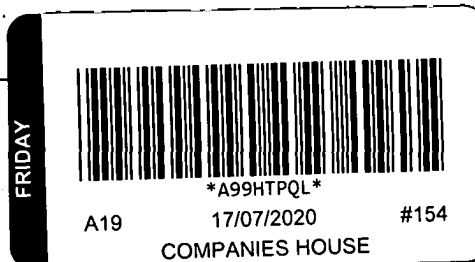


AM03

Notice of administrator's proposals



Companies House



1	Company details
Company number	0 1 3 2 2 9 4 9
Company name in full	Chesney's Limited

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

2	Administrator's name
Full forename(s)	Benjamin John
Surname	Wiles

3	Administrator's address
Building name/number	The Shard
Street	32 London Bridge Street
Post town	London SE1 9SG
County/Region	
Postcode	
Country	

4	Administrator's name
Full forename(s)	Geoffrey Wayne
Surname	Bouchier

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

5	Administrator's address
Building name/number	The Shard
Street	32 London Bridge Street
Post town	London SE1 9SG
County/Region	
Postcode	
Country	

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

AM03
Notice of Administrator's Proposals

6 Statement of proposals

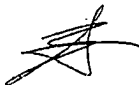
☒ I attach a copy of the statement of proposals

7 Sign and date

Administrator's
Signature

Signature

✕



✕

Signature date

^d

1

^d

7

^m

0

^m

7

^y

2

^y

0

^y

2

^y

0

AM03

Notice of Administrator's Proposals



Presenter information

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

Contact name	Nick Thompson
Company name	Duff & Phelps Ltd.
Address	The Shard
	32 London Bridge Street
Post town	London SE1 9SG
County/Region	
Postcode	
Country	
DX	
Telephone	+44 (0) 20 7089 4700



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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

Report to Creditors and Statement of Proposals

Chesney's Limited (In Administration)

16 July 2020

Joint Administrators' Report to Creditors and Statement of Proposals

Contents

1. Introduction	2
2. Background	2
3. Creditor Summary	2
4. Events Leading up to Administration	4
5. Strategy and Progress of the Administration To Date	5
6. Statement of Affairs	8
7. Investigations	8
8. Joint Administrators' Fees and Expenses and Pre-Administration Costs	9
9. Dividends Prospects	12
10. End of Administration	13
11. Joint Administrators' Proposals	14
12. Deemed Approval	17
13. Other Matters	17

Appendices

Appendix 1 – Statutory Information	18
Appendix 2 – Receipts and Payments Account	21
Appendix 3 – Statement of Financial Position and Schedule of Creditors	22
Appendix 4 – Schedule of Pre-Administration Costs	23
Appendix 5 – Analysis of Time Charged and Expenses Incurred	24
Appendix 6 – Fee Estimate	27
Appendix 7 – Fee Narrative	28
Appendix 8 – Expenses Estimate	31
Appendix 9 – Statement of Creditors' Rights	32
Appendix 10 – SIP 16 Disclosure Report	34
Appendix 11 – Proof of Debt Form	35
Appendix 12 – Definitions	36
Appendix 13 – Notice About this Statement of Proposals	36

1. Introduction

The Joint Administrators were appointed on the Appointment Date by the Directors.

The appointment was filed in the High Court of Justice, Business and Properties Court in London, Insolvency and Companies Court (ChD) and the Court reference number is 002912 of 2020.

This report is the Joint Administrators' statutory Statement of Proposals. It sets out the circumstances leading up to their appointment and their strategy for achieving the purpose of the Administration. The appendices (notably the SIP16 Disclosure at Appendix 10) form part of this report and should be read in conjunction with this report.

You will find other important information in this report such as the proposed basis of the Joint Administrators' remuneration.

A glossary of the abbreviations and definitions used throughout this document is attached at Appendix 12.

Please also note that an important legal notice about this Statement of Proposals is attached at Appendix 13.

This Statement of Proposals for the Company is deemed delivered to creditors when first made available on the Creditors' Portal, in accordance with the Rules.

2. Background

Statutory information on the Company and a summary of its financial history is included at Appendix 1.

The Company was incorporated on 26 July 1977 and operates as a retailer of a diverse range of luxury fireplaces, stoves, architectural design and outdoor living products to retail and trade customers. The Company is a leader in its core UK markets, with an established sales presence in the USA and growing presence in Asia.

The Company operates from showrooms located in North-West and South-West London, owning one of the properties in South-West London with the other showrooms being leased. Further, the Company also had a leasehold property located in Nottingham, which was a storage warehouse.

The Company is family owned, with the business having been in the Chesney family for 35 years. In October 2017, BGF provided significant investment into the Company, and in January 2016 became a minority shareholder, holding c40 percent of the Company's share capital. The balance of the Company's share capital is split between nine parties, including a related entity, two directors, three former directors and Chesney family members.

Given that the SIP 16 disclosure is first being provided to the Company's creditors as part of this report, further background information in respect of the Company can be found in the SIP 16 Disclosure at Appendix 10 and will not be repeated in the body of this report.

3. Creditor Summary

Events Leading up to Administration

The Company went into COVID-19 with a heavily over-leveraged balance sheet, creditors had been stretched for about a year with the ledger running over £1.4m at the time of our engagement. It was not uncommon for a creditor to ring every week and threaten legal action if they were not paid. Moreover, this meant that they were on proforma terms with a number of key suppliers and relationships were getting strained.

Additionally, the Company had taken out loans with a number of high net worth individuals to fund the Company's working capital. These loans were due for repayment at the end of March 2020 and the Company could not repay. Arbutnot were also concerned with respect to the Company's ability to service their facilities, therefore, the Company's board of directors sought to engage Duff & Phelps as advisors to conduct a pre-pack administration sale process.

Further, the Company's inventory required significant investment to prepare for new regulations coming in 2022, coinciding with the decreasing demand in the market for general for wood burning stoves reducing their margins and sales.

Due to all the above, combined with incredibly poor financial reporting led to the business being in a pretty unfavorable situation.

Duff & Phelps' role throughout the above engagement was entirely in an advisory capacity and at no point did the firm assume management responsibility for the Company's affairs.

Neither Benjamin Wiles, Geoffrey Bouchier or Duff & Phelps have had any professional relationship with the Directors or the Company prior to the engagement detailed above.

Appointment

The Joint Administrators were appointed by the Directors on the Appointment Date in the High Court of Justice, Business and Properties Court of England and Wales, Insolvency and Companies List (ChD), Court reference number 002912 of 2020.

The Joint Administrators considered their position prior to accepting this appointment and concluded that there was no conflict of interest in accepting their appointment. The Joint Administrators had no dealings with the Company prior to the introduction to the Company in June 2020.

Trading

The Joint Administrators were not in a position to trade the Company in Administration due to there being little to no demand for the Company's inventory and there being no funds available to meet the ongoing costs of trading.

Sale of Business and Certain Assets

The sale of certain business assets of the Company to the Purchaser completed on 10 July 2020 for consideration of £725k, with a deposit of £72.5k paid prior to completion; £627.5k paid on completion, with deferred consideration of £25k to be paid in instalments over 12 months.

Asset Realisations

Realisations following the Appointment Date are set out in the attached Receipts and Payments Account at Appendix 2, and a detailed narrative can be found at section 5.

Fees and Expenses

The Joint Administrators' proposed fees and details of expenses expected to be incurred are discussed in section 8 of this report.

Dividends

Based on current circumstances, it is expected that there will be insufficient realisations to allow a dividend to preferential and non-preferential unsecured creditors. It is expected that there will be a return to Arbutnot via fixed charge and book debt realisations. Further details will be provided in the next report to creditors and will be dependent upon asset realisations.

Anticipated Exit from Administration

The Joint Administrators plan to end the Administration and wind up the Company as trading has ceased and in order to pursue any potential recovery actions identified in their preliminary investigations. The Company's exit route has been left open, but it will likely be by way of dissolution as no dividend is expected to be paid to unsecured creditors except via the Prescribed Part, if any.

Approval of Proposals

The Joint Administrators' Proposals will be deemed approved and a creditors' decision on the approval of these Proposals will not be sought by the Joint Administrators as they are currently of the opinion that the Company will have insufficient property to enable a distribution to be made to preferential and non-preferential unsecured creditors, other than by virtue of the Prescribed Part, if any, as detailed in section 9.

On the expiry of eight business days from the date that the Proposals are deemed delivered to creditors, the Joint Administrators' Proposals will be deemed to have been approved by the creditors, unless creditors whose debts amount to at least 10 percent of the total debts of the Company request that a decision procedure is convened.

This document in its entirety is our Statement of Proposals. A summary list of the Proposals is included in section 11, together with the relevant statutory information by way of appendices. Unless otherwise stated, all amounts in these Proposals are stated net of VAT.

4. Events Leading up to Administration

4.1 Summary of Key Events

In January 2016, the Company secured a £2m investment from BGF to fund its rollout of additional showrooms and further expansion into the US and China. It subsequently opened a flagship showroom in North London, with a fit-out cost of c£350k and launched a range of outdoor barbecue heaters.

During FY17, the Company incurred losses due to issues with its supply chain which were compounded by adverse foreign exchange movements and the build-up in its cost base ahead of its anticipated growth. In response to that financial under-performance, BGF added to the management team and instigated a series of turnaround initiatives, including the Value Enhancement Plan, which are currently in progress whilst injecting a further £1.2m in support of the business.

The BGF loan note balance prior to the Appointment Date totaled £2.8m and becomes repayable across the six months from June 2021. This is supported by a further £1m of subordinated debt provided by high net worth individuals who wanted to invest in the business.

Due to these investments, the Company forecasted sales to increase to £30m over the three-year period and required appropriate working capital financing in order to support the forecasted growth. Accordingly, the Company applied for a receivables finance facility and an inventory loan facility from Arbuthnot to replace their existing overdraft facility provided by Barclays.

Following the UK government enforcing mandatory closures of retail stores, the Company was forced to focus on online sales, however, the market demand for its products had significantly reduced, causing the majority of the stock's value to decline.

Once it became apparent that immediate additional financial support to cover the Company's funding requirements would not be available, Duff & Phelps was contacted by Arbuthnot, which provided an introduction to the Company's senior management team.

Duff & Phelps was engaged by the Company on 3 June 2020 to monitor the Company's short-term cash flow, provide insolvency advice and commence an accelerated sale process in an attempt to rescue the Company's business and assets as a going concern.

Benjamin Wiles from Duff & Phelps first spoke to the Company's accountants on 14 May 2020 with respect to the Company's financial position and the potential insolvency options available. Duff & Phelps were subsequently engaged by the Company on 20 May 2020 in order to commence an accelerated sale process for the business and assets.

Benjamin Wiles and Geoffrey Bouchier of Duff & Phelps were appointed Joint Administrators of the Company on 10 July 2020 and completed the pre-packaged sale of certain of the Company's assets to the Purchaser on the same date.

4.2 Pre-Administration Work

As detailed in the SIP 16 Disclosure at Appendix 10, the work undertaken by Duff & Phelps prior to the Appointment Date related to the following:

- Providing insolvency advice to the Company on the options available;
- Collating information to prepare for the marketing of the business and assets for sale, corresponding with the Directors and the Company's accountants, agents and interested parties and responding to requests for further information in order to assist them with their due diligence;
- Reviewing the offers received, negotiating with interested parties in order to progress their offers;
- Liaising with solicitors and agents in order to facilitate a sale of the Company's assets; and
- Preparing the appointment formalities and statutory documents ahead of the Administration appointment.

The Joint Administrators are satisfied that the work carried out by Duff & Phelps prior to the appointment, as detailed above, has not created a conflict of interest or threat to their independence.

4.3 Appointment of Joint Administrators

The Joint Administrators considered their position prior to accepting the appointment and having regard to the Insolvency Practitioners Association ethical guidelines, considered that there were no circumstances preventing them from accepting the appointment.

Further details on the period leading up to the Administration are also detailed in the SIP 16 Disclosure at Appendix 10.

5. Strategy and Progress of the Administration To Date

5.1 Purpose of the Administration

The purpose of an Administration is to achieve one of the following hierarchical 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.

The first objective will not be achievable as there are insufficient funds and assets available to enable the Company to be rescued as a going concern.

The Joint Administrators therefore considered pursuing the second objective as it was considered that a better result for the Company's creditors as a whole may be achieved than if the Company were wound up without first being in Administration for the following reasons:

- It is considered unlikely that the Joint Administrators would have been able to achieve the value obtained for the Company's assets that were sold if it had been wound-down in a Liquidation process and sold on a piece-meal basis, without the extensive marketing undertaken prior to the Administration as evidenced by the valuations provided by SIA. Without prior planning, significant costs of occupying the Company's premises in Administration would have been incurred while the assets were marketed for sale.
- Maintained continuity for the Company's customer base and supply chain, which has preserved the value in the Company's business and book debts as far as possible; and
- Achieved in-situ values of the Company's tangible assets and has facilitated a realisation for goodwill and work in progress.

Consequently, the Sale Transaction has enabled the statutory purpose to be attained.

The Joint Administrators have acted in the best interests of the creditors as a whole when negotiating this pre-packaged sale and consider that the sale price achieved was the best reasonably obtainable in all the circumstances.

The Joint Administrators' Proposals for achieving the purpose of the Administration are set out in the remainder of this report.

5.2 Progress of the Administration

The manner in which the affairs and business of the Company have been managed since the appointment of Joint Administrators, and will continue to be managed and financed, are set out below.

Asset Realisations

Realisations following the Appointment Date are set out in the attached Receipts and Payments Account at Appendix 2, which is self-explanatory.

