide to Fees**

A copy of 'A Creditors' Guide to Joint Administrator' Fees' is available on written request or can be downloaded from <http://www.mitchellcharlesworth.co.uk/resource-centre/corporate-recovery-insolvency-documents.aspx>

Please ensure that you obtain the correct Guide to Fees for the case type (Administration) and the date of commencement (18/05/2016)

If you would prefer this to be sent to you in hard copy, please contact Kenzie Mancier of this office on 0161 817 6100

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#### **CVL Exit & Liquidators Remuneration**

An Administrator may include details of the remuneration they anticipate will be charged and the expenses they anticipate will be incurred if they become the Liquidator in the CVL. This can be done at the same time when seeking approval to the basis of their remuneration as Administrator, or alternatively, their fees estimate for the subsequent CVL can be provided once the company in the CVL. The time costs fee basis would however transfer over to the CVL if it is agreed by creditors that it should be fixed on this basis in the Administration. Please refer to Appendices I & J of this report for further information

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## **ESTIMATED OUTCOME**

An estimate of the outcome of the Administration as at 06 June 2016 is attached as Appendix K. This indicates that there may well be a surplus available to make a distribution to unsecured creditors.

However, this assumes that all the deferred consideration for book debts are recoverable in full and that the Work in Progress completes and is invoiced.

This office has already been put on notice by the purchaser that some credit notes are to be issued for a variety of reasons, including the credit insurance provider withdrawing cover on one customer. This is yet to be investigated fully.

Initial post appointment investigations revealed a pension scheme having been operated by the company in the past. The scheme's existence has led to queries being raised with the director. On the basis that there is little information to hand, we anticipate instructing pension specialist agents for an initial report into the type and nature of the pension scheme and what may have to be dealt with in the future. Depending upon their advice and recommendations, further costs may be incurred in relation to the pension scheme. This will therefore have an impact on the overall outcome.

Based on the Estimated Statement of Affairs for the Company (attached at Appendix D) the estimated value of the preferential creditors is £6,329.38 and the value of the unsecured creditors is £527,612 40.

#### **Creditors with Security**

The following creditors hold security as registered at Companies House

<b>Name of Charge Holder</b>	<b>Date of Charge Creation</b>	<b>Charge type</b>
Stephen Brud (please note the spelling mistake, but this is how it was listed at Companies House)	26/09/1989	Fixed charge over an asset previously sold
Stephen Brod	01/03/2002	Fixed charge over an asset previously sold
The Royal Bank of Scotland PLC	03/05/2014	Debenture

Based on the date of the creation of the charge(s) above the Joint Administrator is required to create a fund out of the Company's net floating charge property for unsecured creditors.

Based on present information, the Joint Administrator estimates the value of the Company's net floating charge property to be £412,417 89

Arising from this, the value of the unsecured creditors' fund is estimated to be £0 This is because the Qualifying Floating Charge holder is believed to not be owed any monies by the company

Please be aware that the value of this fund may fluctuate during the course of the Administration and further updates will be provided in progress reports in due course.

#### **Dividend Prospects for Unsecured Creditors**

Dividend prospects for preferential creditors are good with an estimated return of 100p in the £ being forecast.

Dividend prospects for unsecured creditors are low with an estimated return of NILp in the £ being forecast This is for the reasons as indicated above regarding the uncertainty of realisations and costs.

However, should the maximum recoveries be made, then following the anticipated costs of a Creditors Voluntary Liquidation, it would be forecasted that unsecured creditors would receive a distribution of £59,386 54 estimated (based on the Statement of Affairs balances) as being 11.26 pence in the pound

## **NEXT REPORT**

The Joint Administrator is required to provide a progress report within one month of the end of the first six months of the Administration

## MEETING OF CREDITORS

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An initial meeting of the Company's creditors is being convened to approve the Joint Administrator's proposals. The meeting will be held on 30/06/2016 at 12 noon at Mitchell Charlesworth LLP, Centurion House, 129 Deansgate, Manchester, M3 3WR

Further information on the meeting is contained in the letter accompanying this report.

This concludes the Joint Administrator's proposals

If you require further information, contact Kenzie Mancier at this office

For and on behalf of

YZMA 00434534 Ltd (Formerly Watford Control Instruments Limited)



**Jeremy P Oddie**

**Joint Administrator**

Jeremy Paul Oddie is licensed in the UK by the IPA and Paul Anthony Palmer is licensed in the UK by the IPA.

The affairs, business and property of the Company are being managed by the Joint Administrator who acts as agent of the Company and without personal liability

## APPENDIX A OFFICERS & MEMBERS

### Officers

Key	Name	Appointed	Resigned
RR00	Mr Colin Deshborough Brown <b>Managing Director</b> 8A Station Road, Morton, Bourne, Lincolnshire, PE10 0NN	22-Nov-91	
RR01	Ms Claudia Emma Rosencrantz <b>Company Secretary</b> Executors of the Deceased Estate of Stephen Brod, C/o LSGA Solicitors, 35 Piccadilly, London, W1J 0LP	03-Apr-09	

### Members

Key	Name	Ordinary £1.00 shares	Total £	% to 2 d.p.
HB00	Ms Claudia Emma Rosencrantz Executors of the Deceased Estate of Stephen Brod, C/o LSGA Solicitors, 35 Piccadilly, London W1J 0LP	294,116	294,116	100 00%
HB01	Mr Colin Deshborough Brown 8A Station Road, Morton, Bourne, Lincolnshire, PE10 0NN	1	1	0 00%
<b>2 Entries Totalling</b>		<b>294,117</b>	<b>294,117</b>	<b>100.00%</b>



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## **APPENDIX B SIP 16 DISCLOSURE**

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The following was circulated to all creditors, members & other relevant persons in an Appendix to correspondence dated 19 May 2016

### **Overview**

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Where a sale of all or part of a Company's business or assets is negotiated with a purchaser prior to the appointment of an Administrator and the Administrator effects the sale immediately on, or shortly after appointment, this is known as a pre-packaged sale

Prior to the appointment of an Administrator, an insolvency practitioner may act in an advisory capacity to the Company. During this time the insolvency practitioner's role is not to advise the directors personally or any parties connected with any eventual purchaser of the Company's business or assets. It is also possible that a different insolvency practitioner may be the eventual Administrator and not the insolvency practitioner who provided the advice to the Company before any formal appointment was made.

The role of an Administrator once the Company has entered Administration is for them to perform their functions with the objective of either

1. rescuing the Company as a going concern; or
2. achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up rather than being placed into Administration first.

If neither of these objectives is reasonably practicable, the third objective of

3. realising property in order to make a distribution to one or more secured or preferential creditors of the Company

may be pursued, providing the Administrator avoids unnecessarily harming the interests of the creditors as a whole. In this case, the Administrator has pursued the second objective above and considers that the pre-packaged sale enables the statutory purpose of Administration to be achieved and that the outcome achieved was the best available for creditors as a whole in all the circumstances.

Set out below is further information containing a summary of the circumstances relevant to the pre-packaged sale of all or part of the Company's business and assets to Watford Control 1947 Limited in accordance with the provisions of Statement of Insolvency Practice 16 (SIP16).

### **Background**

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The Company was incorporated on 5 May, 1947 to trade in the business of Manufacture of voltage stabilisation apparatus, the majority shareholder, Mr Stephen Brod, who has died. The shares are held by the Executors of the Deceased Estate.

The registered office address is C/o Mitchell Charlesworth LLP, Centurion House, 129 Deansgate, Manchester, M3 3WR with previous registered office as Regency House, 45-51 Chorley New Road, Bolton, Lancashire, BL1 4QR.

The principal trading address is 5 Godwin Road, Earlstrees Industrial Estate, Corby, Northamptonshire, NN17 4DS.

There is one director, Colin D Brown (who was also formally on the payroll) and at the time the administration commenced, 18 employees.

Key products are voltage stabilisation and power saving equipment (including the trade marked name of Rotavolt)

The reasons for the current financial difficulties are due to the significant decline in sales in the UK and international markets as well as increasing pressure upon cash flow, with rising costs and a lack of certainty within international currency exchanges and metal markets. The Company also had significant employee surplus, as there were 37 employees on the 2 Company payrolls (one weekly and one monthly) at the start of February 2016.

There had been a loyal workforce with an average service of 13.5 years (ranging from 0 to 42 years' service) and the age profile of employees demonstrated an average age of 50 (ranging from 21 to 67 years).

The late Stephen Brod (also the majority shareholder of the Company) had provided informal financial support for the Company over many years, essentially providing the key source of finance for the Company. Following his death this source of funding was no longer available and the Company faced a decline in reserves.

The director attempted to resolve the position by attempting to identify a purchaser for the Company. He approached the Company accountants, Cowgill Holloway, for advice and they produced a sales information pack about the Company and see if a buyer could be identified. This appears to have been carried out during 2015.

This sales process identified one overseas interested party who made an offer to acquire the intellectual property of the Company only some time during the summer / autumn of 2015. It appears that, for reasons unknown, the offer was not progressed.

The director approached the Company accountants again in January 2016 for advice as the cash position had worsened due to core trading activity failing to generate cash.

#### **Source of the initial introduction**

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The Company was introduced to Mitchell Charlesworth by Cowgill Holloway, the Company's accountants, in January 2016.

Mitchell Charlesworth has a relationship with this source as accountants and insolvency practitioners who operate in similar fields and capacities.

#### **Extent of the Joint Administrator's Involvement Prior to Appointment**

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Following the initial introductions, the Insolvency Practitioners carried out a fact & figure finding exercise with a basic information questionnaire issued to the director on 21/01/2016.

The data was analysed and it became apparent that the Company needed to restructure significantly and reduce its overheads.

The landlord of the building, the Executors of the Estate of the late Stephen Brod, had also provided informal notice that they wished for the building to be vacated, in order that the entire site could be placed on the open market for sale.

Various options were identified, and it was evaluated as to whether each option would or would not apply to the particular circumstances of the Company. Ultimately, a recommendation to place the Company into Administration was made.

Cash flow forecasts were established to see if there was sufficient work in progress and sales to allow the Company to trade, whilst a buyer was identified.

It was therefore concluded that a short period of trade would allow for a sales information pack to be prepared and a buyer sought for the business and / or its assets. It was not anticipated that trading would exceed a period of 6 weeks initially.

MC Vanguard Corporate Finance Limited (the corporate finance division of Mitchell Charlesworth LLP) were instructed to produce a sales flyer for the business & sales information pack. The sales flyer was circulated requesting expressions of interest by close of business on 26/02/2016.

We instructed Charterfields Limited (RICS qualified chartered surveyors and valuing agents) to conduct a site visit (on 12/02/2016) and provide a valuation report of the various assets owned by the Company.

We instructed Nexus Solicitors Limited to assist in various legal matters leading up to the appointment (including corresponding with High Court Enforcement Officers) as well as to draft the ultimate sales purchase agreement in relation to the sale.