5.2.1 The Sale Transaction

As set out in the SIP 16 Disclosure, the sale of certain business assets of the Company to the Purchaser completed on 10 July 2020 for a total consideration of £725k, with a deposit of £72.5k paid prior to completion and £627.5k paid upon completion and the balance of £25k forms the deferred consideration and is payable in instalments over 12 months. The consideration is apportioned to the assets as follows:

Asset	Sale Consideration (£)		Total
	Fixed Charge Assets	Floating Charge Assets	
Goodwill and Intangible Assets	150,000	-	150,000
Information Technology	25,000	-	25,000
Shares	25,000	-	25,000
Plant and Equipment	-	15,000	15,000
Stock (including supplier contracts and WIP)	-	485,000	485,000
Vehicles	-	25,000	25,000
	200,000	525,000	725,000

The Purchaser is Chesneys Group Limited. The Purchaser is related to the Company and one of the Directors, being Paul Chesney. There is no relation to the Secured Creditors.

Following the marketing process carried out by Duff & Phelps and receipt of two separate valuations from separate agents, the Joint Administrators are satisfied that the sale to the Purchaser was at the best price achievable for the Company's business and assets in the circumstances. Further details of the sale process can be found in the SIP16 Disclosure.

5.2.2 Book Debts

As at the Appointment Date, the Directors' estimated that the Company's book debt ledger totalled £452k and the estimated indebtedness of Arbuthnot was £492.7k in respect of the amounts previously advanced under the receivables finance facility.

It is noted that in addition to the book debt ledger provided by the Company, totalling £452k, there are further debts that may be collectable, but require reconciliation. The Joint Administrators are currently working through these debts to establish what, if anything, may be collectable.

It is expected that the Purchaser will continue to collect the debts on behalf of Arbuthnot. Therefore, these debts will continue to be paid directly to Arbuthnot against their security.

5.2.3 Cash at Bank

The Company's records indicate that it held funds of approximately £30k in its pre-Administration bank accounts as at the Appointment Date. However, we are aware of a payment made of £27k prior to the appointment in relation to the legal fees of Irwin Mitchell, incurred in dealing with the sale of business and appointment documentation.

The Joint Administrators have requested that the residual funds be transferred to the Administration bank account.

5.2.4 Inventory

As at the Appointment Date, the Company's inventory ledger totalled £647k and the estimated indebtedness of Arbuthnot was £249k in respect of the amounts previously advanced under the inventory finance facility.

The Company's stock formed part of the sale to the Purchaser. Therefore, these debts will continue to be paid directly to Arbuthnot.

5.2.5 Freehold Property

The Freehold Property has a book value of £427k and an estimated to realise value of approximately £350k, with a fixed charged in favour of SP, who is owed approximately £400k. Mr Paul Chesney has provided a personal guarantee of £50k with respect to this loan. Accordingly, it appears there is no equity available in the Freehold Property.

The Joint Administrators have engaged an agent to market the Property in order to achieve a sale in short order. It is anticipated that SP will not be paid in full from the sale of the Freehold Property.

5.2.6 Inter-Company Loans

Chesney's Inc.

The Company held shares in Chesney's Inc., which on appointment had an inter-company debt due to the Company (due to the nature of the trading relationship) estimated to total £141k.

The shares and the inter-company loan were included in the sale to the Purchaser and the sale agreement included a debt waiver deed.

Yantai Europe Stone Co., Ltd

The Company also held shares in Yantai Europe Stone Co., Ltd, which, at the Appointment Date, had an inter-company debt due to the Company (due to the nature of the trading relationship) estimated to total £372k.

The shares and the inter-company loan were included in the sale to the Purchaser and the sale agreement included a debt waiver deed.

It is noted that neither of the inter-company debts due from Chesney's Inc. or Yantai Europe Stone Co., Ltd are deemed to be collectable.

The shares in Chesney's Inc. and Yantai Europe Stone Co., Ltd were included in the sale agreement for a total realisation of £25k.

5.2.7 Director's Loan Accounts

The Company's records indicate there are two director's loan accounts owing to the Company. One director has acknowledged the loan as outstanding and the Joint Administrators will be writing to that director to seek recovery of the loan. We are yet to speak to the other director regarding this outstanding loan.

An update will be provided on the recovery prospect for the benefit of the Administration estate in the first progress report to creditors.

5.3 Cost of Realisations

A Receipts and Payments Account is provided at Appendix 2 and is considered self-explanatory.

6. Statement of Affairs

The Joint Administrators have recently requested that the Directors provide a SOA. At the date of this report, this is yet to be provided. In the absence of a SOA, the Joint Administrators' Estimated Financial Position and Schedule of Members and Creditors can be found at Appendix 3.

Some creditor amounts shown may differ from the actual amount owed. This does not affect creditors' ability to claim.

7. Investigations

The Joint Administrators have a statutory obligation to file a report with the BEIS regarding the conduct of all directors that held office in the three years prior to the Administration. This report must be filed within three months of the date of appointment and the content of this report is confidential.

The Joint Administrators also have a duty to investigate the Company's affairs in order to maximise the return to creditors.

The Joint Administrators also have a duty to investigate antecedent transactions which include:

- Transactions at an undervalue, under Section 238 of the Act;
- Preferences, under Section 239 of the Act; and

- Transactions to defraud creditors, under Section 423 of the Act.

Investigations into the Company's affairs are currently ongoing, and the Joint Administrators are in the process of requesting certain information from the Company, director and professional advisors, all of which will be reviewed during the statutory investigations.

If any creditor has any information concerning the Company's affairs that they would like to bring to the Joint Administrators' attention, please do so by writing to tom.marston@duffandphelps.com or Duff & Phelps Ltd., The Shard, 32 London Bridge Street, London SE1 9SG.

Further information regarding the Joint Administrators' investigations into the conduct of the directors will be provided to creditors in the Joint Administrators' first six-month progress report to creditors.

8. Joint Administrators' Fees and Expenses and Pre-Administration Costs

8.1 Estimated Fees and Expenses

8.1.1 Fees

At the time of this report, the Joint Administrators are yet to record their post-Administration time costs. Future time will be charged in six-minute units.

The Joint Administrators propose to seek approval from the Secured Creditors for the basis and quantum of their fees, in accordance with the Act.

The amount proposed to be drawn in fees over the life of the case by the Joint Administrators is shown in the 'Fee Estimate' at Appendix 6. The total amount indicated effectively acts as an upper limit on the level of fees to be drawn by the Joint Administrators. If circumstances change and the Joint Administrators propose to draw further fees in the future, they will seek the appropriate approval from the Secured Creditors at a later date.

Also attached at Appendix 7 is the Fees Narrative, a summary of key issues, to assist creditors in understanding the strategy of the Joint Administrators, the associated costs and expenses of the related activities and the financial benefit to creditors. Further details of assets and liabilities and the estimated return to creditors, if any, are in the body of this report.

8.1.2 Expenses

The Joint Administrators estimate that the expenses of the Administration will total approximately £10.3k as detailed in the 'Expenses Estimate' at Appendix 8. This illustrates the estimated expenses for the whole of the Administration and is for information purposes only. No approval is required by any class of creditor. This estimate may change over the course of the Administration, but creditors will be informed of any variations with associated reasons in future reports.

8.1.3 Disbursements

The Joint Administrators have not incurred any disbursements during the Reporting Period.

8.1.4 Pre-Administration Costs

Pre-Administration costs are fees, charges and expenses incurred by the Joint Administrators or their firm, or another person qualified to act as an insolvency practitioner, before the Company entered Administration but with a view to it doing so.

Prior to the appointment, staff of Duff & Phelps were introduced to the senior management team and the Company's accountants to assess the Company's financial position, provide insolvency advice and

assess the options available to the Company, including the possibility of a sale of the Company's certain assets.

Following this initial review, further work undertaken by Duff & Phelps prior to the Appointment Date related to the following:

- Collating information to prepare for the marketing of the business and assets for sale;
- Corresponding with the Directors and the Company's accountants, agents and interested parties and responding to requests for further information in order to assist them with their due diligence;
- Reviewing the offers received, negotiating with interested parties in order to progress their offers;
- Liaising with solicitors and agents in order to facilitate the share sale; and
- Preparing the appointment formalities and statutory documents ahead of the Administration appointment.

It was necessary to undertake this work prior to the Administration, so that a suitable Administration strategy could be adopted, to achieve the best possible value for the Company's assets.

The pre-Administration time costs incurred by the Joint Administrators for the period leading up to the Appointment Date total £124k representing 274 hours at an average charge out rate of £452 per hour.

Duff & Phelps have invoiced and been paid the amounts of £50k and £40k direct to the Company against their outstanding pre-appointment time costs.

A detailed breakdown of the time costs incurred pre-Administration is detailed at Appendix 4.

The Joint Administrators have also incurred pre-Administration expenses of £47.6k.

An amount of £5.3k was incurred by EV and an amount of £10k was incurred by SIA in their work undertaken in respect of valuing the Company's assets and liaising with interested parties and arranging site visits, to secure a sale of the Company's assets.

Time costs in the amount of £32k were also incurred by Pinsent Masons in respect of legal assistance in the lead up to the Administration, including dealing with the Joint Administrators' appointment and also preparing the SPA, licences to occupy and assignment of Intellectual Property for a party who had submitted an offer for the certain business assets. They are yet to incur any disbursements.

Ansarada provided access to the data room for interested parties to obtain further detailed Company information to conduct their own due diligence before making an offer.

A breakdown of these costs is provided below.

Pre-Administration Costs	Paid (£)	Unpaid (£)	Total (£)
Duff & Phelps	Nil	124,029	124,029
EV	Nil	5,299	5,299
SIA	Nil	10,000	10,000
Pinsent Masons	Nil	32,000	32,000
Ansarada	Nil	288	288
Total	Nil	171,616	171,616

The Joint Administrators confirm that payment of the unpaid pre-Administration costs, as an expense of the Administration, is subject to approval under rule 3.52 of the Rules, and not part of the Proposals subject to approval under Paragraph 52 of Schedule B1 of the Act.

The Joint Administrators will seek approval of these fees from the Secured Creditors. However, these fees will only be drawn depending on future asset realisations and specific approval from the Secured Creditors in due course.

8.1.5 Additional Information

Details of how to obtain further information relating to the fees and disbursements of the Joint Administrators is set out in Appendix 9.

9. Dividends Prospects

9.1 Secured Creditors

The Company has three Secured Creditors, being Arbuthnot, BGF and SP.

9.1.1 Arbuthnot

The Company granted fixed and floating charges over its assets in favor of Arbuthnot, in consideration for the provision of a receivables finance facility and inventory loan facility for the purpose of funding the Company's working capital. This charge was granted on 5 December 2018 and subsequently registered with the Registrar of Companies on 14 December 2018.

As at the Appointment Date, Arbuthnot was owed approximately £492k subject to accruing interest and charges.

It is likely that there will sufficient realisations to allow a repayment to Arbuthnot in full.

9.1.2 BGFI and BGFN

The Company granted fixed and floating charges over its assets in favor of BGFI, in consideration for the provision of a loan. The charge was granted on 27 March 2018 and subsequently registered with the Registrar of Companies on 4 April 2018.

The Company granted fixed and floating charges over its assets in favor of BGFN, in consideration for the provision of a loan. The charge was granted on 29 July 2019 and subsequently registered with the Registrar of Companies on 14 August 2019.

As at the Appointment Date, BGFI and BGFN were owed in total approximately £2.25m, subject to accruing interest and charges.

It is likely that there will insufficient realisations to allow a repayment to BGFI and BGFN in full.

9.1.3 SP

The Company granted fixed charge over the Freehold Property in favor of SP, in consideration for the provision of a loan. This charge was granted on 5 December 2017 and subsequently registered with the Registrar of Companies on 6 December 2017.

As at the Appointment Date, SP was owed approximately £400k subject to accruing interest and charges.

It is likely that there will sufficient realisations to allow a repayment to SP in full.

9.2 Preferential Creditors

The sale included the transfer of all of the employees of the Company to the Purchaser pursuant to TUPE. Accordingly, there are no preferential creditors.

9.3 Non-Preferential Unsecured Creditors

According to the Company's books and records, non-preferential unsecured creditors total £1.8m.

The non-preferential unsecured creditors can be summarised as follows:

Creditor	SOA (£)
Trade and Expense Creditors	1.8m
HM Revenue and Customs	Nil
Employees' Entitlements	Nil
Total	1.8m

Based upon the current information available, it is expected that there will be insufficient realisations to make a distribution to non-preferential unsecured creditors other than from the Prescribed Part, if any.

However, creditors should submit their claim via the Creditors' Portal as detailed in the Joint Administrators' letter to creditors dated 16 July 2020. Instructions on how and when to use the Creditors' Portal are also contained within the letter. Creditors may also submit a Proof of Debt Form to the Joint Administrators' office. A Proof of Debt Form is enclosed at Appendix 11.

Prescribed Part

The Prescribed Part is calculated as a percentage of net property, as follows:

Net property less than £10k:	50 percent unless the Joint Administrator considers that the costs of making a distribution to the non-preferential unsecured creditors would be disproportionate to the benefits
Net property greater than £10k:	50 percent up to £10k plus 20 percent thereafter to a maximum of £800k.

As discussed above, the Company granted a floating charge to Arbutnot, BGFI and BGFN and, therefore, the Prescribed Part provisions will apply. However, in this instance, it is estimated that once costs have been accounted for there will be insufficient net property to pay a dividend via the Prescribed Part.

The Joint Administrators are able to apply to Court for an order under Section 176A(5) of the Act to disapply the Prescribed Part where they consider that the costs of making such a distribution to non-preferential unsecured creditors would be disproportionate to the benefits. The Joint Administrators do not intend to make an application on this basis given that there will be insufficient net property for the Prescribed Part to apply.

An update will be provided in the Joint Administrators' next progress report.

10. End of Administration

10.1 Exit from Administration

The options available to the Joint Administrators for the exit from the Administration are as follows:

- Compulsory Liquidation
- CVL

- CVA
- Return of Control to the Directors
- Dissolution of Company

You will note from the Proposals section below, that the Joint Administrators have left the choice of exit route from the Administration open so that an alternative strategy can be adopted, should this prove more appropriate at the time.