Enquiries were made with the director for details of any previously interested party. The overseas organisation was contacted again.

### **Particular Events Leading up to the Administration**

#### ***Goodwill***

It was established that the Company had a long standing and well known trading name within its market place. It had a globally renowned reputation for reliable products. Indeed, it had been discovered that stocks of spares were maintained for voltage stabilisation units built over 10 years ago.

The Company owned several items of intellectual property (registered trademarks, domain names, etc.) across the UK, Europe and the Far East and had established agency relationships, under agreements, with 13 organisations worldwide.

#### ***Employees***

As part of an economic restructuring of the business, a programme of overhead rationalisation was undertaken in order to reduce costs. A key area investigated was the employee costs.

Details of the employees were obtained from the Company and it became apparent that the ongoing costs of the payrolls were significant. When taken in conjunction with the high level of spare capacity within the workforce, it became clear that there were too many people for the jobs the Company actually required. As a direct result, the director of the Company made 18 jobs redundant on 24/02/2016. A further job became redundant on 31/03/2016.

All employees received letters of consultation from the director on 15/02/2016.

The remaining employees were subject to the Transfer of Undertakings and Protection of Employment Rights Regulations as part of the sale of the business.

#### ***Landlord***

The Company had entered a formal full repairing lease with the landlord, the Late Stephen Brod, on 16/05/1990 which had a term of 15 years. The lease contained terms within it for formal extension, however it appears that neither landlord nor tenant carried out the necessary requirements to give notice to extend the lease.

We took legal advice on this matter, from Nexus Solicitors, and were advised that the Company was essentially a tenancy at will.

The Company had paid rent to the landlord up to the lease end date and continued to maintain payments at the lease term rate for many years following its technical end in 2005. It became apparent that following Mr Brod's death that the rent was subsequently paid on an ad hoc basis and by the time we were introduced to the Company, arrears in the region of 18 months had accrued.

The Executors of the deceased estate had expressed a wish for the building to be returned to them, fully vacant, in order that they may place it on the open market for sale.

The nominated Administrators entered into negotiations with the solicitor for the Executors of the deceased estate, LSGA Solicitors, and terms were agreed that the Company may remain in occupation of the building, without having to pay rent from the trading cash flow, until either a buyer for the business and assets was identified or the Company were to face liquidation proceedings were instigated, if no buyer was to be found. The solicitor agreed that the rent due could be paid out of any sales consideration in exchange for them not demanding the site be immediately returned to them.

Once a buyer had been identified, they were introduced to LSGA Solicitors in order to negotiate a separate licence to occupy. The Executors of the deceased estate made it very clear that they wished for a short licence terms and were not prepared to enter into any licence agreement exceeding a period of 3 months.

### ***Trading***

We were advised by the senior management team of the Company that the late Mr Brod had always insisted on stocks being held for a 3 to 6 month period. This resulted in significant stocks of raw materials and work in progress being held on site.

We instigated an alternative "just in time" approach where possible, advising the team on site to attempt to utilise what they had and minimise the ordering of new stock unless absolutely necessary.

Trade and expense creditors stood at £120,588.80 at the point we started to prepare cash flow forecasts in February 2016.

We guided the director and senior management team in negotiations with key suppliers. It became apparent that some essential suppliers were not prepared to make supplies to the Company unless they received payment in advance, or their existing debts settled.

We guided the director and senior management to seek out alternative suppliers, find alternative solutions to work in progress build issues, etc.

Trade and expense creditors were reduced overall by c£30,000 during the period of trading prior to administration.

### ***Notice of Intention to Appoint Administrators***

The first notice of intent to appoint administrators was filed in the Manchester District registry under reference 2146 of 2016 on 10/02/2016. This was because 2 creditors had commenced proceedings for County Court Judgments against the Company and there was a significant threat of asset seizure.

As part of the marketing of the business, requests were made for expressions of interest to be placed by 26/02/2016.

Further interested parties made themselves known to us following the expiry of this deadline and 2 potentially interested parties went to visit site.

Due to the negotiations with 3 particular interested parties (out of 4 offers received – see later), subsequent decisions were made to file further Notice of Intent to Appoint Administrators. The final Notice of Intent to Appoint Administrators was filed in the same court under reference 2437 of 2016 on 05/05/2016.

Negotiations with all parties proved to be complex and resulted in two Sale & Purchase Agreements being issued to two separate solicitors. If full value was to be achieved for the Company, it was necessary to continue to revise and review the cash flow forecasts and protect the Company and its assets.

#### **Significant Professional or Personal Relationship**

The Joint Administrators do not believe that there is any significant personal or professional relationship between the Company or its directors and Mitchell Charlesworth and carried out the appropriate conflict review prior to accepting the appointment.

#### **Why a Pre-Packaged Sale was Considered**

A pre-packaged sale was considered necessary to preserve the value of the assets of the Company and to maintain a service line to its existing clients and obtaining an enhanced market value for the Company's assets.

Set out below is further information containing a summary of the circumstances relevant to the pre-packaged sale of the Company's business and assets to the purchaser in accordance with the provisions of Statement of Insolvency Practice 16 ("SIP 16").

#### **Alternative Courses of Action**

The following courses of alternative action were considered with the Company's director prior to the Administrator's appointment and the pre-packaged sale. Each option was considered and the following conclusions reached.

<b>Option</b>	<b>Conclusions</b>
Continued trade both with or outside of a formal Company Voluntary Arrangement ("CVA")	This was not a viable option because: <ul style="list-style-type: none"><li>• The core business did not generate sufficient cash from its trading activities in order to generate sufficient a surplus with which to fund a CVA</li><li>• The landlord had indicated that they wished to gain occupation of the trading premises with a view to selling it on the open market with vacant possession</li></ul>
Distressed sale of the business and assets as a going concern by management	This was a viable option, however, it was felt that with appropriate economic restructuring a sale of the business as a whole may be achieved resulting in enhanced asset realisations

Sale of the business and assets as a going concern by the Administrator	<p>Although, following the restructuring of the Company, there was far more attractive proposition for a purchaser, there was still a significant employee liability that an Administrator could not guarantee that a sufficient offer would be received that would cover the costs of any employment contracts that they would adopt</p> <p>Furthermore, it was believed that the goodwill of the Company would be significantly damaged as a direct result of administration proceedings and the loss of the trademarks and other intellectual property would also have significant impact upon the value of assets</p> <p>There was also no guarantee that a buyer would be identified – only one interested party had been brought to our attention, and they had expressed an interest in the goodwill and intellectual property only Therefore this was not an option.</p>
Sale of assets by the Administrator after a period of marketing to third parties	This option was considered. However, as explained above, an administration procedure would significantly damage the values of goodwill and intellectual property, making the overall returns far less attractive The forced sales value of the assets would provide a far lower return.
Liquidation and subsequent forced sale of the Company's assets	Liquidation would not provide a better outcome for creditors than a pre-packaged sale, for the reasons previously stated

### Trading the Business

It was decided that trading the business post-Joint Administrator appointment would not be appropriate because, having carried out analysis of cash flow and funding requirements, the Insolvency Practitioners concluded that trading this business was not practicable.

Cash requirements for the first 6 weeks of trade amounted to £100,000

The nominated Joint Administrator did not approach any potential funders of working capital because the existing financiers held formal security over all of the assets of the business and there was nothing left available to finance The deceased estate was not in a position to assist with funding working capital over and above the concessions it had already made in respect of rent arrears and rent due

The sole director held only one ordinary share of the Company and was not in a position to inject personal monies into the Company

### Other Alternative Courses of Action

We did consider placing the Company into liquidation, but felt that there would be significant value lost for creditors (including the deceased estate)

Liquidation would only become a realistic option if no interested parties were identified. We already had been advised about one interested party, but their interest was limited to only the intellectual property and goodwill – which would have little / no value within liquidation proceedings.

### Comparative Outcome

The following table provides a comparative outcome with a sale of the Company's assets in liquidation or through a restricted marketing period post Administration as against the outcome obtained via the pre-packaged sale

1. the values are taken from Charterfields Limited's valuation report dated 20/03/2016 from a site visit on 12/02/2016
- 2 From the Company accounting records as at 19/02/2016

Details of Assets	Source	Sale in Liquidation/under Restricted Marketing conditions £	Pre-packaged sale in Administration £
Office furniture & equipment	1	750	750
Plant & Equipment There would be further amounts to recognise as depreciation following the site visit	1	17,000	15,000
Motor Vehicles	1	15,000	14,000
Stock The stock valuation balance would have been significantly reduced due to the ongoing trading and use of the stock for completion of the WIP following the date of the site visit	1	70,000	28,000
Intellectual property rights, goodwill, telephone numbers, personal data, customer lists, sales contracts, etc	1	0	157,930

Debtors  Book debtors on the accounting records as at 19/02/2016 stood at £167,654, the Company already holding deposits at that time totalling £10,011  As at 18/05/2016 book debts totalled £159,815 and as the ongoing entity would not be able to provide future cover for the customer warranties, it was believed that only 50% would potentially be collectable in liquidation proceedings, especially as many book debtors were located outside of the European Union	2	79,908	111,871
Work in Progress	2	0	41,844
<b>Total</b>		<b>182,658</b>	<b>369,395.00</b>

#### Secured Creditors

The following people or organisations hold charges registered against the Company

Charge in favour of	Date of Creation
Stephen Brud (please note the spelling mistake, but this is how it was listed at Companies House)	26 September 1989 (fixed charge over an asset previously sold)
Stephen Brod	01 March 2002 (fixed charge over an asset previously sold)
The Royal Bank of Scotland PLC	03 May 2014 (debenture)

#### Previous Insolvencies

There have been no prior insolvency processes associated with this business in the previous 24 months

#### Marketing Activities Conducted

Marketing a business is an important element in ensuring that the best available consideration is obtained for it in the interests of the Company's creditors as a whole. The Administrator advised the Company prior to his appointment, that any marketing should conform to the marketing essentials set out in SIP16 which includes the following key considerations.



- ✎ The business should be marketed as widely as possible, proportionate to its nature and size in the time available using whatever media or other sources that are likely to achieve this outcome,
- ✎ Previous marketing of the business prior to the Administrator's involvement may not provide justification to avoid further marketing. The Administrator must be satisfied as to the adequacy and independence of any prior marketing undertaken by the Company,
- ✎ Marketing should have been undertaken for an appropriate length of time to satisfy the Administrator that the best outcome for creditors as a whole has been achieved;
- ✎ Any marketing attempts must by default, include the use of the internet

#### **Marketing by the Company's Management Team**

The business of the Company had been marketed by the director during 2015 via the Company's accountants, Cowgill Holloway

These marketing efforts resulted in one offer being received for the intellectual property & goodwill of the business only, which subsequently stalled

#### **Marketing by Administrator Prior to Appointment**

The business of the Company had been marketed by the then nominated Joint Administrator as follows

- ✎ Circulation of details to contacts database of MC Vanguard Corporate Finance Limited, Charterfields Limited & Mitchell Charlesworth LLP The flyer was also issued to the company's accountants and the solicitor instructed by the Executors of the Deceased estate

This method of marketing was selected as

- It has a positive previous track record
- It was highly cost effective
- It would bring the opportunity to a very wide range of potentially interested parties

- ✎ Advertising on Turner Parkinson's website TP Deals <http://www.tpdeals.co.uk/>

This method of marketing was selected as

- It was highly cost effective
- It has a very wide range of people and organisations that subscribe to its newsletters
- It has a known reputation in its own right for businesses for sale

- ✎ Contacting previous known interested party

This method of marketing was utilised as they had previously expressed an interest

Other marketing strategies (such as publishing in print, radio, etc ) were considered to be not cost effective based on the proportionality of the size of this organisation.

These marketing efforts resulted in the following

- ✎ Interested parties being generated
- ✎ 13 Non-Disclosure Confidentiality Agreements being issued by MC Vanguard Corporate Finance Limited of which 11 were returned

- ✦ 2 Non-Disclosure Confidentiality Agreements being issued by Charterfields Limited of which 2 were returned
- ✦ 4 offers for varying aspects of the business and / or its assets
- ✦ Offers being made for the business ranging from £1 to £369,438

#### **Valuations obtained of the business or the underlying assets**

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##### **Name, Qualifications & Independence**

The assets of the Company were valued by Charterfields Limited on 20/03/2016 having attended site on 12/02/2016. Their professional qualifications are RICS qualified valuing agents. They have confirmed their independence and that they hold adequate professional indemnity insurance in writing to this office.

##### **Valuations**

They were valued on the following bases:

- ✦ Market value in situ
- ✦ Market value ex situ
- ✦ Market value ex situ (subject to marketing constraint, i.e. Forced sale)

#### **Details of the Purchaser & Connections**

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##### **Identity of the Purchaser**

The identity of the purchaser is Watford Control 1947 Limited (a Company with registration 10186990) ("the purchaser")

##### **Connections with the Company**

The purchaser has no prior connection to the Company or its shareholder or its directors or its secured lenders, with the exception that one of the purchaser's shareholders is an existing customer of the Company and the other shareholder is an existing customer and supplier of the Company.

##### **Involvement in the Purchaser**

The current sole director of the Company is **not** a director of the purchaser, although he has been transferred across under the TUPE regulations, as he was an employee of the Company.

#### **Connected Party transactions**

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Where there are connections between an insolvent Company and the purchasing entity, the purchaser meets the definition of a "connected party" and following recommendations made to The Department for Business, Innovation & Skills about pre-packaged sales to connected parties, it was felt that some of the concerns expressed about such transactions in the context of insolvency, may be overcome by having an independent party review the proposed sale and offer an opinion on the appropriateness of the grounds for the sale. This may provide reassurance to creditors that an independent person has considered the reasonableness of the proposed transaction.

##### **Should an independent review occur?**

As the purchaser is not a connected party, an independent review has not been suggested.

##### **Was the Pool approached?**

This is not applicable to the circumstances.

### **The Pool's Opinion**

This is not applicable to the circumstances

### **Viability statement**

This is not applicable to the circumstances

### **Details of the Assets Sold and the Nature of the Transaction**

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The following assets have been sold:

- ✎ Intellectual property, goodwill, etc
- ✎ Stock
- ✎ Office Equipment & Furniture
- ✎ Plant & Equipment
- ✎ Motor Vehicles
- ✎ Work in Progress
- ✎ Book Debts

The following assets have been excluded from the sale.

- ✎ Statutory records of the Company

The nature of the transaction was as a sale of the whole of the business.

### **Consideration Paid & Payment Terms**

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#### **Consideration**

Consideration for the sale was agreed at £257,524 + 70% of the existing book debt ledger collected by the purchaser, estimated as £111,870 82, totalling £369,395

#### **Date of the Transaction**

The date of the transaction was 18/05/2016

#### **Payment Terms**

Payment terms are as follows:

- ✎ Cash payment of £215,680
- ✎ Deferred payment terms as follows
  - Work in Progress - £41,844 15 to be settled at the point in time where the customer pays for the invoice to which it relates
  - Book Debtors – 70% of the gross value of book debt as and when the customer settles their obligations

#### **Security Obtained**

Security has been obtained over the purchaser as a full fixed and floating charge over the purchaser's assets

#### **Apportionment of the Consideration**

The consideration has been apportioned as follows between the assets sold

Details of Assets	Apportionment of Consideration £
Office furniture & equipment	750
Plant & Equipment	15,000
Motor Vehicles	14,000
Stock	28,000
Intellectual property rights, goodwill, telephone numbers, personal data, customer lists, sales contracts, etc.	157,930
Debtors (estimated)	111,871
Work in Progress	41,844
<b>Total</b>	<b>369,395</b>

#### Conditions of the Contract

The following conditions of the sales contract could materially affect the consideration

- Deferred consideration – book debt collection clause as it is dependent upon the customer paying what they owe

#### Other Aspects of the Transaction

There are no wider aspects of the transaction that require disclosure.

#### Options or Buy Back Conditions

This sale has buy back or similar conditions as follows

- Should a book debtor not settle their obligation within 90 business days of the completion, then there is an option to buy back the book debt for £1 00 and allow the administrator's to independently pursue the book debtor

#### Consultation with major creditors

There has been no consultation with major creditors because many had already attempted to instigate legal proceedings for the recovery of their debts and the average balance of the trade and expense creditors was just under £1,100

The nominated Joint Administrators did consult with the solicitors for the deceased estate of Stephen Brod (being the majority shareholder and the landlord). Their opinion was sought in relation to the sale and their feedback was to proceed with this purchaser and save 18 jobs

#### Guarantees and Financiers

##### Guarantees

The sole director has not provided any guarantees to financiers of the Company

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### **Financing**

We do not believe the current financiers of the Company are providing finance to the purchaser  
We are aware that the 2 corporate shareholders of the purchaser have each provided the purchaser with funds in order to make the acquisition from their own respective organisations

## APPENDIX C RECEIPTS AND PAYMENTS ACCOUNT

### Joint Administrators' Abstract of Receipts & Payments to 06/06/16

Estimated S of A £	Narrative	£	£
	<b>SECURED ASSETS</b>		
15,000.00	Plant & Equipment	15,000 00	
157,929 00	Intellectual Property, Goodwill etc	157,929 00	
111,871 00	Book Debts	4,645.20	
750 00	Office Furniture & Equipment	750.00	
14,000 00	Motor Vehicles	14,000.00	
41,844.00	WIP	0 00	
28,000.00	Stock	28,000 00	
369,394.00			220,324 20
0 00	SECURED CREDITORS -Royal Bank of Scotland plc	0 00	
0 00			0.00
	<b>COSTS OF REALISATION</b>		
	Bank Charges	103 61	
	Pre Appointment Sale of the Business	22,472.65	
	Final Site Expenses	460.34	
	Final Wages & Salaries	13,884.70	
	Transfer of Customer Deposits	68,857.00	(105,778 30)
	<b>HIRE PURCHASE</b>		
1 00	Telephone System ·	1 00	
	NIX Network Services LLP	0 00	
1 00			1 00
	<b>ASSET REALISATIONS</b>		
	Bank Interest into Company Account	50.82	
49,352 27	Cash at Bank	177,956.63	
	Bank Interest Gross	0 54	
49,352 27			178,007 99
	<b>COST OF REALISATIONS</b>		
	Pre Appointment Insolvency Advice	3,500.00	
	Pre administration costs	15,000 00	
	Travel & Expenses	629 62	
	Court Fees	250 00	
	Land & Company Searches	6.00	
	Insurance of assets	109.50	
0 00			(19,495 12)
	<b>PREFERENTIAL CREDITORS - Employee</b>		
(6,329 38)	Arrears/Hol Pay	0 00	
(6,329.38)			0 00

UNSECURED CREDITORS		
(90,065 01)	Trade & Expense Creditors	0 00
(132,546 39)	Employees	0 00
(1 00)	HM Revenue & Customs - Corporation Tax	0 00
(25,000 00)	HM Revenue & Customs - PAYE & NI	0 00
(30,000 00)	HM Revenue & Customs - VAT	0 00
(250,000 00)	Landlords	0 00
(527,612 40)		0 00
DISTRIBUTIONS		
(294,117 00)	Ordinary Shareholders	0 00
(294,117 00)		0 00
<b>(409,311.51) Balance</b>		<b>273,059.77</b>
REPRESENTED BY		
	VAT Receivable	8,320 46
	Current Account	215,570 50
	Bank RBS Company Account	49,168 81
		<b>273,059.77</b>

## APPENDIX D ESTIMATED STATEMENT OF AFFAIRS OF THE COMPANY

Estimated as at 18 May 2016 (verified by a statement of Truth on 31 May 2016)

Narrative	Book Value		Estimated to Realise	
	£	£	£	£
<b>ASSETS</b>				
Plant & Equipment	24,000 00		15,000 00	
Intellectual Property, Goodwill etc	5,000 00		157,929 00	
Book Debts	159,815 45		111,871 00	
Office Furniture & Equipment	1,275 00		750 00	
Motor Vehicles	17,700 00		14,000 00	
WIP	1 00		41,844 00	
Stock	85,000 00		28,000 00	
		292,791 45		369,394 00
<b>HP &amp; LEASES</b>				
Telephone System	1 00		1 00	
NIX Network Services LLP	(347 47)		0 00	
		(346 47)		1 00
Cash at Bank		49,352 27		49,352 27
		341,767 25		418,747 27
<b>LIABILITIES</b>				
<b>PREFERENTIAL CREDITORS -</b>	<b>Employee Arrears/Hol Pay</b>		6,329 38	
				(6,329 38)
				412,417 89
<b>DEBTS SECURED BY FLOATING CHARGE PRE 15 SEPTEMBER 2003</b>				0 00
<b>OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS</b>				0 00
				412,417 89
Estimated prescribed part of net property where applicable (to c/f)				0 00
				412,417 89
<b>DEBTS SECURED BY FLOATING CHARGE POST 15 SEPTEMBER 2003</b>				0 00
				412,417 89
Estimated prescribed part of net property where applicable (b/d)				0 00
				412,417 89
<b>Unsecured non-preferential claims (excluding any shortfall to floating charge holders)</b>				
Trade & Expense Creditors			90,065 01	
Employees			132,546 39	
HM Revenue & Customs - Corporation Tax			1 00	
HM Revenue & Customs - PAYE & NI			25,000 00	
HM Revenue & Customs - VAT			30,000 00	
Landlords			250,000 00	
				(527,612 40)
Estimated (deficiency)/surplus as regards non-preferential creditors (excluding any shortfall in respect of F C's post 14 September 2003)				(115,194 51)
				0 00