However, at this stage the Joint Administrators anticipate that the most likely exit route will be dissolution, in which case once all outstanding matters have been satisfactorily completed by the Joint Administrators, they will give notice to the Registrar of Companies to the effect that the Company has no remaining property to realise which might permit a distribution to its non-preferential unsecured creditors, at which stage the Administration will cease. The Company will be dissolved three months following the registration of the notice at the Registrar of Companies.

10.2 Discharge of liability

The Joint Administrators propose to seek approval from Secured Creditors that they will be discharged from liability in respect of any actions as Joint Administrators upon filing their final Receipts and Payments Account with the Registrar of Companies or their appointment otherwise ceasing.

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

Should the circumstances of the Administration change, the Joint Administrators reserve the right to revert to the non-preferential unsecured creditors in order to obtain discharge of liability.

11. Joint Administrators' Proposals

11.1 Approval of Proposals

The Joint Administrators' Proposals will be deemed approved and a creditors decision on the approval of these Proposals will not be sought as the Joint Administrators are pursuing the objective of realising property in order to make a distribution to one or more secured or preferential creditors (in accordance with Paragraph 3(1)(c)) as detailed in section 5.

On the expiry of eight business days from the date that the Proposals are deemed delivered to creditors, the Joint Administrators' Proposals will be deemed to have been approved by creditors unless creditors whose debts amount to at least 10 percent of the total debts of the Company request that a decision procedure is convened.

Further information on the steps required to convene a procedure are detailed at Appendix 9, Statement of Creditors' Rights.

11.2 Creditors' Committee

A creditors' committee will not be established unless requested by the creditors and sufficient creditors are willing to act as members of the committee.

The minimum number of committee members is three and the maximum is five.

The creditors' committee represents the interest of the creditors as a whole rather than the interests of individuals.

The statutory function of the creditors' committee is to assist the Joint Administrators with discharging their responsibilities, including the approval of:

- The basis of remuneration;
- Category 2 Disbursements;
- The payment of unpaid pre-Administration costs; and
- The discharge from liability of any actions taken as Joint Administrators.

Please note that members of the creditors' committee are not paid for their time. In order to enable creditors to make an informed decision, a guidance note on the rights, duties and the functions of committees can be found at the following link:

<https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

If you would prefer to be sent a paper copy, please contact Tom Marston of this office.

11.3 Statement of Creditors' Rights

The Joint Administrators will use a decision-making procedure to seek approval of their Proposals if requested by creditors whose debts amount to at least 10 percent of the total debts of the Company and the relevant procedures are followed.

Creditors who meet one of the thresholds set out in the Insolvency Act 1986 may, within five business days from the date of delivery of this notice, require a physical meeting to be held to consider the proposed decision(s). The statutory thresholds for requesting a meeting are 10 percent in value of creditors, 10 percent in number of creditors, or 10 creditors.

Further information on creditors' rights to request a decision or physical meeting and the relevant procedures required is provided on Appendix 9, Statement of Creditors' Rights.

In addition, the statement also sets out information on the remuneration and disbursements of the Joint Administrators.

11.4 Joint Administrators' Proposals

The Joint Administrators' proposals shall be deemed approved by the creditors on the expiry of the period in which a decision can be requisitioned by creditors as detailed in the Appendix 9.

In addition to the specific itemised proposals detailed below, this document in its entirety constitutes the Joint Administrators' Proposals.

The Joint Administrators propose the following:

11.4.1 General

- To continue to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect;
- To do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion, consider desirable or expedient in order to achieve the purpose of the Administration; and
- To investigate and, if appropriate, pursue any claims the Company may have for the benefit of the Company's creditors.

11.4.2 Distributions

- To make distributions to the Secured Creditors where funds allow; and
- To make distributions to the non-preferential unsecured creditors from the Prescribed Part, where applicable.

11.4.3 End of Administration

That the Joint Administrators might use any or a combination of the following exit route strategies in order to bring the Administration to an end:

- Apply to Court for the Administration order to cease to have effect from a specified time and for the return of control to the Directors;
- Place the Company into CVL if deemed appropriate. It is proposed that the Joint Administrators, currently Benjamin Wiles and Geoffrey Bouchier of Duff & Phelps, would act as Joint Liquidators should the Company be placed into CVL. The creditors may nominate a different person as the proposed Liquidator, provided the nomination is received at this office prior to the approval of these Proposals. Any action required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them;
- Petition the Court for a winding-up order placing the Company into Compulsory Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently Benjamin Wiles and Geoffrey Bouchier of Duff & Phelps, would act as Joint Liquidators should the Company be placed into Compulsory Liquidation without further recourse to creditors. Any action required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them;
- Take the necessary steps to give notice of move from Administration to dissolution with the Registrar of Companies if the Joint Administrators consider that Liquidation is not appropriate because (1) the Company has no remaining property which might permit a distribution to its Creditors, and (2) all outstanding matters have been satisfactorily completed.

Alternatively, the Joint Administrators may allow the Administration to end automatically.

Where a Creditors' Committee is not established, the Joint Administrators will be seeking specific agreement to the following Proposals from the Secured Creditors, which do not form part of these Proposals:

11.4.4 Remuneration and Pre-Administration Costs

- That the Joint Administrators' remuneration be fixed by reference to the time properly given by them and their staff in attending to matters arising in the Administration.
- That the Joint Administrators' Fee Estimate provided in Appendix 6 in the total sum of £240,095, is approved;
- That the Joint Administrators be authorised to draw their company's internal costs and expenses in dealing with the Administration (Category 2 Disbursements), which have been charged in accordance with Duff & Phelps policy, as set out in Appendix 8;
- That the unpaid pre-Administration costs totalling £171,616, as detailed in the Joint Administrators' statement of pre-Administration costs, is approved for payment as an expense of the Administration.

- Where a Creditors' Committee is formed, the Joint Administrator's will seek to obtain approval from the Creditors' Committee.

11.4.5 Discharge of Liability

- That the Joint Administrators be discharged from all liability in respect of any actions as Joint Administrators upon filing their final Receipts and Payments Account with the Registrar of Companies or their appointment otherwise ceasing.
- Where a Creditors' Committee is formed, the Joint Administrator's will seek to obtain approval from the Creditors' Committee.

12. Deemed Approval

The Joint Administrators' Proposals will be deemed approved by the creditors unless creditors whose debts amount to at least 10 percent of the total debts of the Company request the Joint Administrators to seek a specific decision from the Company's creditors.

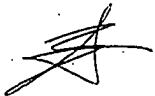
Further information is provided at Appendix 9, Statement of Creditors' Rights.

13. Other Matters

If any creditor has any information concerning the Company's affairs that they would like to bring to the Joint Administrators' attention, then they would be pleased to hear from them.

Should you have any queries in respect of this report, please contact my colleague, Tom Marston on +44 20 7029 5039 or tom.marston@duffandphelps.com.

Yours faithfully
For and on behalf of
Chesney's Limited



Benjamin Wiles
Joint Administrator

Encs.

The affairs, business and property of the Company are being managed by the Joint Administrators, Benjamin Wiles and Geoffrey Bouchier who act as agents for the Company and without personal liability. Both are licensed in the UK by the Insolvency Practitioners Association and governed by the Insolvency Code of Ethics.

Appendix 1 – Statutory Information

COMPANY INFORMATION

Company and Trading Name	Chesney's Limited	
Date of Incorporation	26 July 1977	
Registered Number	01322949	
Company Directors	Paul Chesney William Gresty Jonathan Halford	
Company Secretary	N/A	
Shareholders	BGFN Chesney's International Products Limited Nicholas Chesney Dinah Chesney P J Chesney Mark Burns Timothy Chesney Paul Nichols Jonathan Halford Richard Reynolds	
Trading Address	194-196 Battersea Park Road, London, SW11 4ND 147 Haverstock Hill, London NW3 4RU	
Registered Office	Current: The Shard 32 London Bridge Street London SE1 9SG	Former: 194-196 Battersea Park Road London SW11 4ND
Any Other Trading Names	N/A	

ADMINISTRATION INFORMATION

Administration Appointment	The Administration appointment granted in High Court of Justice, 2912 of 2020	
Appointor	The Directors	
Appointment Date	10 July 2020	
Joint Administrators	Benjamin John Wiles and Geoffrey Wayne Bouchier	
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2) of Schedule B1.	
Current Administration Expiry Date	9 July 2021	
Prescribed Part	The Prescribed Part is applicable in this case. It has been taken into account when determining the dividend prospects for Unsecured Creditors.	
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.	

Profit and Loss Summary

Profit & Loss	FY16 Audited £'000	FY17 Audited £'000	FY18 Draft £'000	FY19 Draft £'000	FY20 YTD Draft £'000
Turnover	16,385	14,170	15,375	15,216	3,109
Costs of sales	(9,123)	(8,607)	(9,644)	(9,854)	(1,950)
Gross Profit	7,262	5,563	5,731	5,362	1,159
GPM %	44%	39%	37%	35%	37%
Overheads	(6,565)	(7,178)	(6,492)	(6,470)	(1,284)
EBITDA	697	(1,615)	(761)	(1,108)	(125)
Depreciation & Amoritsation	(170)	(296)	(327)		
Interest	(108)	(215)	(354)		
Profit / Loss before Tax	419	(2,126)	(1,442)	(1,108)	(125)
Tax	(118)	(15)	(3)		
Profit	301	(2,142)	(1,444)	(1,108)	(125)

Source: Management Information. Note: Financial year to 31 December xx

Balance Sheet

Balance Sheet	FY19 MI £'000
FIXED ASSETS	
Tangible Fixed Assets	817
Intangible Fixed Assets	480
Investments	0
Goodwill	146
	<u>1,443</u>
CURRENT ASSETS	
Stock	3515
Trade Debtors	918
Intercompany debtors	0
Director's Current Accounts	354
Other Debtors	432
Cash at Bank and in Hand	124
	<u>5,341</u>
CREDITORS: Amounts falling due within one year	
Bank Overdrafts	(700)
Trade Creditors	(1,807)
Intercompany creditors	0
Other Creditors	(1,123)
Social Security & Other Taxes	(76)
Loans	(1,130)
VAT	(154)
Corporation Tax	(41)
	<u>(5,032)</u>
NET CURRENT ASSETS / (LIABILITIES)	310
TOTAL ASSETS LESS CURRENT LIABILITIES	1,752
CREDITORS: Amounts falling due after more than one year	
Long Term Loans	(4,093)
	<u>(4,093)</u>
NET ASSETS	<u>(2,341)</u>
CAPITAL AND RESERVES	
Ordinary Shares	0
Share Premium	477
Revaluation Reserve	323
Profit & Loss b/f	387
Profit & Loss Account	(3,528)
	<u>(2,341)</u>

Appendix 2 – Receipts and Payments Account

Statement of Affairs		For the
Estimated to Realise		
Values		From 10
		to 16
(£)		
	Secured Assets	
447,922.00	Intellectual Property	14
338,252.00	Shares	2
146,000.00	Goodwill	
932,174.00		17
	Secured Creditors	
(491,657.00)	Arbuthnot	(13)
(491,657.00)		(13)
	Floating Charge Asset Realisations	
36,704.00	Plant and Machinery	
50,739.00	Motor Vehicles	2
1,816,000.00	Stock	46
149,203.00	Computer Equipment	2
0.00	Licence Fees	2
2,052,646.00		57
	Floating Charge Costs of Realisation	
	Legal Fees to Pinsent Masons	(4)
		(4)
	Total	57
	Represented By:	
	Floating/main current account	57
		57

Appendix 3 – Statement of Financial Position and Schedule of Creditors

The Joint Administrators have requested that the Directors provides Statement of Affairs. To date this has not been received, and the deadline for submission is yet to pass.

Once received the Statement of Affairs will be filed with the Registrar of Companies. Please note that disclosure of the content of the Statement of Affairs may be restricted with the Court's permission if it is considered that disclosure would be adverse to the interest of creditors.

In the absence of a Statement of Affairs the Joint Administrators attach a schedule of creditors' names and addresses and a Statement of Financial Position.

The information has been extracted from the Company's books and records. The Joint Administrators have not carried out any audit or detailed verification work on the information provided and the figures do not include the costs of the Administration.

Employee claims and consumer creditors who have pre-paid deposits for goods or services are summarised (if applicable). Full details are available on request. The actual level of asset recoveries and claims against the Company might differ materially from the amounts included in the financial information in this statement.