ISSUED & CALLED UP SHARE CAPITAL	Ordinary Shareholders	294,117 00	(115,194 51)
			(294,117 00)
<b>TOTAL SURPLUS/(DEFICIENCY)</b>			<b>(409,311 51)</b>

#### Company Creditors

Key	Name	Address	Security	£
CA00	Anglo Carbon & Contacts Ltd	Waterloo Mills, Waterloo Road, Pudsey, West Yorkshire, LS28 8DH		1,862 40
CA01	Allport Packaging Ltd	Soke Road, Silchester, Reading, RG7 2PF		858 00
CA02	Abacus Office Direct	Unit 1, Lammas Courtyard, Weldon Ind Estate, Corby, Northants, NN17 5EZ		519 25
CA03	Allstar Business Solutions Ltd	PO Box 1463, Windmill Hill, Swindon, SN5 6PS		217 37
CA04	Aircare Compressor Services Ltd	Glebe House, Crucible Road, Corby, Northants, NN17 1TS		908 18
CA05	Annalex Bute Ltd	Unit B6, Blaby Ind Park,, Winchester Avenue, Blaby, Leices, LE8 5GZ		588 07
CA06	Alpunch Tooling Ltd	Unit 24, Ganton Way, Techno Trading Estate, Kembrey Park, Swindon, SN2 8EZ		209 40
CA08	Adam Equipment Co Ltd	Bond Avenue, Denbigh East Ind Estate, Milton Keynes, MK1 1SW		522 00
CA09	Alsco Limited	Unit 13 Hillmead Ind Estate, Swindon, Wiltshire, SN5 5FZ		905 47
CA0A	Armac Manufacturing (Brassfounders)Ltd	Trading as Brass Turned Parts, 160 Dollman Street, Duddeston, Birmingham, B7 4RS		0 00
CA0B	Aurubis UK Ltd	Rabone Park, Rabone Lane, Smethwick, West Midlands, B66 2NN		1,435 51
CA0C	AEG Power Solutions Ltd	Electric Avenue, Ground Floor, Vision 25, Innova Park, Enfield, Middlesex, EN3 7GD		0 00
CA0D	Anglian Water	Customer Services, PO Box 10642, Harlow, CM20 9HA		800 00
CB01	Expert Developments	Barclays Asset & Sales Finance, Churchill Plaza, Churchill Way, Basingstoke, RG21 7GP		2,642 63
CB02	BPX Electro Mechanical Co Ltd	Ross Walk, Leicester, LE4 5HA		2,828 13
CB03	Broyce Control Limited	Poole Street, Wolverhampton, WV2 4HN		1,545 84
CB04	BOC LTD	Customer Service Centre P O Box 12, Priestley Road, Worsley, Manchester, M28 2UT		0 00
CB05	B E D (Corby) Ltd	Phoenix House, Cockerell Road, Phoenix Parkway, Corby, Northants, NN17 5DU		90 07
CB06	B & G Green	109 Colyers Avenue, Corby, Northants, NN18 9JY		57 60
CB07	BT plc - Insolvency	Dept W, Durham TE, Providence Row, Durham, DH1 1RR		0 00

CB08	British Standards Institution	BSI Accounts Receivable, PO Box 3000, Kitemark Court, Davy Avenue,, Milton Keynes, MK1 9EL	352 80
CB09	Broanmain Ltd	Forge works, Horsham Road, Mid Holmwood, Dorking, RH5 4EJ	4,527 00
CB0A	Brunel Signs	Unit 8B St Marks Road, St James Ind Est , Corby, Northants, NN18 8AN	70 44
CB0B	Executors of the Estate of the Late Stephen Brod	C/O LSGA Solicitors, 35 Piccadilly, London, W1J 0LP	250,000 00
CB0C	British Gas Insolvency	FAO Kath Morley, P O Box 23, Stockport Road, Hyde, SK14 3QU	0 00
CC00	County Powder Coaters Ltd	Powder Coaters, 18 Kemp House, Brunel Road, CORBY, NN17 4AU	0 00
CC01	Chapelton Engineering Ltd	T/A N D L T , 30 Burkitt Road, Earlstrees Ind Estate, Corby, NN17 4DT	0 00
CC02	Chubb Fire & Security Ltd	Number 1 @ The Beehive, Lions Drive, Shadworth Business Park, Blackburn, BB1 2QS	1,918 41
CC03	CJ Upton & Son's Ltd	Shaw Lane,, Markfield,, Leicestershire, LE67 9PU	2,169 50
CC04	City Electrical Factors Ltd	(Midland Division), 1 Alpha House, Farmer Ward Road, Kenilworth, CV8 2ED	993 89
CC05	Croylek Limited	23 Ullswater Crescent, Coulsdon, Surrey, CR3 2UY	679 71
CC06	Chemi-Supply Ltd	Ewell House, Brunel Road, Corby, Northants, NN17 4JW	0 00
CC07	Cablectrix Ltd	9 &10 James Watt Close, Drayton Fields Ind Estate, Daventry, Northants, NN11 8QU	318 51
CC08	CSE Industrial Electrical Distributors Ltd	Head Office & Bourne End Warehouse, Unit 4 Wessex Road, Bourne End, SL8 5DT	397 98
CC09	Cromwell Group (Holdings) Ltd	P O Box 14, 65 Chartwell Drive, Wigston, Leicester, LE18 1AT	475 99
CC0A	Cyclomarket Ltd	Unit G10 Alpha Court, Corby,, Northants, NN17 5DP	137 58
CC0B	CHACOMM	Waterside House, 8 Waterside Way, Northampton, NN4 7XD	436 50
CC0C	Chemtech Waste Management Ltd	Alchemy House, Coppice Side Ind Park, Brownhills, West Midlands, WS8 7EU	30 00
CC0D	CSL Business Machines Limited	28-34 Hinckley Road, Leicester, LE3 0RA	80 52
CC0E	Coca Cola Enterprises Ltd	PO BOX 4021, Unit 2 Interface Business Park, Binknoll Lane, Swindon, SN4 4LB	28 80
CC0F	CCS Media Limited	Old Birdholme House, Derby road, Chesterfield, Derbyshire, S40 2EX	0 00
CC0G	CIT Vendor Finance (UK) Ltd	CIT Group Finance (Ireland), CIT House, Carysfort Avenue, Blackrock Business Park,, Blackrock, Co Dublin, Ireland	0 00
CC0H	Cablecraft Limited	Cablecraft House, Circle Business Centre, Blackburn Road, Houghton-Regis, Bedfordshire, LU5 5DD	94 55
CC0I	Corby Borough Council	Business Rates Department, The Corby Cube, George Street, Corby, Northants, NN17 1QG	1 00

CD00	Dengrove Marketing Ltd	The Stables, Grange Mill Farm, Old Lindsdale Road, Heath & Reach, Bedfordshire, LU7 0DY	444 00
CD01	DQ Creative	formerly Design Quest Internet Marketing, 14 Bury End, Pirton, Herts, SG5 3QB	612 00
CD02	Dataserve UK	19 Hawick St, Glasgow, Lanarkshire, G13 4EN	460 07
CE00	Ellis Whittam Ltd	Woodhouse, Church Lane, Aldford, Cheshire, CH3 6JD	5,571 00
CE01	ETA Enclosures (UK) Limited	Unit 2, Ignite, Magna Way, Rotheram, S60 1FD	2,542 71
CE02	Electronics Direct Ltd	Headway House, Industrial Park, Sherriff Hutton, York, YO60 6RZ	2,066 45
CE03	EBN Partnership Ltd	Office 2, Second Floor, Bowden Hall, Bowden Lane, Marple, Stockport, Cheshire, SK6 6ND	0 00
CF00	Fine Cut Graphic Imaging Ltd	Marlborough Road, Lancing Business Park, Lancing, BN15 8UF	168 30
CF01	Farnell Electronic Components Ltd	Accounts Receivable, PO Box 208, Leeds, LS12 9BH	1,253 82
CF02	F C Lane Electronics Ltd	Slinfold Lodge, Stane Street, Horsham, West Sussex, RH13 0RN	312 78
CF03	F D Sims Ltd	Lions Drive, Shadsworth Business Park, Blackburn, Lancs, BB1 2QS	3,790 60
CG00	Graydon UK Ltd	2nd floor, Hygeia Building, 66 College Road, Harrow, Middlesex, HA1 1BE	95 64
CG01	G & B Projects Company	Barnards Green, Malvern, Worcs, WR14 3LY	65 65
CH00	Hudson Energy Supply (UK)	Avebury House, 219-225 Avebury Boulevard, Milton Keynes, MK9 1AU	0 00
CH01	Henkel Electronics Materials (Belgium) N V	Nijverheidsstraat 7, 2260 Westerlo, Belgium	2,167 69
CH02	Haysite Reinforced Plastics Ltd	Greenhill Industrial Estate, Birmingham Road, Kidderminster, DY10 2RN	1,207 08
CH03	Holbourne Industrial Plastics Ltd	Unit E3 & E4, Phoenix Works, Middlemore Lane West, Aldridge, WS9 8BG	690 24
CH04	Huco Eng Components	Merchant Drive, Hertford, Herts, SG13 7BL	562 08
CH05	Hitachi Capital (Active Spring)	(Active Spring Co Ltd), Isis House, Red Cross Road, Goring-on-Thames, Reading RG8 9HG	536 71
CH06	Howard Butler Ltd	Crown Works, Lincoln Road, Walsall, West Midlands, WS1 2EB	0 00
CH07	Howarth Timber Merchants Ltd	Corby Branch, P O Box 65, Barrow-upon-Humber, North Lincolnshire, DN19 7XG	1,674 64
CH08	HM Revenue & Customs - PAYE & NI	Insolvency - HMR&C, DSS, Longbenton, Newcastle upon Tyne, Tyne & Wear, NE98 1YX	25,000 00
CH09	HMR&C Corporation Tax Unit	Business Tax Operations Unit, CT Operations S0722, P O Box 29997, Glasgow, G70 5AB	1 00