Chesney's Limited (In Administration)

Estimated Statement of Financial Position as at the Appointment Date

	Notes	Book Value	Estimated to Realise
		(£)	(£)
ASSETS			
Assets Specifically Assigned to Arbuthnot - Books Debts			
Anticipated Net / Collectable Ledger		477,045	357,784
Estimated Total Available for Arbuthnot		477,045	357,784
Less: Estimated Indebtedness to Arbuthnot, subject to interest and charges	2	(491,657)	(491,657)
Estimated Surplus / (Shortfall) to Arbuthnot c/f		(14,612)	(133,873)
Mortgaged Property			
Freehold Property - 200 Battersea Park Road	3	427,941	350,056
Less: Estimated Costs of Realisation:			
Property Agents' Fees & Disbursements - 200 Battersea Park Road		(7,001)	(7,001)
Make Good Cost Estimate		(10,000)	(10,000)
Legal Fees and Disbursements		(10,000)	(10,000)
		(27,001)	(27,001)
Less: Mortgage due to Stephen Potter		(350,000)	(350,000)
Surplus / (Shortfall) to Stephen Potter		50,940	(26,945)
Estimated Indebtedness to Arbuthnot (subject to interest and charges)		(14,612)	(133,873)
Surplus / (Shortfall) c/f		(14,612)	(133,873)
Assets Subject to Fixed Charge			
Yantai Stone Products of Europe Limited (85% subsidiary)		338,111	20,000
Chesney's Inc. (100% subsidiary)		141	5,000
Buildings Improvements		58,615	0
Development Costs		447,922	0
Deferred Consideration from Sale of Architectural		230,769	0
Goodwill		146,000	150,000
Estimated Total Available for Arbuthnot	2	1,221,558	175,000
Less: Estimated Indebtedness to Arbuthnot, subject to interest and charges		(14,612)	(133,873)
Fixed Charge Surplus / (Shortfall) to Arbuthnot c/f		1,206,946	41,127
Assets Subject to Floating Charge			
Surplus from Book Debt Realisations	5	-	-
Surplus from Freehold Property Realisation	5	50,939.89	-
Surplus from Fixed Assets Realisations	3	1,206,946	41,127
Inventory		1,816,000	485,000
Plant and Equipment		491	-
Fixtures and Fittings		26,922	10,000
Office Equipment		9,291	5,000
Computer Software		149,203	25,000
Motor Vehicles		50,739	25,000
Inter-Company Debtors / Loans		142,517	-
Director's Loan Account - Paul Chesney		220,483	100,000
Director's Loan Account - Mark Burns		14,036	-
Customer Deposits Held in Trust Account		270,000	-
Other Debtors / Prepayments		-	-
Cash at Bank and in Hand		3,000.00	3,000
TOTAL		3,960,568	694,127

LIABILITIES

Preferential Creditors	6		
Estimated Surplus / (Shortfall) Preferential Creditors			694,127
Estimated Prescribed Part of Net Property	7		141,825
Estimated Surplus / (Shortfall) available to Floating Charge Holders			552,301
Estimated Indebtedness to Arbuthnot b/f			-
Estimated return to ABN Amro under the Floating Charge			-
Estimated Floating Charge Surplus / (Shortfall) to ABN Amro			-
Estimated Indebtedness to BGF			(2,250,248)
Estimated return to BGF under the Floating Charge			552,301
Estimated Floating Charge Surplus / (Shortfall) to BGF			(1,697,947)
Estimated Total Assets available for Non-Preferential Unsecured Creditors (excluding the Prescribed Part)			-
Less:			
Employees	8		-
HMRC			-
Trade Creditors	9	(1,812,145)	(1,812,145)
Total Non-Preferential Unsecured Claims		(1,812,145)	(1,812,145)
Estimated Surplus / (Deficiency) as regards to Non-Preferential Unsecured Creditors			-

Notes

- 1 ANY ESTIMATED FUNDS REALISED ARE SUBJECT TO THE COSTS OF THE ADMINISTRATION, SUCH AS AGENTS' FEES, JOINT ADMINISTRATORS' REMUNERATION AND PROPERTY HOLDING COSTS
- 2 Arbuthnot Amro provided an invoice discounting facility and inventory facility. Arbuthnot Amro are also the holder of fixed and floating charges over the Company's assets in respect of the provision of the facilities. The Purchaser will be collected the book debts on behalf of Arbuthnot.
- 3 The Company owned the Freehold Property located at 200 Battersea Park Road, however, has a fixed charge in the form of a mortgage from Stephen Potter. It is anticipated there will be no equity available in the Freehold Property.
- 4 The book value of the assets subject to a floating charge equates to the balance in the management accounts of the Company as at December 2019. The value estimated to be realised is in accordance with the valuation report received from the Joint Administrators' independent valuation agents SIA. The Purchaser's offer exceeded the in-situ assets valuation provided by SIA.
- 5 The Joint Administrators do not expect a surplus from these assets.
- 6 All employees of the Company were transferred to the Purchaser as part of the Sale Transaction, which completed on 10 July 2020. Accordingly, there is no preferential claims in the Administration.
- 7 Prescribed Part is calculated as a percentage of the value of the company's property which is subject to a floating charge namely, 50% of the first £10,000 of net floating charge realisations plus 20% of anything thereafter, subject to a maximum Prescribed Part of £600,000. It is expected that there will be insufficient net property within the floating charge and the Prescribed Part will not apply.
- 8 The preferential and non-preferential unsecured claims relating to employees who resigned prior to the Administration and may therefore be entitled to arrears of wages, redundancy and accrued holiday pay. This figure is not in the Company's records, but calculated by the Joint Administrators.
- 9 This figure is taken from the Company's records as at 10 July 2020.

Schedule of Creditors		Address 1	Address 2	Address 3	Address 4	Address 5	Balance (£)
Name							
ABGIUK Limited		113 Brent Street					77,459.05
Aldermore C00120306		6 Asholt Cres		Edinburgh		EH3 8HA	5,277.64
Aldermore - C00093976		1st Floor Block B	Western House	Lynch Wood	Peterborough	PE2 6FZ	741.97
Aldermore - C00074245 LN160AA		1st Floor Block B	Western House	Lynch Wood	Peterborough	PE2 6FZ	48,596.10
WITHHELD		1st Floor Block B	Western House	Lynch Wood	Peterborough	PE2 6FZ	500.00
Alphabet Lease PRT417716		Alphabet House	Summit Ave		Farnborough	GU14 0FB	149.16
AMB TRAINING		31 Somersby Road	Mappley		Nottingham	NG3 5QB	490.00
WITHHELD							208.00
Andrew Buchanan Design		The Priory (Flat A)	The Bayle	Falkstone	Kent	CT20 1SQ	403.25
AQUAD SURVEY CHE010		Unit 8, Chessington Trade Park	60 Cox Lane	Chessington	Surrey	KT9 1TW	81.20
AQUAD SURVEY CHE011		Unit 8, Chessington Trade Park	60 Cox Lane	Chessington	Surrey	KT9 1TW	210.67
Artistic Metals		3 Panhard Buildings	Bell Lane	Bellbrook Industrial Estate	Uckfield	TN22 1QL	1,093.67
B and T at Work		153 Sabine Road		London		SW11 5LX	1,344.00
Barber and Sheldon Ltd		1 Newstead Street	Shewood	Nottingham		NG5 3GY	2,475.00
Blueprint Film Ltd		311 CLERKENWELL WORKSHOPS	27711 CLERKENWELL CLOSE	London		EC1R 6AT	2,250.00
BNP Paribas Leasing Solutions Limited X0025734		Northern Cross	Basing View	Basingstoke		RG12 4HL	8,435.41
Bridle Group		Bridle Group	Tamarisk House	North Leigh Business Park	Oxfordshire	OX26 6SW	2,070.75
British Gas - 600732740 - 194-200 BPR		British Gas	PO Box 227	Rotherham		S98 1PD	42.33
British Gas 603179137 HSH		British Gas	PO Box 228	Rotherham		S98 1PD	365.22
British Gas 603179133 200B Basement		British Gas	PO Box 229	Rotherham		S98 1PD	85.88
British Gas 603179138 HSH		British Gas	PO Box 230	Rotherham		S98 1PD	19.32
British Institute of Interior Design		9 Bonhill St	Shoreditch	London		EC2A 4PE	517.50
British Telecommunications Plc - WR7679951		81 Newgate Street		London		EC1A 7AJ	50.24
Bristol Borough Council 31971071 Units 12-16		Council Offices, Foster Avenue	Beeston	Nottingham		NG9 1AB	32,357.00
BST Heat Design Limited		Roper Yard	Roper Road	Canterbury	Kent	CT2 3EX	33,771.00
Burning Desires Ltd		137/141 Garclung Road	Fulwood, Preston		Lancs	PR2 3EB	460.80
Business Growth Fund (BGF)		45 Church Street		Birmingham		B3 2RT	15,913.50
Castle Water TW0020010525 HSH		1 Boat Brae	Ratray	Blairstown	Gb	PH10 7BH	295.54
Central Chemneys Ltd		50 Inwood Avenue	Coutdon			CR5 1LN	1,040.00
Chemneys Int Pipe Products							86,112.11
CHG - Meridian UK LSG 6007789-350054		22 Barons Way	The Avenue	Egham		TW20 9AB	1,072.93
Chubb Fire and Security Ltd		Number 1 @ The Beehive	Lions Drive	Blackburn	Lancashire	BB1 2OS	239.29
Cision Group Ltd		5 Churchill Place	Genery Wharf	London		E14 5HU	5,701.50
Cision Limited		Kings Court	Wentley Lane	Wimslow	Cheshire	SK6 5AR	5,688.05
OK Transport Ltd		Unit 4 Newnam Road Ind Est	Cody Road	Croydon	Surrey	CR9 1JX	300.00
Clark Electrical Industries Ltd		Electrocare House, Unit 1E Cody Business Centre	Cody Road	London		E16 4TG	368.08
Clean Machines		11 Gleneagle Road		London		SW16 6AY	368.88
Conde Nast Publications Ltd		Vogue House, Hangover Square		London		W1S 1JU	1,870.80
Corona Energy Retail 4 Limited 60058333		Building 2 Level 2	Crosley Park	Watford		WD18 8YA	6,250.73
Curtain Digital		37 Houndsditch		London		EC3A 7DB	5,280.00
De and Vi - INT							78,030.55
De and Vi Commerce JSC		Ovev Mogli 7150	3 Asen Zlatarov St.	Russe			122,561.10
DHL Parcel UK Limited		120 Buckingham Avenue		Slough	Berkshire	SL1 4LZ	1,842.78
Domenico Ledalle Gioielli				Pirassano			2,400.00
DUFF AND PHELPS LTD		The Shard, 32 London Bridge Street, SE1 9SG					161.84
EDF 671095018654 Gas 2028PR		FREEPOST	EDF Energy	Plymouth			6,332.16
Europa Worldwide Logistics Ltd		Europa House	68 Hailey Road	Enith	Birmingham	DA18 4AU	11,888.38
European Evolutions		Old Bank Chambers	562-588 Kingsbury Road	Enith	Birmingham	B24 6ND	5,800.00
FireFly		13 Hemphill Avenue	Woodmansterley	Surrey		SM7 3PO	79.04
First Mile Ltd		Unit 207 Screenworks	22 Highbury Grove	London		NS 2ER	24.00
Foremost Security Limited		C/O Keith Wills Associates, Gothic House, 1st, B		Nottingham		NG1 1JU	4.80
Fuel Card Services Ltd		Kingsway House	Kingsway	Burnley		BB11 1BU	34,110.20
GVA Grimley Ltd Client A/c Redwood		3 Brindley Place	250 Euston Road	Birmingham		B1 2JB	11,249.00
HAYS SPECIALIST RECRUITMENT LTD		250 Euston Road	21 The Street	Canterbury	Kent	CT1 4JB	22,951.78
Hestia Concepts Limited		St. Giles Lodge	Leeds	West Yorkshire		LS11 6BH	578.92
Hitech Capital (S5245) MD17HIZY MARK S		2 Apex View	6-9 Charterhouse Square	London		EC1M 6EY	4,244.12
Honey Creative Ltd		Florin Studio, Florin Court	Jericho Street	Theraverton	Devon	EX5 5PA	3,500.00
Husley Marble (Matthew)		Midsummer		SW11 1JA		SW11 1JA	3,948.43
IMM Properties Ltd Gordon & Co Ltd		200 Laneside Hill		Reading		RG2 6AA	1,961.38
Investec Asset Finance - 217374850		Reading International Business Park		Reading		RG2 6AA	921.68
Investec Asset Finance 21222304509494143		Reading International Business Park		Reading		RG2 6AA	13,147.08
Investec Asset Finance 21228937509494741		Reading International Business Park		Reading		RG2 6AA	17,458.24
Iwin Mitchell LLP		40 Holborn Viaduct	2715-675	Montevideo		EC1A 2PZ	1,708.09
J R Dias LDA		Rua do Espirito Santo no 28-30	Grove Road, Sawston	Cambridgeshire		CB22 3TJ	1,083.71
James and James		Dales Manor Business Park					412.38
WITHHELD							1,350.00
WITHHELD							3,000.00
WITHHELD							1,130.00
Kwame Design Ltd		240 Valence Avenue	Dagenham	Essex		RM8 1TJ	4,102.21
Leeson UK Ltd		165 Bath Road	Slough	Berkshire		SL4 4AA	1,948.80
LEIGHTON IRONCRAFT LIMITED		Unit 4	Willow Lane	Mitcham		CR4 4AA	1,222.48
Leyland SDN		Unit 24	Fourth Way	Wembley	London	HA9 0LH	28,500.00
Lineight Celebrity Management Ltd		10 Filmer Mews	75 Filmer Road	London		SW16 7JF	1,512.00
Lombard North (P002213707)		246 Regent St	Soho	London		W1B	803.95
Lombard North Cen P002335183		247 Regent St	Soho	London		W1B	1,187.48
LOMBARD NORTH CENT P002318114		248 Regent St	Soho	London		W1B	24,716.48
Lombard North P002205104 - show truck		249 Regent St	Soho	London		W1B	27,158.24
Lucidat-Memores E Comatas Ltd		Rua dos Galegos	Donnington Wood,	Telford	Shropshire	TF2 7NB	1,440.00
LYRECO UK LIMITED		LYRECO Deer Park Court					5.57
WITHHELD							2,877.30
Macquarie Corporate and Asset Finance - 4035878 (HH)		2 Blagrove Street		Reading		RG1 1AZ	6,320.00
Mandeville Retail Ltd		1st Floor, 98 High Street		Berkshire		SL1 7JT	4,384.50
Mapcorgo International Limited		Unit 1a, West Gate One	Bunham	Bedford		TW14 6RS	17,178.28
WITHHELD							12,068.20
MARITIME CARGO SERVICES		Gipping Farm, Gipping Road	Stowmarket	Stowmarket		IP14 4BB	541.00
Marmite Ltd		Via Marini di Cefalonia snc	54100	Massa		54100	3,768.00
Mayday Reliance		Reliance House Crabtree Manorway South	Salisbury	Kent		BA17 6AB	500.00
Mendip Fireplaces Bath		Packhorse Cottage	Southlake	Somerset		BA2 7DX	1,152.00
Mercedes Benz Cars UK Ltd		Tongwell	Tongwell	Milton Keynes		MK14 8BA	9,890.01
Metaworks London		Unit N8 Europe Trading Estate	Frezer Road	Enth	Kent	DA8 1DL	144.00
WITHHELD							87.15
NISI Consultant Ltd Hong Kong		Huang Chengchi	Hong Yuan Gui Yuan 10 1 701	Yantai		264903	58,881.78
Natural Building Materials Co Ltd		Pinnacle House	Breedon Quarry	Breedon On The Hill	Derbyshire	DE73 6AP	14,038.80
Nexus CIFS Ltd		52-58 Loadenhill Street		London		EC3A 2EB	9,368.50
WITHHELD							17,199.84
Nimbus Communications Ltd		9 Radford Crescent		Balerney		CM12 0DU	2,178.68
Nu Flame Ltd		Unit 3, Kingston Trade and Business Centre	Minden Road	Sutton	Surrey	SM3 6PF	3,323.40
PB Associates		2 Castle Business Village	Station Road	Hampton		TW12 2BX	9,800.00
PDH LOGISTICS LTD		Brierley Park Close	Station Hill	Sutton-In-Ashfield	Nottinghamshire	NG17 3FW	28,561.49
Penalty Charge							195.00
Pest Intentions		4 Bita Lane	Corsham	Surrey		SM5 4PX	170.00
Porcent Masons		30 Crown Place	Earl Street	London		EC2A 4ES	1,800.00
PLAMEN d.o.o.		Hjemska 36	34000	Palanga		34000	3,405.92
Portfolio Credit Control		Portfolio Credit Control	Third Floor, 1 Finsbury Square	London		EC2A 1AE	6,300.00
Poujoulet UK Ltd		Old Portsmouth Road		Guilford		GU3 1LU	17,211.18
Premium Collections Northern Limited		Suite 8, Jubilee Court, Copgrove					349.81
Private Chef Direct		4 Grange Road, Barton Le Clay		Bedfordshire		MK45 4RE	1,597.50
Omuk Ltd		New Derwent House	66-73 Theobalds Road	London		WC1X 8TA	66.40
Quarix Ltd		Chapel Offices	Park Street	Newton	Powys	SY16 1EE	118.40
Rainford Hardware		212 Battersea Park Road		London		SW11 4ND	27.70
Redstar Limited		St James' Wharf	90-105 Kings Road	Reading	Berks	RG1 3DD	232.31
Renzola (Initial Hygiene)		PO Box 4973		Dudley		DY1 9	118.48
Richard Smythe Ltd		Unit 1, Pendell Farm	Pendell Road	Bleishingley	Surrey	RH1 4QH	14,678.97
RICHARDS DRILLON LTD		Crown House, 123 Hagley Road	Edgystone	Birmingham		B18 8LD	44,156.68
Sandberg LLP		40 Grosvenor gardens	Robertson Street	London		E1 8SN	432.00
Scottish Power Limited-94912733015 - unit 16		2 Atlantic Quay		Glasgow		G2 8SP	1,068.31
SEVERN TRENT WATERPLUS							2,843.12
Seone Museum		13 Lincoln's Inn Fields	Hatborn	London		WC2A 3BP	7,563.70
WITHHELD							1,000.00
Support UK Ltd		Unit 2 Devonshire Business Centre					2,088.94
Swiftcare UK Ltd		Rainborough Farm	Charlton			SG8 1GL	2,088.94
Thames Water (8640265218)- block E, WH 839180036		Clearwater Court	Western Road	Reading		RG1 8DB	2,115.48
The Carpet Bureau		222 Battersea Park Road		London		SW11 4ND	1,178.00
The Chartered Institute of Building		1 Arlington Square, Downshire Way		Bracknell		RG12 1WA	318.00
The Confederation		20 Orange Street		London		WC2H 7EF	41,202.18
The Fan and Flue Company		Lower Farm Cottage, Lower Farm Lane	Nadlington	Berkshire		OX17 1BJ	225.00
The Irongate Group Ltd		Daughters Court	Silwood Park	Walsfield	West Yorkshire	WF5 9TQ	756.45
Thermaco Ltd		Sandy's Road	Melver	Worce		WR14 1JJ	508.87
Thomas Dudley Ltd		PO Box 28	Birmingham New Road	Dudley	West Midlands	DY1 4SN	477.09
WITHHELD							400.00
Tin Sichen d.o.o		Str Privna Industrijska 9	22330 Nova Pazova , Serbia				27,869.08
Trans Perkins 244108							1,292.57
UK Food and Wine							132.90
Unex B.V		Lonnekerbrugstraat 80 b	7547 AJ Enschede, PO Box 1063	Enschede		7500 BB	456.43
Vedback Ltd The NAV People		Pinewood, Beacon House	Winchester House	Burghele	Berkshire	RG20 9UZ	726.58
Walker Logistics		Compton Farm	Compton Abdele	Cheltenham		GL54 4DL	2,384.48
Wandsworth Council (10737871) - 204 BPR		PO Box 65962		London		SW18 9HN	2,801.72
Wandsworth Council (11672216) - 521 BPR		PO Box 65962		London		SW18 9HN	25,000.00
Wandsworth Council (11727353) - 284B BPR		PO Box 65963		London		SW18 9LB	321.42
Wandsworth Council (11747251) - 202 BPR		Business Rates Service, PO Box 65993	Town Hall, Wandsworth High Street	London		SW18 9LB	2,004.92
Wandsworth Council (11747686) - RIO 2028PR		PO Box 65962		London		SW18 9BN	543.84
Wandsworth Council (30114071) - 194-196 BPR		PO Box 65962		London		SW18 9HN	11,352.25
Wandsworth Council (95502065) - 25 Mansel Court		PO Box 65962		London		SW18 9HN	705.39
Wandsworth Council 11788711 Unit 16		PO Box 65962		London		SW18 9HN	19,336.25
WHITTLE EASTERN EUROPE LOGISTICS LTD		Suites 1 & 7 The Printworks	Hey Road	Barrow	Lancashire	B87 9WA	15,201.49
Whitaker Service Centre		TFL Service Centre Ltd	52 Wei Road			SW19 8UG	384.27
WorkSpace Management Ltd		Canterbury Court Kemington Park	1-3 Briston Road	London		SW6 6DE	474.37
World's End Tiles		Old Fieldhouse Lane	Old Leeds Road	Huddersfield		HD2 1AG	3,813.10
Yantai Europe Stone Co Ltd		15 Tonghe Road	Leishan	Yantai		264600	342,887.03
WITHHELD							450.00
Total Number of Creditors		152					1,812,144.34