CH0A	HM Revenue & Customs - VAT (ADM)	Enforcement and Insolvency Service (EIS) , Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE	30,000 00
CI00	I L F Limited	Unit 29B, Zone 3,, Burntwood Business Park, Burntwood, Staffordshire, WS7 3JQ	0 00
CI01	Intertek International Ltd	Academy Place, 1-9 Brook Street, Brentwood, CM14 5NQ	198 65
CI02	Inxpress Ltd	The Amphenol Building, Rutherford Drive, Wellingborough, NN8 6AX	151 49
CI03	Interlink Express Parcels Limited	15th Floor, Castlemead, Lower Castle Street, BRISTOL, BS1 3AG	0 00
CJ00	Jacksons Workwear Rental Ltd	Weir Street, Lincoln, LN5 8DT	0 00
CJ01	J B Rubber (Corby) Ltd	Heritage Way, Off Phoenix Parkway, Corby, Northants, NN17 1QT	180 00
CJ02	Jetcam UK Limited	The Lodge Castle Bromwich Hall, Chester Road, Castle Bromwich, West Midlands, B36 9DE	588 00
CK00	Kraus & Naimer Ltd	115 London Road, Newbury, Berks, RG14 2AH	774 21
CL00	London Scottish Invoice Finance Ltd	(Switchgear Systems), 5 Hollinswood Court, Stafford Park 1, Telford, TF3 3DE	7,776 00
CL01	Lifting Equipment Supplies Ltd	18 James Road, Tyseley, Birmingham, B11 2BA	684 00
CL02	LPC Components Limited	Coundon Industrial Estate, Coundon,, Bishop auckland, Co Durham, DL14 8NR	293 28
CL03	Leicester Plating Co,Ltd	Wesley Street, Leicester, LE4 5QG	407 02
CL04	Lyreco UK Limited	Deer Park Court, Donnington Wood, Telford, TF2 7NB	151 55
CM00	Metelec South	Vulcan Ind Estate, Leamore Lane, Walsall, WS2 7BZ	0 00
CM01	Moto-Tec	73 Occupation Road, Corby, Northants, NN17 1EE	55 76
CM02	Mars UK	Armstrong Road, Basingstoke, RG24 8NU	230 43
CN00	Newark Steel Ltd	Sylvan Way, Off the Old Great North Road, Balderton, NG24 3UT	0 00
CN01	NIX Network Services LLP	Winchester Hill Musiness Park, Winchester Hill, Romsey, SO51 7UT	0 00
CN02	Norman Global Logistics Ltd	Unit 1, The Griffin Centre, Staines Road, Feltham, TW14 0HS	3,867 30
CN03	NIX Network Services LLP	Winchester Hill Business Park, Winchester Hill, Romsey, SO51 7UT	375 00
CP00	Permag Limited	Strutherhill Ind Estate, Larkhall, Lanarks, ML9 2PJ	8,167 39
CP01	P W Circuits Ltd	Premiers Works, Canal Street, South Wigston, Leicester, LE18 4PN	796 51
CP02	Parafix Tapes & Conversions Ltd	Spencer Road, Lancing Business Park, Lancing, West Sussex, BN15 8UA	648 86
CP03	Power Capacitors Ltd	30 Redfern Road, Tyseley, Birmingham, B11 2BH	663 90
CP04	Pestwise	34 Hayway, Irlthlingborough, Northants, NN9 5QP	319 20

CP05	PCS Business Systems Ltd	2 Northfield Point, Cunliffe Drive, Kettering, NN16 9QJ	0 00
CR00	Royal Bank of Scotland	200 Priory Crescent, Southend-on-sea, Essex, SS99 9EE	0 00
CR01	R S Components Ltd	P O Box 99, Corby, Northants, NN17 9RS	2,594 13
CR02	Rayleigh Instruments Limited	Raytel House, Cutlers Road, South Woodham Ferrers, Chelmsford, CM3 5WA	594 14
CR03	RTW Printers	Orion Way, Kettering Business Park, Kettering, Northants, NN15 6NL	463 20
CR04	Rockingham Manufacturing Ltd	Unit M, Harlow House, Shelton Road, Willowbrook Ind Estate, Corby, NN17 5XH	459 00
CR05	Ross Wallace Landscapes Ltd	42 Dovedale Road, Corby, Northants, NN17 1LP	84 00
CR06	Rajapack Ltd	Unit 1, Marston Gate, Ridgmont, Bedford, MK43 0YL	66 04
CR07	Royal Bank of Scotland plc - RBS	1st Floor, 14-15 Hereward Cross, Peterborough, Cambs , PE1 1TB	Security Given Debenture Date Given 03/05/2014
CS00	Sawford Engineering Ltd	Priors Haw Road, Weldon North Ind Estate, Corby, NN17 5JG	1 00
CS01	Schloetter Co Ltd	Abbey Works, New Road, Pershore, Worcs, WR10 1BY	0 00
CS02	SLS Online Solutions Ltd	T/A Wida Leicester, 10 Holland Road, Melton Mowbray, LE13 0LU	1,109 24
CS03	Stickleback Manufacturing Ltd	Fenn Corner, St Mary Hoo, Rochester, Kent, ME3 8RF	720 00
CS04	Sage (UK) Ltd	North Park, Newcastle upon Tyne, NE13 9AA	670 80
CS05	Symcirrus IT Solutions Ltd	36 The Point, Rockingham Road, Market Harborough, LE16 7QU	142 20
CS06	Sawford Engineering Ltd	Priors Haw Road, Weldon North Industrial Estate,, Corby,, Northants , NN17 5JG	0 00
CS07	Sutch Lifting Equipment Ltd	18 Millbrook Close, Northampton, Northamptonshire, NN5 5JF	1,963 86
CT00	Triangle Cables (UK) Limited	Unit 1 Atlantis Court, Ryde Business Park, Nickolson Road, Ryde, Isle of Wight, PO33 1FB	378 56
CT01	Tate Circuit Industries Ltd	Unit 3,Waterside Business Park, Wheelhouse Road,, Rugeley, Staffordshire, WS15 1LJ	0 00
CT02	Transtel Electrical Ltd	100 Layton Road, Brentford, Middlesex, TW8 0QJ	164 40
CU00	Ultimate Invoice Finance Ltd	Techturn UK, 90-92 Leyland Trading Estate, Irthingborough Road, Wellingborough, Northants, NN8 1RS	0 00
CU01	UKWPMMMP	Q House, Troon Way Business Centre, Humberstone Lane, Thurmaston, Leicester, LE4 9HA	2,274 42
CU02	UK Cables Ltd	Southern Distribution Centre, Unit C1 & C2, Frogmore Ind Estate, Motherwell Way, West Thurrock, RM20 3XD	0 00
CW00	World Options	Link 665 Businesws Centre, Todd Hall Road, Carrs Ind Estate, Haslingden, BB4 5HU	64 80
			0 00

CZ00	Zeus Packaging (UK) Ltd	Aspect One, Gunnels Wood Road, Stevenage, SG1 2DG	239 11
EB00	Mr Colin James Barber	20, Samuel Place, Corby, Northants, NN17 1BQ	0 00
EB01	Mr Robert Ian Bradshaw	5 Brixham Walk, Corby, Northants, NN18 8DS	0 00
EB03	Mr Mark Brown	Flat 3, Meadow Court,, Meadow Road, Kettering, Northants, NN16 8TL	0 00
EC00	Mr John Edwin Carlisle	29 Cannock Road, Corby, Northants, NN17 1YQ	8,146 41
EC01	Mr Scott Andrew Clinton	23 Porters Lane, Easton on the Hill, Stamford, Northants, PE9 3NF	0 00
ED00	Mr Rolant Wyn Davies	4 Scarborough Walk, Corby, Northants, NN18 0NR	5,895 11
ED01	Mr David Andrew Dawson	24 Nelson Road, Corby, Northants, NN17 2RN	0 00
EH00	Mrs Sarah Louise Harwood	5 Dobson Walk, Corby, Northants, NN18 0SG	0 00
EH01	Mr Paul Howell	21 St Theresa's Close, Kettering, Northants, NN15 5HS	0 00
EI00	Mr Robert Albert Irons	33 Davie Lane, Whittlesey, Peterborough, Cambs, PE7 1YZ	12,852 95
EJ00	Mr Mark Andrew Jones	192 St Johns Road, Kettering, Northants, NN15 5AT	0 00
EK00	Mrs Janis Kelly	19 Bridgford Place, Corby, Northants, NN18 0HE	0 00
EL00	Mr John Andrew Law	206 Neale Avenue, Kettering, Northants, NN16 9HB	10,721 59
EM00	Mr Thomas McKenzie MacDonald	4 Garston Walk, Corby, Northants, NN18 8NH	0 00
EM01	Mr Malcolm George MacDonald	4 Garston Walk, Corby, Northants, NN18 8NH	1,697 13
EM02	Mr Stephen Albert Monk	11 Astley Close, Market Harborough, Leicestershire, LE16 9NL	2,324 30
EN00	Mr John William Newell	14 Willow Lane, Kingscliffe, Peterborough, PE8 6XT	0 00
EO00	Mr James Andrew Owens	16 Lynton Grove, Corby, Northants, NN18 8BP	3,836 95
EO01	Mrs Stephanie Kay Owens	16 Lynton Grove, Corby, Northants, NN18 8BP	0 00
EP00	Mr Robert Andrew Perratt	40 Inwood Close, Corby, Northants, NN18 8LG	6,173 27
EP01	Mr Robin Michael Peters	19 Outfield Close, Great Oakley, Corby, Northants, NN18 8FX	0 00
EP02	Mr Jamie Price	250 Rowlett Road, Corby, Northants, NN17 2BH	7,941 89
ER00	Mr Ian Francis Reeves	11 Cawkell Close, Stansted Montfitchet, Essex, CM24 8JF	12,478 00
ER01	Mr Kris Paul Richardson	17 Northcape Walk, Corby, Northants, NN18 9DQ	0 00
ER02	Mr James Robb	12 Shakespeare Way, Corby, Northants, NN17 2NA	0 00
ES00	Mr Mantas Siksny	12 Scarborough Walk, Corby, Northants, NN18 0NR	0 00
ES01	Mr Robert John Smethers	6 Langdale Grove, Corby, Northants, NN17 2DG	2,631 16

ES02	Mr Antonio Join Spinelli	32 Breck Close, Great Oakley, Corby, Northants, NN18 8JR	0 00
ES03	Ms Tracy Marie Stoker	49 Northbrook, Corby, Northants, NN18 9AU	13,924 68
ES04	Mr Andrew Joseph Stone	2 Laxton Close, Corby, Northants, NN17 2QL	4,964 83
EW00	Ms Susan Louise Waterman	31 Cambrian Lane, Corby, Northants, NN18 8GR	14,084 49
EW01	Ms Sharon Gillian Welch	19 Outfield Close, Great Oakley, Corby, Northants, NN18 8FX	17,945 72
EW02	Mr Andrew John White	13 Glenshee Close, Kettering, Northants, NN15 5BW	2,513 35
EW03	Mr Ashley Roy Wilson	65 Chelveston Drive, Corby, Northants, NN17 2QQ	1,969 11
EW04	Mr Stewart Ian Wilson	17 Malcolm Court, Corby, Northants, NN17 1RY	1,606 47
EY00	Mr Colin Hope Young	103 Cottingham Road, Corby, Northants, NN17 1SX	7,168 36
RR00	Mr Colin Deshborough Brown	8A Station Road, Morton, Bourne, Lincolnshire, PE10 0NN	0 00
RR01	Ms Claudia Emma Rosencrantz	Executors of the Deceased Estate of Stephen Brod, C/o LSGA Solicitors, 35 Piccadilly, London, W1J 0LP	0 00
<b>156 Entries Totalling</b>			<b>535,118 78</b>

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## APPENDIX E SIP 9 TIME ANALYSIS

### Pre Appointment Time

Category of Work	Grade of Staff					Grand Total	Work in Progress £	Average rate per hour £
	Office Holders	Associate	Manager	Other Senior Personnel	Admin & Support Staff			
Fact Finds	1 3	18 65	17 65			37 6	6,070 80	161 46
Advice & Options	2 5	13				15 5	3,308 00	213 42
Case Set Up	0 3	11 7	6	10	4 3	32 3	4,343 20	134 46
Plan the Assignment	18 5	54 9	7		2 85	83 25	17,174 60	206 30
Valuation of Assets	9 3	9 85			0 4	19 55	4,604 40	235 52
Statutory Notices	0 35	0 45		2 25	11 55	14.6	1,292 00	88 49
Debtor/Director Communication		1				1	200 00	200 00
Creditor Communication	2 25	9 9			1 2	13 35	2,701 20	202 34
Marketing of Business	1 75	4 25	5 75	125 5	0	137 25	12,275 46	89 44
Sales Negotiations	27 95	62 15		33 5	0 5	124 1	22,740 00	183 24
<b>Grand Total</b>	<b>64.2</b>	<b>185 85</b>	<b>36 4</b>	<b>171 25</b>	<b>20.8</b>	<b>478.5</b>		
Work in Progress £	17,622 00	37,170 00	4,117 30	13,896 40	1,903 96		<b>74,709 66</b>	
Average rate per hour £	274 49	200 00	113 11	81 15	91 54			<b>156.13</b>

Category of Work	Work in Progress £	Fees drawn £	Fees Outstanding £
Fact Finds	6,070 80	6,070 80	-
Advice & Options	3,308 00	3,308 00	-
Case Set Up	4,343 20	4,343 20	-
Plan the Assignment	17,174 60	6,072 49	11,102 11
Valuation of Assets	4,604 40	4,604 40	-
Statutory Notices	1,292 00	1,292 00	-
Director Communications	200 00	200 00	-
Creditor Communications	2,701 20	2,701 20	-
Marketing of Business	12,275 46	4,340 28	7,935 18
Sales Negotiations	22,740 00	8,040 27	14,699 73
<b>Work in Progress £</b>	<b>74,709.66</b>	<b>40,972.64</b>	<b>33,737.02</b>



**Post Appointment: For the Period from 18/05/2016 to 05/06/2016**

Sum of Total Hours	Grade of Staff				Grand Total	Average	
Category	Office Holders	Associate	Other Senior Personnel	Administrative & Support Staff		Fees £	Rate per hour
<b><u>Admin &amp; Planning</u></b>							
Set Up	1 15	16 25	0 3	1 75	19 45	3,751 20	192 86
Statutory Reporting	2 5	14 95	0 5	1 75	19 7	3,684 40	187 03
Case Planning	1	0 5		2 4	3 9	580 00	148 72
Cashiering			0 55		0 55	55 00	100 00
General Administration	0 1				0 1	28 80	288 00
<b><u>Assets</u></b>							
Asset realisation	0 5	3 4		0 1	4	832 00	208 00
Retention of Title Issues		1 3	3	2 95	7 25	796 00	109 79
Debt Collection		2	0 45		2 45	445 00	181 63
<b><u>Creditors &amp; Members</u></b>							
Employees		5 25	0 4	1 7	7 35	1,226 00	166 80
HP / Lease / Finance Creditors	0 1				0 1	20 00	200 00
Unsecured Creditors	0 9	0 25	0 25	3 45	4 85	610 20	125 81
General Creditor communications	0 05				0 05	14 40	288 00
<b><u>Case Specific Matters</u></b>							
Insurance		0 5		1 7	2 2	236 00	107 27
Tax	0 4			0 95	1 35	156 00	115 56
Pension Schemes		0 5			0 5	100 00	200 00
<b>Grand Total</b>	<b>6.7</b>	<b>44 9</b>	<b>5.45</b>	<b>16.75</b>	<b>73.8</b>		
Fees £	1,670 00	8,980 00	545 00	1,340 00		<b>12,535.00</b>	
Average Rate per hour	249 25	200 00	100 00	80 00			<b>169.85</b>

## APPENDIX F OTHER COSTS & EXPENSES

Other costs that will be incurred in this matter are indicated below. Category 1 disbursements (as defined by SIP 9) require no specific sanction from creditors as they are directly attributable as an expense of the case.

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred by Mitchell Charlesworth for the provision of services which include an element of recharged overhead and are fully identified in Appendix G.

### Final Trading Aspects

Supplier / Service Provider & SIP 9 Category	Nature of expense & basis of charge	Amount incurred to date £	Paid to date £	Amount Outstanding £	Future Forecast costs £
The Executors of the Estate of the late Stephen Brod	Rent due to landlord	100,000	0 00	100,000 00	0 00
Final wages & salaries to employees	Remuneration due to 18/05/2016	34,476 99	13,884 70	20,592 29	0 00
Other remaining costs & expenses		25,621 05	0 00	25,621 05	0 00
<b>Total</b>		<b>160,098.04</b>	<b>11,326 12</b>	<b>146,213.34</b>	<b>0.00</b>

### Pre Appointment Expenses & Costs

Supplier / Service Provider & SIP 9 Category	Nature of expense & basis of charge	Amount incurred to date £	Paid to date £	Amount Outstanding £	Future Forecast costs £
Nexus Solicitors Limited Category 1	<p>Legal costs for advice in relation to</p> <ul style="list-style-type: none"> <li>• the filing of Notice of Intention to Appoint Administrators,</li> <li>• a distraining creditor</li> <li>• the sales of the business &amp; assets of the company</li> </ul> <p><i>Based on time costs and hourly charge rates</i></p>	30,000	0 00	30,000 00	0 00

Charterfields Limited Category 1	Valuation of assets & Disposal advice  <i>Based on time costs and hourly charge rates + disbursements</i>	5,001 55	0 00	5,001 55	0 00
Court Fees Category 1	Court Fees  <i>Based on fixed fee per item</i>	350 00	250 00	100 00	0 00
Mitchell Charlesworth Category 2	Stationery  <i>Set fee per item based on cost and rates as stated</i>	13 04	0 00	13 04	0 00
Company Search	Articles & Memorandum of Association from 1947  <i>Set fee per item</i>	6 00	6.00	0 00	0 00
Mitchell Charlesworth LLP Category 2 for mileage	Travel & Subsistence  Mileage at a rate of 42p per mile + subsistence at cost	694 44	535 18	159 26	0 00
Mitchell Charlesworth LLP Category 1 for toll fees	Toll charges at a fixed rate of £5 50 per journey (incl VAT)	94 44	71 51	22 93	0 00
<b>Total</b>		<b>36,159.47</b>	<b>862.69</b>	<b>35,296.78</b>	<b>0 00</b>

#### Post Appointment Expenses & Costs

Supplier / Service Provider & SIP 9 Category	Nature of expense & basis of charge	Amount incurred to date £	Paid to date £	Amount Outstanding £	Future Forecast costs £
QBE Insurance (Europe) Limited Category 1	Specific bond (required by statute)  <i>Fixed fee based on asset values</i>	370 00	0 00	370 00	0 00
QBE Insurance (Europe) Limited Category 1	Insurance of assets, etc for the period prior to sale to cover for any liability claims in this time period  <i>Fixed fee based on perceived risks</i>	109 50	109 50	0 00	0 00

Nexus Solicitors Limited Category 1	<p>Legal costs for</p> <ul style="list-style-type: none"> <li>✦ validating the appointment</li> <li>✦ assistance in relation to the re-assignment of the book debts</li> <li>✦ assistance in relation to potential retention of title claims</li> </ul> <p><i>Based on time costs and hourly charge rates</i></p>	0 00	0 00	0 00	10,000 00
Royal Mail / Neopost Category 1	<p>Postage</p> <p><i>Set fee per item based on size &amp; weight of item</i></p>	226 86	0 00	226 86	400 00
Mitchell Charlesworth Category 2	<p>Stationery</p> <p><i>Set fee per item based on cost and rates as stated.</i></p>	262 23	0 00	262 23	200 00
Mitchell Charlesworth Category 2	<p>Meeting room hire</p> <p><i>Set fee per hour, based on cost and rates stated</i></p>	40 00	0 00	40 00	0 00
Iron Mountain Category 1	<p>Storage of books &amp; records of the entity during the estimated period of the case and for 12 months following the Joint Administrator release (unless there are accident books that have to be kept indefinitely or pensions records that have to be kept for 45 years)</p> <p>Storage of Joint Administrator records for 6 years following their release (required by statute)</p> <p><i>Set fee per box for handling, storage, destruction, etc</i></p>	0 00	0 00	0 00	190 00

The Stationery Office Category 1	Advertising in the London Gazette and other publications (required by statute)  <i>Fixed fee per advert required</i>	79 80	0 00	79 80	79 80
Cowgill Holloway Category 1	Preparation of the Statement of Affairs  <i>Fixed fee</i>	7,500 00	0 00	7,500 00	0 00
Cumber Consultancy Limited Category 1	Pension scheme advice  <i>Initially a fixed fee of £250 + VAT for the report</i>  <i>Then time &amp; costs if they are subsequently instructed to carry out any further work, estimated initially as £250 + VAT</i>	0 00	0 00	0 00	500 00
<b>Total</b>		<b>8,588 39</b>	<b>109 50</b>	<b>8,478 89</b>	<b>11,369.80</b>

## APPENDIX G MITCHELL CHARLESWORTH POLICY ON DISBURSEMENTS & CHARGE OUT RATES

### Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

- ✦ Specific Bond & Asset Insurance
- ✦ Travel Expenses (excluding mileage)
- ✦ Storage Costs
- ✦ Legal Fees
- ✦ Postage
- ✦ Statutory Advertising
- ✦ Agent / Valuation Fees
- ✦ Mail Redirection
- ✦ Land & Company Searches
- ✦ Property Restrictions

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred by Mitchell Charlesworth for the provision of services which include an element of recharged overhead and are (exclusive of VAT).