Appendix 4 – Schedule of Pre-Administration Costs

Analysis of the Joint Administrators' Pre-Administration Time Costs

Chesney's Limited (In Administration)**Analysis of the Joint Administrators' Time Costs for the Pre-Administration Period**

Classification of Work Function	Managing Director	Man.
Administration and Planning		
Dealing with Notice of Intention to Appoint	0.00	0.
Dealings with Directors and Management	0.00	3.
Financial Review	0.00	14.
IPS Set Up and Maintenance	0.00	0.
Strategy, Planning and Control	4.00	7.
Creditors		
Communications with Creditors / Employees	0.00	1.
Pref Claims Adjudication and Distribution	0.00	0.
Secured Creditors	0.00	0.
Realisation of Assets		
Freehold and Leasehold Property	0.00	5.
Other Tangible Assets	0.00	2.
Sale of Business	14.50	56.
Stock and Work In Progress	0.00	5.
Total Hours:	18.50	97.
Total Fees Claimed (£)	13,875.00	54,59

Appendix 5 – Analysis of Time Charged and Expenses Incurred

Analysis of the Joint Administrators' Time Costs Since the Appointment Date

Chesney's Limited (In Administration)**Analysis of Joint Administrators' Time Costs for the Reporting Period**

Classification of Work Function	Managing Director
Administration and Planning	
Cashiering and Accounting	0.00
Insurance	0.00
Statutory Matters (Meetings, Reports and Notices)	0.00
Creditors	
Communications with Creditors / Employees	0.00
Investigations	
Financial Review and Investigations	0.00
Realisation of Assets	
Freehold and Leasehold Property	0.00
Sale of Business	0.00
Total Hours:	0.00
Total Fees Claimed (£):	0.00

Narrative of Work Carried Out for the Period to 16 July 2020

The key areas of work have been:

SIP 9 narrative for the period from the Appointment Date to 16 July 2020	
Administration and planning	<ul style="list-style-type: none"> Monitoring and reviewing the Administration strategy; Briefing staff on the Administration strategy and matters in relation to workstreams; Regular case management and reviewing of process including regular team update meetings and calls; Reviewing and authorising junior staff correspondence and other work; Dealing with queries arising during the appointment; Reviewing matters affecting the outcome of the Administration; Allocating and managing staff/case resourcing; Liaising with legal advisors regarding various instructions; and Complying with internal filing and information recording practices, including documenting strategy decisions.
Creditors	<ul style="list-style-type: none"> Responding to enquiries from creditors (including former employees) regarding the Administration and submission of their claims; Providing written and oral updates to the Secured Creditors regarding the progress of the Administration and case strategy; and Updating the list of unsecured creditors;
Investigations	<ul style="list-style-type: none"> Managing and reviewing the Company books and records; and Obtaining records from third parties;
Statutory and compliance	<ul style="list-style-type: none"> Ensuring compliance with all statutory obligations within the relevant timescales; Preparation of the SIP 16 Disclosure; Uploading information to the Creditors' Portal; and Reviewing time costs to date and producing analysis of time incurred which is compliant with SIP 9.
Cashiering	<ul style="list-style-type: none"> Reconciling the Administration bank account; and Putting in place the Joint Administrators' bond and complying with statutory requirements;
Asset realisations	<ul style="list-style-type: none"> Liaising with agents regarding the sale; Liaising with third parties regarding costs incurred; Reviewing costs incurred to ensure recorded accurately; Completing the Sale Transaction to the Purchaser.
Tax	<ul style="list-style-type: none"> Analysing and considering the tax effects of the sale of certain business assets.

Joint Administrators' Disbursements to 16 July 2020

The Joint Administrators have not incurred any disbursements during the period from the Appointment Date to 16 July 2020.

Please note, the Joint Administrators have authority to draw Category 1 Disbursements without the need for any prior approval from the creditors of the Company.

The Joint Administrators shall request that Category 2 Disbursements be approved in the same manner as their remuneration.

Appendix 6 – Fee Estimate

Chesney's Limited (In Administration)

Analysis of the Joint Administrators' Fee Estimate for the Administration Period

	Managing Director	Manager	Hours Senior	Assistant	Su
Administration and Planning					
Case Review and Case Diary Management	2.00	4.00	20.00	8.80	
Cashiering and Accounting	0.60	4.00	8.00	14.00	
Dealings with Directors and Mangement	1.00	5.00	4.00	4.00	
IPS Set Up and Maintenance	0.00	1.00	2.00	8.00	
Insurance	0.00	4.00	4.00	2.60	
Statement of Affairs	0.00	4.00	7.00	3.00	
Statutory Matters (Meetings, Reports and Notices)	5.00	20.00	46.00	46.00	
Strategy, Planning and Control	5.00	6.00	33.40	40.00	
Tax Compliance / Planning	0.00	6.00	8.00	10.00	
	13.60	54.00	132.40	136.40	
Creditors					
Communications with Creditors / Employees	0.00	5.00	30.00	50.00	
Non Pref Creditors / Employee Claims Handling	0.00	4.00	20.00	8.00	
Preferential Claims Adjudication and Distribution	0.00	2.00	2.00	2.00	
Secured Creditors	2.00	8.00	2.00	0.00	
	2.00	19.00	54.00	60.00	
Investigations					
CDDA Reports and Communication	1.00	4.00	6.00	8.00	
Financial Review and Investigations	1.00	5.00	10.00	12.00	
	2.00	9.00	16.00	20.00	
Realisation of Assets					
Freehold and Leasehold Property	0.00	4.20	8.00	3.00	
Other Tangible Assets	0.00	3.40	0.00	0.00	
Sale of Business	2.00	40.00	50.00	10.00	
Stock and Work In Progress	0.00	5.80	0.00	0.00	
	2.00	53.40	58.00	13.00	
Total Hours:	19.60	135.40	260.40	229.40	
Total Time Costs: (£)	14,700.00	80,563.00	98,952.00	45,880.00	

Appendix 7 – Fee Narrative

Benjamin Wiles and Geoffrey Bouchier were appointed Joint Administrators of the Company on 10 July 2020.

Introduction

The following information is provided to creditors to enable them to consider the Joint Administrators' remuneration. It is a summary of key issues to assist creditors in understanding the strategy of the Joint Administrators, the associated costs and expenses of the related activities and the financial benefit to creditors.

This document should be read in conjunction with the Joint Administrators' Report to Creditors and Statement of Proposals which provides further details of the assets, liabilities and estimated return to creditors, if any.

Estimated Fee and Expenses

The Joint Administrators propose that their fees be based on a time cost basis, charged in accordance with Duff & Phelps' hourly charge out rates.

The ability for the Joint Administrators to draw fees is dependent on asset realisations and the authority of creditors. The Secured Creditors will be asked to approve the basis of the fees and the fee estimate, which will effectively acts as a cap on the fees that can be drawn (subject to the Joint Administrators' ability to seek an increase in the approved amount from creditors if appropriate).

The amount expected to be incurred in time costs by the Joint Administrators over the life of the Administration, assuming the Administration will close by the automatic end date on 9 July 2021 is £240,095 as detailed at Appendix 6 – Fee Estimate.

Appendix 8 illustrates the estimated expenses for the whole of the Administration and is for information purposes (and does not require approval by any class of creditor). This estimate, which totals £10,312, may change over the course of the Administration, but creditors will be informed of any variations with associated reasons in the Joint Administrators' Progress Reports.

Strategy

Administration and Planning

The role of an Administrator is highly regulated, being required to conform to insolvency legislation, industry best practice policies (Statements of Insolvency Practice) and relevant case law. Consequently, the Joint Administrators are obliged to undertake many activities that do not provide a financial benefit to creditors.

Since the Appointment Date the Joint Administrators have spent time undertaking the following tasks:

- Monitoring and reviewing the Administration strategy.
- Briefing staff on the Administration strategy and matters in relation to workstreams.
- Advertising the Administration appointment and notifying all relevant stakeholders.
- Complying with anti-money laundering checks, bribery act and ethical checks.
- Setting up the Administration on our internal systems and on the Creditors' Portal website.
- Companies House and Court filings.
- Setting up Administration bank accounts.
- Undertaking treasury functions in respect of receipts and payments of the Administration to date.
- Preparation of this report and the SIP 16 Disclosure.
- Completing internal compliance reviews and checklists.

Future time costs are expected to total £119,922 and are likely to include the following tasks:

- Internal strategic discussions and meetings and completing case reviews at regular intervals.
- General case oversight by senior team members over key issues, including statutory matters.
- Filing notices with Companies House at relevant intervals.
- Dealing with tax compliance and returns.
- Preparing and issuing the six-month progress report and final report to creditors.
- Regularly reconciling the Administration bank accounts.
- Dealing with queries arising during the appointment.
- Reviewing matters affecting the outcome of the Administration.
- Liaising with legal advisors regarding various instructions.
- Complying with internal filing and information recording practices, including documenting strategy decisions.

Creditors

Since the Appointment Date the Joint Administrators have spent time undertaking the following tasks:

- Drafting of initial creditor letter and associated documents and issuing to creditors.
- Responding to enquiries from creditors regarding the Administration and submission of their claims.
- Reviewing and dealing with creditor correspondence received.
- Updating the non-preferential unsecured creditor details on our internal systems.
- Uploading documents to the Creditors' Portal.
- Providing updates to the Secured Creditors regarding the progress of the Administration and the case strategy.

Future time costs in relation to creditors are expected to total £45,325 and are likely to comprise the following:

- Continuing to deal with claims and queries from creditors.
- Providing updates to the Secured Creditors.
- Distributing funds to Secured Creditors.

Time costs in this category do not have a direct benefit for creditors except where they relate to dealing with distributions, however, these time costs are necessary to keep creditors informed about the Administration and deal with their queries.

Investigations

It is a statutory requirement that the Joint Administrators provide a report to the BEIS on the conduct of the directors / shadow director(s) in their management of the Company to determine their fitness to act in such a role. This will entail a broad level of investigation to ensure that best practice standards are met, and the fee estimate reflects this standard.

These investigations may or may not lead to further asset recovery so creditors should not assume that this activity will provide a monetary benefit to the Administration estate.

Since the Appointment Date the Joint Administrators have spent time undertaking the following tasks:

- Writing to the Company's former professional advisors requesting certain information and reviewing and documenting the information provided.

Future time costs are expected to total £16,935 and are likely to include the following tasks:

- Obtaining a backup of the Company's financial and IT records.
- Liaising with Barclays to obtain the Company's bank statements.
- Analysis of the Company's bank statements for the three-year period leading up to the appointment.
- A review of the Company's other relevant financial records, including statutory accounts, management accounts.
- Review of any other information provided by creditors and/or third parties.
- Submission of the Joint Administrators' statutory report on the directors' conduct to the BEIS.

Realisation of Assets

The fundamental duty of an Administrator is that of the recovery and realisation of the assets, the Joint Administrators' powers are designed to ensure the effective discharge of this duty. The Joint Administrators must recover the assets of the Company for the benefit of the creditors and must realise the same to affect the best possible distribution.

Since the Appointment Date the Joint Administrators have spent time undertaking the following tasks that largely relate to the sale of the business and certain assets:

- Discussions with interested parties in relation to the Company and providing further information where required.
- Negotiations with interested parties and reviewing offers received.
- Completing the Sale Transaction with the Purchaser.
- Communicating details of the sale to all relevant parties.
- Liaising with Barclays in respect of cash at bank.

These time costs have resulted in a direct benefit for creditors, as they have achieved a sale of the Company's business and assets and resulting in realisations for the Administration estate.

Future time costs are expected to total £57,913 and are likely to include the following:

- Completing the Sale Transaction with the Purchaser.
- Discussions with interested parties in relation to the Company's Freehold Property and providing further information where required.
- Negotiations with interested parties and reviewing offers received for the Freehold Property.
- Completing the sale of the Freehold Property.
- Communicating details of the sale to all relevant parties.

Appendix 8 – Expenses Estimate

Chesney's Limited (In Administration)
Joint Administrators' Expenses for the Reporting Period

Notes	Company	Activity	Fee Basis
1	Professional Advisors		
2	Pinsent Masons LLP	Legal Advice, Assisting with the Sale	Fixed Fee
3	Ensco 1078 Ltd t/a European Valuations	Valuation of Assets	Fixed Fee
4	SIA Group Asset Ingenuity Ltd	Valuation of Assets	Fixed Fee
	Other		
5	Accurate Mailing Services Limited	Stationery and Postage	As Incurred
6	Courts Advertising Limited	Statutory Advertising	Fixed Fee Per Advert
7	Total Data Management Limited	Storage Costs	Fixed Fee Per Unit
	Marsh Restructuring & Recovery	Insurance of assets	Fixed Fee Per Unit
	Total Professional Advisor and Other Costs (£)		
	Disbursements		
8	Category 1 Disbursements		
9	Bond Premium		
10	Travel		
11	Accommodation		
12	Meals		
13	Sundry Expenses		
	Total Category 1 Disbursements		
14	Category 2 Disbursements		
15	Mileage		
	Total Category 2 Disbursements		
	Total Estimated Expenses		

Notes to Estimated Expenses Schedule

- The Joint Administrators' choice of professional advisors is based on their perception of the experience and the complexity and nature of the assignment and the basis of their fee.
- Solicitors instructed to assist the Joint Administrators with the sale of the business and assets of the Company.
- Engaged to prepare a valuation report of the Company's plant and equipment to assess offers and for sale.

Appendix 9 – Statement of Creditors' Rights

*Rule numbers refer to Insolvency (England & Wales) Rules 2016 (as amended)
Section or paragraph numbers refer to Insolvency Act 1986*

If you require a copy of any relevant rule or section, please contact Tom Marston at tom.marston@duffandphelps.com.

Information for creditors on remuneration and disbursements of Administrators

Information regarding the fees and disbursements of Administrators, including details of Duff & Phelps' disbursements policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "A Creditors' Guide to Administrators' Fees". This can be viewed and downloaded from Duff & Phelps' website at:

<https://www.duffandphelps.co.uk/-/media/assets/pdfs-international/uk/creditors-guide/administration-a-creditors-guide-to-insolvency-practitioner-fees-updated>

Should you require a copy, please contact this office.

Creditors may requisition a physical meeting of creditors for approval of the Joint Administrators' Proposals under Rule 15.6 of the Insolvency (England and Wales) Rules 2016

The Joint Administrators shall summon a physical meeting (1) if asked to do so by (a) creditors whose debts amount to at least 10 percent of the total debts of the Company or (b) 10 percent in number of creditors, or (c) 10 creditors, and (2) if the following procedures are followed:

The request for a requisitioned physical meeting must be made within five business days of the date on which the Joint Administrators' Proposals were delivered and include either:

(a) a statement of the requesting creditor's claim together with:

- a list of the creditors or contributories concurring with the request and of the amounts of their respective claims or values, and
- confirmation of concurrence from each creditor; or

(b) a statement of the requesting creditor's debt and that that alone is sufficient without the concurrence of other creditors

Creditors may be requested to meet the costs of a requisitioned decision and a deposit will be required for this purpose. These costs may be ordered to be paid as an expense of the Administration if the creditors so resolve.

If you wish to request a physical creditors' meeting, please complete and return the physical meeting requisition form available on portal.

Creditors may requisition a decision to be made by all of the creditors for approval of the Joint Administrator' Proposals under para 52(2) Schedule B1 Insolvency Act 1986

The Joint Administrators shall seek a decision from the Company's creditors as to whether they approve the Proposals if requested by creditors of the Company, whose debts amount to at least 10 percent of the total debts of the Company. Such a request must be received by the Joint Administrators within eight business days of the date on which the Joint Administrator's statement of Proposals is delivered.

The request for a requisitioned decision must include a statement of the purpose of the proposed decision and either:

(a) a statement of the requesting creditor's claim together with:

- a list of the creditors or contributories concurring with the request and of the amounts of their respective claims or values, and
- confirmation of concurrence from each creditor; or

(b) a statement of the requesting creditor's debt and that that alone is sufficient without the concurrence of other creditors

Creditors may be requested to meet the costs of a requisitioned decision and a deposit will be required for this purpose. These costs may be ordered to be paid as an expense of the Administration if the creditors so resolve.

A requisitioned decision must be made within 28 days of receiving the deposit or the expiry of 14 days without the Administrator informing the requesting creditor of the deposit sum.

Appendix 10 – SIP 16 Disclosure Report

Disclosure in Accordance with Statement of Insolvency Practice 16 “Pre-Packaged Sales in Administrations”

SIP 16 Statement to Creditors

16 July 2020

Chesney's Limited (In Administration)

**Joint Administrators' report on the pre-packaged sale of certain
assets of the business of Chesney's Limited in accordance with
SIP 16**

**Duff & Phelps Ltd.
The Shard
32 London Bridge Street
London
SE1 9SG**

Definitions

Word or Phrase	Definition
Arbuthnot	Arbuthnot Commercial Asset Based Lending Limited (Company Number: 10915339), the provider of the Company's receivables finance facility, inventory loan facility and the holder of fixed and floating charges over the Company's assets
the Act	The Insolvency Act 1986 (as amended)
the Appointment Date	10 July 2020, being the date of appointment of the Joint Administrators
Barclays	Barclays Bank PLC (Company Number: 01026167), with whom the Company banked
BEIS	Department for Business, Energy & Industrial Strategy
BGFI	BGF Investment Management Limited (Company Number: 10608481), 13-15 York Buildings, London WC2N 6JU
BGFN	BGF Nominees Limited (Company Number: 10007355), 13-15 York Buildings, London WC2N 6JU
Category 1 Disbursements	The Joint Administrators' external and incidental costs in dealing with the Administration
Category 2 Disbursements	The Joint Administrators' internal costs and expenses in dealing with the Administration
CGL	Compass Group Limited (Guernsey Registration Number: 6770), Island House, Rohais Road, St. Peter Port, Guernsey GY1 1FB
the Company	Chesney's Limited (In Administration) (Company Number: 01322949), whose registered office is at 194-196 Battersea Park Road, London SW11 4ND
the Creditors' Portal	The Joint Administrators have chosen to deliver the majority of documents to the creditors by making them available for viewing and downloading at the website, www.ips-docs.com . Additionally, creditors can also submit their claim via the Creditors' Portal
CVA	Creditors' Voluntary Arrangement
CVL	Creditors' Voluntary Liquidation
the Directors	Paul Chesney, William Gresty and Jonathon Halford, the directors of the Company as at the Appointment Date
Duff & Phelps	Duff & Phelps Ltd., The Shard, 32 London Bridge Street, London SE1 9SG

Definitions	
Word or Phrase	Definition
EC Regulation	EC Regulation on Insolvency Proceedings 2000
EV	Ensco 1078 Ltd trading as European Valuations (Company Number: 9086864), Old Bank Chambers, 582-586 Kingsbury Road, Birmingham B24 9ND
HMRC	HM Revenue and Customs
the Joint Administrators	Benjamin John Wiles and Geoffrey Wayne Bouchier of Duff & Phelps
the Landlords	Abbey Commercial Ltd (Company Number: 04827515), 113 Brent Street, London NW4 2DX Sunflower UK Industrial Property IV LP (Company Number: LP015333), 119 Martello Court, Admiral Park, Guernsey GY1 3HB The Arch Company Properties Limited (Company Number: 11516452), 140 London Wall, London, EC2Y 5DN Sporik Patisseries Limited (Company Number: 00432894), Savoy House, Savoy Circus, London, W3 7DA Mario Picard, 202 Battersea Park Road, London SW11 4ND Redwood Propco Limited (Company Number: 10921171), Harwood House, 43 Harwood Road, London, SW6 4QP
NDA	Non-Disclosure Agreement
Pinsent Masons or the Solicitors	Pinsent Masons LLP, 30 Crown Place, Earl Street, London EC2A 4ES
Freehold Property	200 Battersea Park Road, Battersea, London SW11 4ND, the property, which is owned by the Company
Leasehold Properties	194 Battersea Park Rd, Battersea, London SW11 4ND 202 Battersea Park Rd, Battersea, London SW11 4ND Unit 16, Parkfield Industrial Estate, Culvert Place, London SW11 5BA Arches, Parkfield Industrial Estate, Culvert Place, London SW11 5BA 147 Haverstock Hill, Belsize Park, London NW3 4RU Unit 12, 16 Eldon Rd, Attenborough, Beeston, Nottingham NG9 6DZ
Mortgagee or SP	Mr Stephen Potter, who holds a mortgage over the Freehold Property
Prescribed Part	Pursuant to Section 176A of the Act, where a floating charge is created after 15 September 2003, a designated amount of a company's net property (floating charge assets less costs of realisation) shall be made available to non-preferential unsecured creditors

Definitions	
Word or Phrase	Definition
the Purchaser	Chesneys Group Limited (Company Number: 12726816), the purchaser of the business and certain assets of the Company
RPS	Redundancy Payment Service
ROT	Retention of title
the Rules	The Insolvency (England & Wales) Rules 2016 (as amended)
the Sale Transaction	The pre-packaged Administration sale of the business and certain Company assets to the Purchaser on the Appointment Date
the Secured Creditors	Arbuthnot, BGFI, BGFN and Mr Stephen Potter
SIA or the Agent	SIA Group Asset Ingenuity Ltd (Company Number: 07371821), independent agents instructed by Duff & Phelps to value the Company's tangible and intangible assets (excluding the book debts)
SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements
SIP 13	Statement of Insolvency Practice 13 – Industry best practice for Insolvency Practitioners in relation to the acquisition of assets of insolvent companies by directors and / or associated parties
SIP 16	Statement of Insolvency Practice 16 – Industry best practice for Insolvency Practitioners in relation to the requirement for disclosure of information with respect to a 'Pre-Packaged' sale of business and/or assets of the Company
SOA	Statement of Affairs, documentation to be supplied by the Directors outlining the Company's financial position as at the Appointment Date
SPA	Agreement for the sale and purchase of the undertaking and certain of the assets of the business of the Company
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations 2006

Chesney's Limited (in Administration)

Joint Administrators' Statement on the Pre-Packaged Sale of Certain Assets of the Company

In accordance with SIP 16, outlined below are details of the sale of certain assets of the Company to the Purchaser on 10 July 2020.