Item	Unit Costs	Basis
Photocopies	£ 0 15	Per page for circulars issued to creditors
Paper	£ 0 42	Charge based on number of sheets per report to creditors and number of creditors per ream of A4
Envelopes		Charge based on number of envelopes required per circular - based on one per creditor
	£ 0 10	Cost per C5 envelope
	£ 0 16	Cost per C4 envelope
Labels		Charge based on one label per creditor, 21 labels per sheet of labels rounded up to encompass complete sheets only in circulars to creditors
	£ 0 16	Cost per sheet of labels
Storage Box		Charge based on one storage box to store case files and cashier files for 7 years, as well as any additional boxes required to store books & records of the company
	£ 1 87	Cost per box
Room Hire	£ 40 00	cost per hour based on Mitchell Charlesworth's meeting room costs (statutory meetings held for 15 minutes as a minimum)
Mileage	£ 0 42	Charge based on Mitchell Charlesworth's re-imbursement rate per mile

## Fees

The current charge-out rates of Mitchell Charlesworth staff grades, exclusive of VAT, are

Staff Grade	2016/17 Hourly Rates £	2015/16 Hourly Rates £
Partner	288 00	200 00 - 400 00
Associate	200 00	190 00 - 300 00
Manager	150 00	100 00 - 200 00
Assistant Manager	125 00	100 00 - 200 00
Senior Case Administrator / Senior Cashier	100 00	90 00 - 150 00
Case Administrator	80 00	70 00 - 130 00
Junior Case Administrator	52 00	50 00 - 100 00
Cashier & Administrative Support	52 00	50 00 - 100 00

These are reviewed annually on 1<sup>st</sup> May. Time is applied in 3 minute units or multiples thereof. The case team will consist of (and is selected in part by the complexity of the case) an Insolvency Practitioner (who may be a Partner, an Associate or a combination), a Manager (who may be an Associate or a Manager), a Case Administrator (who may be a Senior Case Administrator, Case Administrator or Junior Case Administrator) and a Cashier (who will be a Senior Cashier).

## Subcontractors

We have not used subcontractors on this case.

## Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Nexus Solicitors Limited (legal advice)	Hourly rate and disbursements
Marsh Limited (insurance)	Risk based premium
Charterfields Limited (valuation and disposal advice)	Hourly rate and disbursements
MC Vanguard Corporate Finance Limited	Hourly rate and disbursements
Clumber Consultancy Limited (pensions specialist)	Fixed fee for the initial advisory report Hourly rate and disbursements for any further instructions.

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

## **APPENDIX H EXPLANATION OF TIME NARRATIVE**

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### **Introduction**

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The time costs incurred on a case vary by the nature of the work required. This appendix provides a narrative to the principal categories of time incurred within the framework identified in Statement of Insolvency Practice 9 "Payments to Office Holders and Their Associates".

### **Administration & Planning of the Assignment**

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- ✿ Case Set Up – Input of details onto case software, update of appointment dates, preparation & issue of initial post appointment notices, establishing standing orders, establishing work programmes, set up case diaries, etc.
- ✿ Cashiering – receipts of monies lodged & processed, payments of monies lodged & processed, reconciliation of bank statements, reviews of banking requirements, processing of Specific Bond reviews & returns, etc.
- ✿ Statutory Reports – production of SIP 16 report, Administrators Proposals, request statutory Receipts & Payments Account, convene meetings of creditors, etc
- ✿ Case Planning – case progress reviews at months 1, 3, 6 and every 6 months thereafter, complete work programmes and checklists, manager & office holder reviews, specific bond reviews, etc
- ✿ General – filing of papers, general matters, etc.

### **Asset Realisations**

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- ✿ Book Debts
  - Collection & pursuit of book debtors, collating information, evaluation of ability to pay, etc
  - Liaising with the purchaser of the business in relation to notifications, monies received, requesting their new banking details, etc
- ✿ Assets – realising and allocating the sales proceeds from the buyer Signing security documentation & instructing solicitors to lodge with Companies House
- ✿ Retention of Title Issues – liaising with creditors that claim they have retention of title, liaising with the purchaser, reviewing papers & contracts, etc

### **Creditors**

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- ✿ Secured creditors – liaising to obtain copies of redemptions statements, credit agreements, validating security documentation, liaising to ensure the final employee wages up to the date of appointment are settled, etc.
- ✿ Employees - liaising with employees and former employees, issuing relevant notices, forms and guidance, uploading data to the Redundancy Payments Service, resolving issues associated with the final 3 payroll runs following appointment, dealing with claims from Employment Tribunals, etc



- ✧ HP / Lease / Finance Creditors - liaising to obtain copies of redemptions statements, credit agreements, identifying the associated asset, etc
- ✧ Unsecured creditors – receiving claims, investigating claims, requesting statements, reviewing assignment notices, etc
- ✧ Members - (If applicable) receiving claims, identifying voting rights, dealing with proxies, etc

#### **Investigations**

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An initial evaluation of the circumstances of the cases has been carried out.

#### **Trading**

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There has been no trading during the period of this report.

#### **Case Specific Matters**

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- ✧ Tax - Review of specific tax matters, notify HM Revenue & Customs, for
  - VAT claims
  - Corporation Tax returns
  - PAYE Returns
- ✧ Pension Schemes – completion of scheme checklists, filing §120 Notices, making enquiries with the director, etc.
- ✧ General – dealing with press releases, etc

## **APPENDIX I WORK THE OFFICE HOLDER INTENDS**

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### **Administration & Planning of the Assignment**

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#### **Case Set Up**

Input of details onto case software, update of appointment dates, establishing work programmes, set up case diaries, etc. This will allow the Joint Administrator to maintain control & track the progression of the case in future as well as complying with all statutory requirements for the case type.

#### **Appointment Notification**

Preparation and issue of initial post appointment notices, addressing any statutory advertising requirements, notifications to Companies House, HM Revenue & Customs, Pensions Regulator, etc. This is a requirement of statute and will bring the appointment to the attention of relevant parties.

#### **Cashiering**

Receipts of monies lodged & processed, payments of monies lodged & processed, reconciliation of bank statements, reviews of banking requirements, processing of Specific Bond reviews & returns, etc. It is a requirement of insolvency Client Monies Rules to maintain banking facilities for each insolvent estate and to maintain those accounts accordingly.

#### **Statutory Reports**

Production of proposal documents, filing of Statement of Affairs, production & issue of Progress Reports, statutory Receipts & Payments Account, reports to convene meetings of creditors & members, production and maintenance of case records, and decisions made, etc. This is a requirement of statute.

#### **Case Planning**

Case progress reviews at months 1, 3, 6 and every 6 months thereafter, complete work programmes and checklists, manager & office holder reviews, specific bond reviews, etc.

Case planning review work allows for full management & control of the case as well as monitoring and maintaining case progression. Although much is not a requirement of statute, it is Best Practice and the Joint Administrator has to evidence control over the case. The process of regular reviews ensures this occurs in a timely manner.

#### **General**

Filing of papers, general matters, etc. This is a Best Practice requirement to maintain an orderly file.

#### **Case Closure**

Final case review, planning of budgets, seeking relevant closure clearances, drafting Final Progress Report, convening final meetings (if required), producing & filing of final meeting minutes (if relevant), filing copies of reports with Companies House, Court, obtaining office holder's release, etc. This is a requirement of statute.

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## **Asset Realisations**

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Realising assets on behalf of creditors of the insolvent entity is one of the key roles of the Joint Administrator and is subsequently critical for the case. Anticipated work under this category is as follows:

### **Book Debts**

Monitoring the receipt of book debts and handing over to the purchaser, receiving and allocating the deferred consideration of the book debt receipts, potentially receiving the re-assignment of book debts and subsequent pursuit after a 90 day period according to the sales agreement (if required)

### **Assets**

Receiving the initial consideration from the purchaser of the business and allocating it appropriately. Monitoring and receiving the deferred consideration for the Work in Progress. Arranging insurances for the relevant period.

### **Retention of Title Issues**

Identifying assets that may be subject to retention of title claims, reviewing & validating or rejecting such claims, liaising with the relevant creditor, the purchaser, etc.

## **Creditors & Members**

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Dealing with creditors & Members is one of the key roles of the Joint Administrator and aims to evaluate claims, allocating them between secured / preferential / unsecured/ etc. in order to determine whether or not monies are capable of being returned in accordance with the rules of priority laid out in statute.

Work anticipated is as follows:

### **Secured Creditors**

Liaising to obtain copies of redemptions statements, credit agreements, validating security documentation, settling claims (if applicable), etc.

### **Employees**

Liaising with employees and former employees, issuing relevant notices, forms and guidance, liaising with the Redundancy Payments Office, Employment Tribunals Service, etc.

### **HP / Lease / Finance Creditors**

Liaising with HP & lease creditors to obtain copies of redemptions statements, credit agreements, identifying the associated asset, etc.

### **Preferential Creditors**

Liaising with Redundancy Payments Service, receiving and admitting claims, preparing dividend calculations, issuing dividends, etc.

### **Unsecured Creditors**

Receiving and admitting claims for voting purposes, investigating claims, requesting statements, reviewing assignment notices, potentially admitting claims for dividend purposes, preparing dividend calculations, issuing dividends, etc

### **Members**

Receiving claims, identifying voting rights, dealing with proxies, etc.

### **Investigations**

---

An Office Holder is under a statutory obligation to investigate aspects of the case in order to identify any further asset realisations that may be due to the case and hence payable to creditors

On the basis that the investigation may not yet have been carried out, some aspects have been listed that may or may not be subsequently identified.

### **Antecedent transactions**

Preferences, transactions at an undervalue, etc

### **Office Holder Investigations**

Initial evaluation of the case to review for potential matters, reviewing books & records, identifying anything that is a breach of legislation, completing investigations checklists, etc

Detailed investigation of the company and its operations.

### **CDDA Reporting**

Preparing and submitting reports or returns to the Directors Disqualification Unit, assisting the Disqualification Unit if they wish to take matters further, etc.

### **Members**

Identifying unpaid share capital, calling upon settlement of same, etc.

### **Settlement of Claims against Directors**

Identifying & pursuing misfeasance claims, overdraw director loan accounts, etc.

### **Trading**

---

We are not anticipating trading this case.

### **Case Specific Matters**

---

There are some aspects to a case that relates specifically to its own particular circumstances. Some are statutory requirements (for example addressing any post appointment tax issues, or dealing with a pension scheme) and others are more pertinent to a case, but are not legal obligations but may reduce creditor claims or enhance realisations (for example finalising any insurance litigation)

## **Tax**

Review of specific tax matters, notify HM Revenue & Customs, preparation of papers for

- ⌚ VAT claims
- ⌚ Corporation Tax returns
- ⌚ PAYE Returns

## **Creditor Committee**

If a creditor committee is established, then liaising with its members, issuing reports, convening & holding meetings, etc

## **Pension Schemes**

Completion of scheme checklists, filing §120 Notices, identifying the auto-enrolment date, notifying various parties, liaising with specialist pension agents for advice, etc.

We were not aware that a pension scheme existed, however the §120 notice has identified a scheme. This matter will therefore require full investigation and pension specialist agent's advice will be required as there is very little information available about this scheme.