This statement is made in order to comply with the Joint Administrators' responsibilities under Statement of Insolvency Practice 16, the latest version of which is effective from 1 November 2015. Statements of Insolvency Practice are guidance notes issued by the insolvency regulatory authorities with a view to maintaining standards by setting out required practice and harmonising practitioners' approach to aspects of insolvency.

SIP 16 concerns arrangements where the sale of all or part of a company's business and assets is negotiated with a purchaser prior to the appointment of an administrator, who effects the sale immediately on, or shortly after, their appointment.

A full copy of SIP 16 can be located via this link to the R3 website:

<https://www.r3.org.uk/technical-library/england-wales/sips/more/29131/page/1/sip-16-pre-packaged-sales-in-administrations/>

General Explanatory Points on Pre-Packaged Sales

Creditors should be aware of the differing roles of an Insolvency Practitioner associated with an Administration that involves a pre-packaged sale of the Company's business and / or certain assets. Prior to their formal appointment, the Insolvency Practitioners will have been instructed by the Company and / or a secured creditor to provide advice, although they will act at all times independent of the Company's management who will remain responsible for the affairs of the Company. That advice will normally include consideration of potential insolvency exit strategies and to assist management meet their fiduciary duties and obligations when running a company with particular attention being paid to any proposed pre-packaged Administration sale scenario, where that is applicable.

Upon formal appointment, the Joint Administrators, who are officers of the Court and an agent of the Company, will manage the Company's affairs, business and property for the benefit of creditors as a whole.

Background Information

Business Overview

The Company was incorporated on 26 July 1977 and operates as a distributor and retailer of a diverse range of luxury fireplaces, stoves, architectural design and outdoor living products to retail and trade customers. The Company is a leader in its core UK markets, with an established sales presence in the USA and growing presence in Asia.

The Company operates from showrooms located in North-West and South-West London, owning one of the properties in South-West London with the other showrooms being leased. Further, the Company also had a leasehold property located in Nottingham which was a storage warehouse.

The Company is a family owned with the business having been in the Chesney family for 35 years. In January 2016, BGF provided significant investment of c£2m into the Company, becoming a minority shareholder, holding 39.5 percent of the Company's share capital. The balance of the Company's share capital is as follows:

• Chesney's International Products Limited	17.9%
• Nicholas Chesney	13.8%
• Dinah Chesney	10.2%
• Paul Chesney	5.9%
• Mark Burns	3.5%
• Timothy Chesney	3.1%
• Paul Nichols	3.0%
• Jonathan Halford	2.0%
• Richard Reynolds	1.1%
Total	60.5%

The Company's working capital was predominantly funded by Arbuthnot in the form of a receivables finance facility and inventory loan facility.

The Company has the following outstanding charges registered at Companies House as at the Appointment Date:

Lender	Charge	Date of Creation	Date Delivered
SP	Mortgage, a fixed charge over the property located at 200 Battersea Park Road, London SW11 4ND	5 December 2017	6 December 2017
BGFI	A debenture which confers fixed and floating charges over the undertaking and all property of the Company.	27 March 2018	4 April 2018
Arbuthnot	A debenture which confers fixed and floating charges over the undertaking and all property of the Company and a specific charge over the book debts.	5 December 2018	14 December 2018
BGFN	A debenture which confers fixed and floating charges over the undertaking and all property of the Company.	29 July 2019	14 August 2019

Recent Financial Performance and Circumstances Leading to Administration

Please find attached at Appendix 1 a summary of the Company's recent financial performance.

The Company went into COVID-19 with a heavily over-leveraged balance sheet, creditors had been stretched for about a year with the ledger running over £1.4m at the time of our engagement. It was not uncommon for a creditor to ring every week and threaten legal action if they were not paid. Moreover, this meant that they were on proforma terms with a number of key suppliers and relationships were getting strained.

Additionally, the Company had taken out loans with a number of high net worth individuals, including a high-profile film director for c.£600k to fund the Company's working capital. These loans were due for repayment at the end of March 2020 and the Company couldn't repay. Arbuthnot were also concerned about the Company's ability to service their facilities, therefore, the Company's board of directors sought to engage Duff & Phelps as advisors to explore a pre-pack administration sale process.

Further, the Company's inventory required significant investment to prepare for new regulations coming in 2022, coinciding with the decreasing demand in the market in general for wood burning stoves reducing their margins and sales.

A culmination of the above, combined with poor financial reporting led to the business being in a pretty unfavourable situation.

Duff & Phelps' role throughout the above engagement was entirely in an advisory capacity and at no point did the firm assume management responsibility for the Company's affairs.

Neither Benjamin Wiles, Geoffrey Bouchier or Duff & Phelps have had any professional relationship with the Directors or the Company prior to the engagement detailed above.

The Company was placed into Administration on the Appointment Date, with Benjamin Wiles and Geoffrey Bouchier of Duff & Phelps being appointed as Joint Administrators. The sale of certain assets of the Company to the Purchaser was agreed and effected following the Appointment. Details of the transaction, the assets involved in the sale and the sale consideration are provided in more detail below.

Pre-Appointment Considerations

Prior to their appointment, Duff & Phelps considered alternative insolvency options available to the Company as detailed below:

Administration – Trading

Consideration was given as to whether it would be possible to trade the Company in Administration, however this was not deemed viable for the following key reasons:

- **Termination of Contracts** – Many of the customer contracts included clauses enabling customers to terminate contracts on an insolvency event which, if enforced, would have resulted in a significant erosion of the value of the business. The nature of the Company's industry is such that customers can source alternative products and services from other providers relatively easily.
- **Funding** – There was insufficient working capital available to enable the proposed Joint Administrators to trade the business or mothball the business without additional funds being injected into the Company. The additional working capital required was unable to be sourced from existing stakeholders and the stock held by the Company was deemed to be out of fashion or obsolete.
- **Licence Agreements** – The Company were party to a number of agreements for the sale of products, allowing them exclusive rights to sell. These licences were terminable upon an insolvency event, meaning it would not be possible to sell the products included in the agreement post-administration.
- **Sales** – The products sold by the Company are largely seasonal, with greater demand in Autumn/Winter and that, along with the negative impact on sales of the Coronavirus, meant that it would be difficult to achieve sales at the required level to make trading viable.

For the reasons above, coupled with associated risks to any appointed Administrator of trading the business, it meant that it would not be possible for the Joint Administrators to trade the business and seek a going-concern sale during the Administration process.

CVA

Consideration was given by the Joint Administrators to a CVA, however, the Company's ongoing working capital requirements and the timescales involved with delivering a CVA proposal precluded this option.

A CVA would require notice to be given to and consultation with the Company's creditors. Therefore, the Company's position would become public knowledge, increasing the risk of key staff resigning, suppliers withholding services or seeking to terminate contracts.

As detailed above, a number of customer contracts and licence agreements would become terminable upon an insolvency event, including a CVA.

Administration – Orderly Wind-Down / CVL

A full orderly wind-down or CVL was considered by Duff & Phelps but would likely have resulted in a worse outcome for creditors from a financial perspective. This was due to the value achievable for the Company's assets on a breakup basis being lower, than if sold to one party in-situ as evidenced by the valuations provided by SIA. It was also anticipated that sales to multiple parties on a breakup basis would likely have increased the costs of the process.

Pre-Packaged Administration

In the absence of any other viable options, Duff & Phelps advised the Company that a pre-packaged Administration sale of the Company's business and assets as a going concern was necessary to maximise the realisable value of the Company's assets and maximise the outcome for the Company's creditors as a whole.

Duff & Phelps consulted with the Secured Creditors regarding the proposed strategy of pursuing a pre-packaged sale.

Marketing of the Business and Assets

Following the engagement of Duff & Phelps by the Company on 29 May 2020, an accelerated marketing process was immediately commenced with the Company being marketed on an insolvent basis to a selected audience of prospective interested parties in the trade, private equity and distressed asset marketplace. A teaser document and NDA was sent out in this regard.

Due to the business trading on a reduced capacity and the lack of funds available to support ongoing trading, it was considered that a short marketing timeframe of two to three weeks would be in the best interest of creditors as it would limit further erosion in the value of the Company's value and provide early indication of the level of interest in the business and assets.

The teaser document was issued to 83 targeted external parties on Duff & Phelps' interested party database on 8 June 2020. The list targeted trade buyers as well as those specialising in distressed asset purchases and corporate finance providers on a no-names basis with further information on the opportunity only provided on the return of a signed NDA. A copy of the teaser document was uploaded to the Duff & Phelps website on 22 June 2020.

Feedback from other interested parties during the marketing period raised similar concerns in respect of the opportunity, with the main reasons for not submitting an offer for the business and/or assets being;

- Due to the COVID-19 lockdown, which is affecting the UK and other countries worldwide, reducing customer demand for stock;
- The timeframes being too short in order to conduct due diligence in a timely manner; and

- The Company's turnover being too low for some parties.

Duff & Phelps received non-disclosure agreements from 13 interested parties, who were provided with further information on the Company and its business. Several of these parties undertook detailed discussions with the Joint Administrators and their staff in respect of the business opportunity. In addition, further specific information was provided to these parties in accordance with individual requests for information.

By the initial deadline date of 5.00pm on Tuesday, 23 June 2020, Duff & Phelps had received three offers for the business and / or assets but had received a large number of enquiries from interested parties, many of whom indicated that they intended to submit an offer but required more time in order to prepare an offer. Duff & Phelps continued to work with interested parties, arranging site visits between 25 and 29 June 2020 for two of the parties who had submitted offers.

The deadline was extended with all final offers to purchase the business and assets of the Company as a going concern, together with full proof of funding, was set for 5.00pm on Friday, 3 July 2020. Any prospective purchasers were required to be in a position to complete the acquisition shortly thereafter. The relatively short time frame was due to cash constraints and an increasing risk of having customer contracts terminated.

Following the expiration of the deadline for offers on 3 July 2020, following negotiations, Duff & Phelps received an offer from the Purchaser on 4 July 2020 for £725k for the certain business assets of the Company. The terms of the offer were that £700k was payable upon completion and the balance of £25k payable over 12 months. The proposed Administrators sought security over the deferred consideration requesting a personal guarantee from Paul Chesney and a second ranking debenture over all assets of the Purchaser.

The offer was accepted subject to contract and Duff & Phelps instructed their solicitors to prepare the SPA. A condition of the offer was that the Purchaser make a 10 percent deposit before completion and be granted a period of exclusivity until Wednesday, 15 July 2020, preventing Duff & Phelps from continuing to market the Company's business or speaking to interested parties.

Further detailed information on the transaction is included below.

The Offer

The offer received from the Purchaser is summarised as follows but is provided in more detail later in this report:

- Total consideration for the Company's assets of £725k with a deposit of 10 percent of the total consideration, being £72.5k paid prior to completion, £627.5k paid on completion and £25k paid in instalments over 12 months from the completion date;
- To include the Company's intangible assets including business intellectual property, brand names, business records, customer contracts and goodwill;
- To include the Company's fixed assets including office equipment, fixture and fittings, computer software, leasehold properties, shares in subsidiary companies and motor vehicles;
- To include the Company's current assets including supplier contracts, stock, ongoing customer orders and work in progress; and
- The transfer of the Company's employees to the Purchaser in accordance with TUPE.

The offer from the Purchaser was deemed the best available for the Company and its creditors for the following reasons:

- The offer was the highest in terms of consideration deliverable in the timescales required, which included cash payable totalling £725k for the business' certain assets. Assets specifically excluded were the book debts, cash at bank, freehold property, encumbered assets, ROT stock, third party assets, tax records and statutory records and any potential or current insurance claims;
- The offer provided for the satisfaction in full of Arbuthnot's indebtedness by the Purchaser;
- No further due diligence was required, and the Purchaser was able to execute in short order. All other offers received would either result in a worse return to the Company's creditors as a whole or they included a request for additional time / due diligence. Additional time was not acceptable as it was deemed that time was of the essence due to the Company's significant cash restraints and the risk of the Company's position becoming known to the market, which would most likely have led to the termination of customer contracts and value erosion. In addition to this, by lengthening the sale process, the professional costs of this process would also have increased;
- The Purchaser's offer also involved a period of ongoing occupation of the Leasehold Properties under a licence to occupy. It is anticipated that this will cover any holding costs of the properties which would otherwise be borne by the Administration. It is also likely that a higher value will be achieved with a tenant in-situ due to the Leasehold Properties being kept in a better condition;
- The offer also exceeded the ex-situ valuation of the assets; and
- Preservation of 46 jobs as a result of all employees transferring to the Purchaser, thus minimising preferential creditor claims and/or claims to the Redundancy Payments Service.

The Joint Administrators are satisfied with the adequacy of the marketing carried out prior to completion of the sale.

Accordingly, the offer from the Purchaser was accepted, with completion of the Sale Transaction taking place on 10 July 2020.

During the sale process, Duff & Phelps consulted regularly with the Secured Creditors who were kept appraised of the developments in relation to the sale as far as practicable. The Purchaser's offer was discussed with, and consent to accept it was obtained from the Secured Creditors.

The Sale Transaction

The Sale Transaction completed on 10 July 2020 to the Purchaser for total cash consideration of £725k.

Purchaser

The Purchaser is Chesneys Group Limited (Company Number: 12726816) and its directors are Paul Chesney, Nicholas Chesney and Mark Smart. The sole shareholder of the Purchaser is CGL, holding 100 percent of the share capital.

Therefore, the Purchaser and the Company have a common director in Paul Chesney.

Paul Chesney has provided the Joint Administrators with a personal guarantee of £25k in relation to the deferred consideration.

It should also be noted that prior to the Administration Paul Chesney provided SP with a personal guarantee of £50k in relation to a loan secured against the Freehold Property. SP may call in the guarantee shortly. Therefore, while a guarantee has been provided to the Joint Administrators for the entire value of the deferred sale consideration, we have also sought a second-ranking debenture over all assets of the Purchaser means that it is in the interest of the Purchaser to ensure that the deferred consideration is paid in full in accordance with the SPA.

For the avoidance of doubt and in accordance with SIP 13, the Secured Creditors will not be providing funding to the Purchaser.

Assets

The assets included in the Sale Transaction to the Purchaser are as follows:

- Goodwill and Intellectual Property (Including Customer Contracts and Customer Deposits);
- Information Technology;
- Plant and Equipment;
- Leasehold Properties;
- Shares;
- Stock (including Work in Progress and Supplier Contracts); and
- Vehicles.

Sale Consideration

The sale consideration for the transaction totals £725k and is apportioned to the assets as follows:

Asset	Sale Consideration (£)		Total
	Fixed Charge Assets	Floating Charge Assets	
Goodwill and Intellectual Property	150,000	-	150,000
Information Technology	25,000	-	25,000
Shares	25,000	-	25,000
Plant and Equipment	-	15,000	15,000
Stock (including WIP and Supplier Contracts)	-	485,000	485,000
Vehicles	-	25,000	25,000
	£200,000	£525,000	£725,000

The Purchaser entered into an exclusivity agreement and paid a deposit of £72.5k, equating to 10 percent of the total cash consideration on 7 July 2020. Upon completion, an amount of £627.5k was payable and has been received in full. The balance of the consideration is payable in instalments over 12 months from the completion date.

The following assets were specifically excluded from the sale were as follows:

- Book debts;
- Cash at bank;
- All assets situated away from the Leasehold Properties;
- The Freehold Property;
- Encumbered assets;
- ROT stock; and
- Third party assets.

Other

In accordance with SIP 16, the Joint Administrators confirm that the transaction does not include a provision for a buy-back and it is not part of a wider transaction.

Valuation of the Business and Assets

Tangible Assets

EV were instructed to undertake a valuation of the Company's inventory (excluding debtors) and provide a disposal strategy. European Valuations are members of the Royal Institute of Chartered Surveyors and National Association of Valuers & Auctioneers and have confirmed their independence.

Given the difficult market conditions, due to the impact of Coronavirus, SIA were subsequently engaged to provide a second opinion with respect to the Company's inventory as well as provide a valuation of the Company's remaining assets. SIA are members of the Royal Institute of Chartered Surveyors and National Association of Valuers & Auctioneers and have confirmed their independence.

The valuations were prepared on two bases of market value, as follows:

- **In-Situ**, which is the market value of the assets on the basis that they remain in place as part of a functioning business; and
- **Ex-Situ**, which is the market value of the assets in the scenario of a properly promoted piecemeal private treaty or auction sale of the assets on a breakup basis.

The rationale for obtaining the valuation on the above bases was to distinguish between the values of the asset to a successor business (in-situ) or on a breakup basis (ex-situ). In addition, the rationale for the above bases is for the apportionment of the sale consideration to ensure correct allocations to fixed and floating assets due to the impact this has on creditors.

In consideration of the fact that some of the stock would be slow-moving antiques, and stoves and fireplaces that would be considered seasonal, Duff & Phelps sought a second opinion from SIA, who provided their valuation on an ex-situ basis only.

EV and SIA provided valuations on a shutdown basis that gave an estimated realisation range of between £1,429m in a high scenario and £339k in a low scenario.

Intangible Assets / Goodwill

Duff & Phelps instructed SIA to provide an opinion on the value of the Company's intangible assets, being the goodwill, intellectual property, company records, development costs and customer contracts.

The Joint Administrators are of the opinion that the nature of the marketing campaign undertaken for the intangible assets was sufficient in establishing its market value.

In addition, SIA has confirmed that the value achieved for the Company's intangible assets is acceptable.

Freehold and Leasehold Interest

Duff & Phelps also engaged SIA to carry out a valuation of the Company's Freehold Property and leasehold interest at the premises.

Following the review, SIA concluded that the Freehold Property was subject to a mortgage and had no equity. It was also established that there was no value in the leases. This is largely due to them being retail units and demand is low in the current market.

Duff & Phelps have commenced the process of marketing the Freehold Property for sale.

Connected Party Transactions

As discussed above, the director and shareholder of the Company is also a director and of the Purchaser.

The Purchaser's solicitors were made aware of their ability to approach the pre-pack pool under the provisions of SIP 16 and encouraged to do so due to similarity of Company names. The Purchaser's solicitors confirmed they elected not to do so and consequently, no viability statement was requested by the pre-pack pool or the Joint Administrators in this regard.

Statutory Purpose

The statutory purpose of the Administration is to achieve one of the following hierarchical 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.

The first objective will not be achieved as there are insufficient funds and assets available to enable the Company to be rescued as a going concern.

The Joint Administrators are, therefore, pursuing the second objective as it is likely that a better result for the Company's creditors as a whole will be achieved than if the Company were wound up without first being in Administration for the following reason:

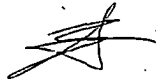
It is considered unlikely that the Joint Administrators would have been able to achieve the value obtained for the Company's assets that were sold if it had been wound down in an Administration or Liquidation process and sold on a piece-meal basis, without the extensive marketing undertaken prior to the Administration as evidenced by the valuations provided by SIA. Without prior planning, significant costs of occupying the Company's Premises in Administration would have been incurred while the assets were marketed for sale.

Consequently, the Sale Transaction has enabled the statutory purpose to be attained.

The Joint Administrators consider that the sale price achieved was the best reasonably obtainable given the circumstances.

Should you have any questions, please contact my colleague, Tom Marston on +44 20 7029 5039 or Tom.Marston@duffandphelps.com.

Yours faithfully
For and on behalf of
Chesney's Limited



Benjamin Wiles
Joint Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators, Benjamin Wiles and Geoffrey Bouchier who act as agents for the Company and without personal liability. They are both licensed in the UK by the Insolvency Practitioners Association and are bound by the Insolvency Code of Ethics

Appendix 1 – Profit and Loss

Profit & Loss	FY16 Audited £'000	FY17 Audited £'000	FY18 Draft £'000	FY19 Draft £'000	FY20 YTD Draft £'000
Turnover	16,385	14,170	15,375	15,216	3,109
Costs of sales	(9,123)	(8,607)	(9,644)	(9,854)	(1,950)
Gross Profit	7,262	5,563	5,731	5,362	1,159
GPM %	44%	39%	37%	35%	37%
Overheads	(6,565)	(7,178)	(6,492)	(6,470)	(1,284)
EBITDA	697	(1,615)	(761)	(1,108)	(125)
Depreciation & Amortisation	(170)	(296)	(327)		
Interest	(108)	(215)	(354)		
Profit / Loss before Tax	419	(2,126)	(1,442)	(1,108)	(125)
Tax	(118)	(15)	(3)		
Profit	301	(2,142)	(1,444)	(1,108)	(125)

Source: Management Information. Note: Financial year to 31 December xx

Appendix 11 – Proof of Debt Form

Appendix 12 – Definitions

Word or Phrase	Definition
Arbuthnot	Arbuthnot Commercial Asset Based Lending Limited (Company Number: 10915339), the provider of the Company's receivables finance facility, inventory loan facility and the holder of fixed and floating charges over the Company's assets
the Act	The Insolvency Act 1986 (as amended)
the Appointment Date	10 July 2020, being the date of appointment of the Joint Administrators
Barclays	Barclays Bank PLC (Company Number: 01026167), with whom the Company banks
BEIS	Department for Business, Energy & Industrial Strategy
BGFI	BGF Investment Management Limited (Company Number: 10608481) 13-15 York Buildings, London WC2N 6JU
BGFN	BGF Nominees Limited (Company Number: 10007355) 13-15 York Buildings, London WC2N 6JU
Category 1 Disbursements	The Joint Administrators' external and incidental costs in dealing with the Administration
Category 2 Disbursements	The Joint Administrators' internal costs and expenses in dealing with the Administration
CGL	Compass Group Limited (Guernsey Registration Number: 6770), Island House, Rohais Road, St. Peter Port, Guernsey GY1 1FB
the Company	Chesney's Limited (In Administration) (Company Number: 01322949) whose registered office is at 194-196 Battersea Park Road, London SW11 4ND
the Creditors' Portal	The Joint Administrators have chosen to deliver the majority of documents to the creditors by making them available for viewing and downloading at the website, www.ips-docs.com . Additionally, creditors can also submit their claim via the Creditors' Portal
CVA	Creditors' Voluntary Arrangement
CVL	Creditors' Voluntary Liquidation
the Directors	Paul Chesney, William Gresty and Jonathon Halford, the directors of the Company as at the Appointment Date
Duff & Phelps	Duff & Phelps Ltd., The Shard, 32 London Bridge Street, London SE1 9SG
EC Regulation	EC Regulation on Insolvency Proceedings 2000

Definitions

Word or Phrase	Definition
EV	Ensco 1078 Ltd, trading as European Valuations (Company Number: 9086864), Old Bank Chambers, 582-586 Kingsbury Road, Birmingham B24 9ND
HMRC	HM Revenue and Customs
the Joint Administrators	Benjamin John Wiles and Geoffrey Wayne Bouchier of Duff & Phelps
the Landlords	Abbey Commercial Ltd (Company Number: 04827515), 113 Brent Street, London NW4 2DX Sunflower UK Industrial Property IV LP (Company Number: LP015333) 119 Martello Court, Admiral Park, Guernsey, GY1 3HB The Arch Company Properties Limited (Company Number: 11516452) 140 London Wall, London, EC2Y 5DN Sporik Patisseries Limited (Company Number: 00432894) Savoy House, Savoy Circus, London W3 7DA Mario Picard, 202 Battersea Park Road, London SW11 4ND Redwood Propco Limited (Company Number: 10921171) Harwood House, 43 Harwood Road, London SW6 4QP
NDA	Non-Disclosure Agreement
Pinsent Masons or the Solicitors	Pinsent Masons LLP, 30 Crown Place, Earl Street, London EC2A 4ES
Freehold Property	200 Battersea Park Road, Battersea, London SW11 4ND, the property, which is owned by the Company.
Leasehold Properties	194 Battersea Park Rd, Battersea, London SW11 4ND 202 Battersea Park Rd, Battersea, London SW11 4ND Unit 16, Parkfield Industrial Estate, Culvert Place, London SW11 5BA Arches, Parkfield Industrial Estate, Culvert Place, London SW11 5BA 147 Haverstock Hill, Belsize Park, London NW3 4RU Unit 12, 16 Eldon Rd, Attenborough, Beeston, Nottingham NG9 6DZ
Mortgagee or SP	Mr Stephen Potter, who holds a mortgage over the Freehold Property
Prescribed Part	Pursuant to Section 176A of the Act, where a floating charge is created after 15 September 2003, a designated amount of a company's net property (floating charge assets less costs of realisation) shall be made available to non-preferential unsecured creditors
the Purchaser	Chesneys Group Limited (Company Number: 12726816), the purchaser of the business and certain assets of the Company
RPS	Redundancy Payment Service

Definitions

Word or Phrase	Definition
ROT	Retention of title
the Rules	The Insolvency (England & Wales) Rules 2016 (as amended)
the Sale Transaction	The pre-packaged Administration sale of the business and certain Company assets to the Purchaser on the Appointment Date
the Secured Creditors	Arbuthnot, BGFI, BGFN and Mr Stephen Potter
SIA or the Agent	SIA Group Asset Ingenuity Ltd (Company Number: 07371821), independent agents instructed by Duff & Phelps to value the Company's tangible and intangible assets (excluding the book debts)
SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements
SIP 13	Statement of Insolvency Practice 13 – Industry best practice for Insolvency Practitioners in relation to the acquisition of assets of insolvent companies by directors and / or associated parties
SIP 16	Statement of Insolvency Practice 16 – Industry best practice for Insolvency Practitioners in relation to the requirement for disclosure of information with respect to a 'Pre-Packaged' sale of business and/or assets of the Company
SOA	Statement of Affairs, documentation to be supplied by the Directors outlining the Company's financial position as at the Appointment Date
SPA	Agreement for the sale and purchase of the undertaking and certain of the assets of the business of the Company
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations 2006

Appendix 13 – Notice About this Statement of Proposals.

This Statement of Proposals has been prepared by Benjamin Wiles and Geoffrey Bouchier, the Joint Administrators of the Company, solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their Proposals for achieving the purpose of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

These Proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of any financial interest in the Company or any other company in the same group.

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

Any person that chooses to rely on these Proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these Proposals.

Benjamin Wiles and Geoffrey Bouchier are authorised to act as Insolvency Practitioners by the Insolvency Practitioners Association.

The Joint Administrators are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Duff & Phelps does not assume any responsibility and will not accept any liability to any person in respect of these Proposals or the conduct of the Administration.