## **General**

Dealing with any interviews, press releases, resolving the position of the landlord from the sale proceeds as agreed, etc

## APPENDIX J FEE ESTIMATES

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### Basis of Remuneration

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The office holder is seeking remuneration as Joint Administrator to be approved on a fixed fee basis of £75,000 + VAT. Disbursements & expenses are considered separately

### Assumptions

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The following assumptions have been used in the evaluation of fees

#### Estimated Duration of the Administration Case

It is estimated that this case will be open for (see the ticked item)

- ☐ Less than 6 months (i.e. neither an annual nor a 6-monthly progress report will be required)
- ☒ Less than 12 months (i.e. only one 6-monthly progress report will be required)
- ☐ Between 1 and 2 years (i.e. three 6-monthly progress reports will be required)
- ☐ Between \*\*\* and \*\*\* years (i.e. \*\*\* 6-monthly progress reports will be required)

#### Estimated Distributions within the Administration Case (see the ticked items)

- ☐ Distribution to Secured Creditors is anticipated
- ☒ Distribution to Preferential Creditors is anticipated
- ☐ Prescribed Part distribution to Unsecured Creditors is anticipated
- ☐ Non-Prescribed Part distribution to Unsecured Creditors is anticipated
- ☐ Distribution to Members is anticipated
- ☐ No distributions to any class of creditor is anticipated

### Quantum of Remuneration

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Applying the above basis to this case, the quantum of Joint Administrator remuneration is estimated as (stated net of VAT) a fixed fee of £75,000

### Estimated Outcome Statement

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An estimated outcome statement is attached at Appendix K based on the information provided above in order to assist creditors in their understanding of how this will impact upon them

### **Possible Creditor Voluntary Liquidation ("CVL") Costs**

Should it transpire that the Administration is able to make a distribution to unsecured creditors, then the exit route into CVL will be followed

It would be anticipated that Jeremy Paul Oddie and Paul Anthony Palmer will convert their appointment to Joint Liquidators, as stated in the body of the attached report

### **Estimated Duration of the CVL Case**

It is estimated that this case will be open for (see the ticked item)

- ☐ Less than 6 months (i.e. neither an annual nor a 6-monthly progress report will be required)
- ☒ Less than 12 months (i.e. only one FINAL progress report will be required)
- ☐ Between 1 and 2 years (i.e. three 6-monthly progress reports will be required)
- ☐ Between \*\*\* and \*\*\* years (i.e. \*\*\* 6-monthly progress reports will be required)

### **Estimated Distributions within the CVL Case (see the ticked items)**

- ☐ Distribution to Secured Creditors is anticipated
- ☐ Distribution to Preferential Creditors is anticipated
- ☐ Prescribed Part distribution to Unsecured Creditors is anticipated
- ☒ Non-Prescribed Part distribution to Unsecured Creditors is anticipated
- ☐ Distribution to Members is anticipated
- ☐ No distributions to any class of creditor is anticipated

### **Basis of Remuneration**

The office holder will be seeking remuneration as Joint Liquidators to be approved on a mixed fee basis as follows.

- Ⓜ A fixed fee of £15,000 + Disbursements + VAT for the statutory obligations as Joint Liquidator
- Ⓜ A fixed fee of £5,000 + Disbursements + VAT for each ANNUAL progress report required (i.e. in the event that the CVL lasts longer than 1 year)
- Ⓜ 5% of distributions + Disbursements + VAT to unsecured creditors to be claimed at the same time a distribution is made
- Ⓜ Category 2 disbursements as stated in Appendix G be paid

### Estimate of Quantum

Should a CVL occur, making a distribution to unsecured creditors, it is estimated that the remuneration will be forecasted as follows

Liquidator's Remuneration:	
Basic Fees	15,000 00
Extensions	0 00
Distributions [5 00% of £59,386 54]	2,969 33
<b>TOTAL</b>	<b>17,969 33</b>

### Estimated Outcome Statement

Please refer to Appendix K for a forecasted estimated outcome of the possible CVL



## APPENDIX K ESTIMATED OUTCOME STATEMENTS AS AT 06 JUNE 2016

### Administration Proceedings

Statement of Affairs		Realised / Paid	Projected Movements	Estimated Outcome
£	Narrative	£	£	£
	<b>SECURED ASSETS</b>			
15,000 00	Plant & Equipment	15,000 00	0 00	15,000 00
157,929 00	Intellectual Property, Goodwill etc	157,929 00	0 00	157,929 00
111,871 00	Book Debts	4645 20	107,225 80	111,871 00
	Return of Receipts to Purchaser	0 00	(2,473 16)	(2,473 16)
750 00	Office Furniture & Equipment	750 00	0 00	750 00
14,000 00	Motor Vehicles	14,000 00	0 00	14,000 00
41,844 00	WIP	0 00	41,844 00	41,844 00
28,000 00	Stock	28,000 00	0 00	28,000 00
<b>369,394 00</b>		<b>220,324 20</b>	<b>146,596 64</b>	<b>366,920 84</b>
0 00	<b>SECURED CREDITORS -Royal Bank of Scotland plc</b>	0 00	0 00	0 00
0 00		0 00	0 00	0 00
	<b>COSTS OF REALISATION</b>			
	Bank Charges	(103 61)	0 00	(103 61)
	Pre Appointment Sale of the Business	(22,472 65)	(57,527 35)	(80,000 00)
	Legal Fees - Nexus Solicitors Limited	0 00	(30,000 00)	(30,000 00)
	Final Site Expenses	(460 34)	(125,621 05)	(126,081 39)
	Final Wages & Salaries	(13,884 70)	(20,592 29)	(34,476 99)
	Transfer of Customer Deposits	(68,857 00)	0 00	(68,857 00)
<b>0 00</b>		<b>(105,778 30)</b>	<b>(233,740 69)</b>	<b>(339,518 99)</b>
	<b>HIRE PURCHASE</b>			
1 00	Telephone System	1 00	0 00	1 00
	NIX Network Services LLP	0 00	0 00	0 00
<b>1 00</b>		<b>1 00</b>	<b>0 00</b>	<b>1 00</b>
	<b>ASSET REALISATIONS</b>			
	Bank Interest into Company Account	50 82	0 00	50 82
49,352 27	Cash at Bank	177,956 63	0 00	177,956 63
	Bank Interest Gross	0 54	0 00	0 54
<b>49,352 27</b>		<b>178,007 99</b>	<b>0 00</b>	<b>178,007 99</b>
	<b>COST OF REALISATIONS</b>			
	Specific Bond	0 00	(370 00)	(370 00)
	Pre Appointment Insolvency Advice	(3,500 00)	0 00	(3,500 00)
	Pre administration costs	(15,000 00)	0 00	(15,000 00)

Meeting Room Hire	0 00	(40 00)	(40 00)
Administrators Remuneration	0 00	(75,000 00)	(75,000 00)
Travel & Expenses	(629 62)	(182 19)	(811 81)
Court Fees	(250 00)	(100 00)	(350 00)
Valuers Fees - Charterfields Limited	0 00	(5,001 55)	(5,001 55)
Cowgill Holloway Production of SoA	0 00	(7,500 00)	(7,500 00)
Legal Fees - Nexus Solicitors Limited	0 00	(10,000 00)	(40,000 00)
Stationery & Postage	0 00	(1,102 13)	(1,102 13)
Land & Company Searches	(6 00)	0 00	(6 00)
Storage Costs	0 00	(190 00)	(190 00)
Statutory Advertising	0 00	(159 60)	(159 60)
Pension Scheme Advice	0 00	(500 00)	(500 00)
Insurance of Assets	(109 50)	0 00	(109 50)
<b>0 00</b>	<b>(19,495 12)</b>	<b>(100,145 47)</b>	<b>(119,640 59)</b>
<b>PREFERENTIAL CREDITORS</b>			
(6,329 38) Employee Arrears/Hol Pay	0 00	(6,329 38)	(6,329 38)
<b>(6,329 38)</b>	<b>0 00</b>	<b>(6,329 38)</b>	<b>(6,329 38)</b>
<b>UNSECURED CREDITORS</b>			
(90,065 01) Trade & Expense Creditors	0 00	0 00	0 00
(132,546 39) Employees	0 00	0 00	0 00
(1 00) HM Revenue & Customs - Corporation Tax	0 00	0 00	0 00
(25,000 00) HM Revenue & Customs - PAYE & NI	0 00	0 00	0 00
(30,000 00) HM Revenue & Customs - VAT	0 00	0 00	0 00
(250,000 00) Landlords	0 00	0 00	0 00
<b>(527,612 40)</b>	<b>0 00</b>	<b>0 00</b>	<b>0 00</b>
<b>DISTRIBUTIONS</b>			
(294,117 00) Ordinary Shareholders	0 00	0 00	0 00
<b>(294,117 00)</b>	<b>0 00</b>	<b>0 00</b>	<b>0 00</b>
<b>(409,311.51) Balance</b>	<b>273,059.77</b>	<b>(193,618 90)</b>	<b>79,440.87</b>

### Possible Outcome in Subsequent CVL Proceedings

£	Narrative	Realised / Paid £	Projected Movement £	Estimated Outcome £
	<b>ASSET REALISATIONS</b>			
104,440 87	Transfer from Administration	0 00	79,440 87	79,440 87
	Bank interest	0 00	5 00	5 00
<u>104,440 87</u>		<u>0 00</u>	<u>79,445 87</u>	<u>79,445 87</u>
	<b>COST OF REALISATIONS</b>			
	Specific Bond	0 00	0 00	0 00
	Liquidator's Remuneration			
	Basic Fees	0 00	(15,000 00)	(15,000 00)
	Extensions	0 00	0 00	0 00
	Distributions [5% of amount distributed]	0 00	(2,969 33)	(2,969 33)
	Statutory Advertising	0 00	(400 00)	(400 00)
	Storage	0 00	(190 00)	(190 00)
	Cat 2 disbursement	0 00	(1,000 00)	(1,000 00)
	Cat 1 disbursements	0 00	(500 00)	(500 00)
<u>0 00</u>		<u>0 00</u>	<u>(20,059 33)</u>	<u>(20,059 33)</u>
	<b>PREFERENTIAL CREDITORS</b>			
0 00	Employee Arrears/Hol Pay	0 00	0 00	0 00
<u>0 00</u>		<u>0 00</u>	<u>0 00</u>	<u>0 00</u>
	<b>UNSECURED CREDITORS</b>			
(90,065 01)	Trade & Expense Creditors	0 00	(10,137 46)	(10,137 46)
(132,546 39)	Employees	0 00	(14,919 04)	(14,919 04)
	HM Revenue & Customs - Corporation			
(1 00)	Tax	0 00	(0 11)	(0 11)
(25,000 00)	HM Revenue & Customs - PAYE & NI	0 00	(2,813 93)	(2,813 93)
(30,000 00)	HM Revenue & Customs - VAT	0 00	(3,376 71)	(3,376 71)
(250,000 00)	Landlords	0 00	(28,139 29)	(28,139 29)
<u>(527,612 40)</u>		<u>0 00</u>	<u>(59,386 54)</u>	<u>(59,386 54)</u>
	<b>DISTRIBUTIONS</b>			
(294,117 00)	Ordinary Shareholders	0 00	0 00	0 00
<u>(294,117 00)</u>		<u>0 00</u>	<u>0 00</u>	<u>0 00</u>
<u>(717,288 53)</u>	<b>Balance</b>	<u>0 00</u>	<u>0.00</u>	<u>0.00</u>

Unsecured Creditors Estimated returns in CVL

Pence in £

11 26