

# AM03

## Notice of administrator's proposals



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<b>1</b>	<b>Company details</b>		<b>→ Filling in this form</b> Please complete in typescript or in bold black capitals.
Company number	0 2 2 2 6 3 3 5		
Company name in full	Eaglemoss Limited		
<b>2</b>	<b>Administrator's name</b>		
Full forename(s)	Paul		
Surname	Berkovi		
<b>3</b>	<b>Administrator's address</b>		
Building name/number	Suite 3 Regency House		
Street	91 Western Road		
Post town	Brighton		
County/Region			
Postcode	B N 1 2 N W		
Country			
<b>4</b>	<b>Administrator's name ①</b>		<b>① Other administrator</b> Use this section to tell us about another administrator.
Full forename(s)	Adam		
Surname	Paxton		
<b>5</b>	<b>Administrator's address ②</b>		<b>② Other administrator</b> Use this section to tell us about another administrator.
Building name/number	Suite 3 Regency House		
Street	91 Western Road		
Post town	Brighton		
County/Region			
Postcode	B N 1 2 N W		
Country			

# AM03

## Notice of Administrator's Proposals

**6**

### Statement of proposals



I attach a copy of the statement of proposals

**7**

### Qualifying report and administrator's statement <sup>①</sup>

I attach a copy of the qualifying report

I attach a statement of disposal

<sup>①</sup> As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)

**8**

### Sign and date

Administrator's  
Signature

Signature

X



X

Signature date

<sup>d</sup>

1

<sup>d</sup>

2

<sup>m</sup>

0

<sup>m</sup>

8

<sup>y</sup>

2

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0

<sup>y</sup>

2

<sup>y</sup>

2

# 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 David Brown

Company name Alvarez & Marsal Europe LLP

Address Suite 3 Regency House  
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Country

DX

Telephone +44 (0) 20 7715 5200



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- ☐ 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.



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**EAGLEMOSS LIMITED - IN ADMINISTRATION**

# **Joint Administrators' proposals**

*12 August 2022*

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# 1 Executive summary

Paul Berkovi and Adam Paxton (“we”/“our”/“us”) of Alvarez & Marsal Europe LLP (“A&M”) were appointed as Joint Administrators of Eaglemoss Limited (“the Company”) on 5 August 2022. Immediately after our appointment, a sale of certain assets of the Company was completed to Heathside Trading Ltd (the “Purchaser”) for £200,000 (the “Heathside Transaction”). Further details of the sale can be found at Appendix 4.

Our primary objective is to achieve a better result for the Company’s creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b). It is envisaged that this will be achieved by completing the sale of certain assets of the Company immediately after our appointment. Please see further detail about the purpose in Appendix 1.

A summary of the key matters contained in our proposals is as follows:

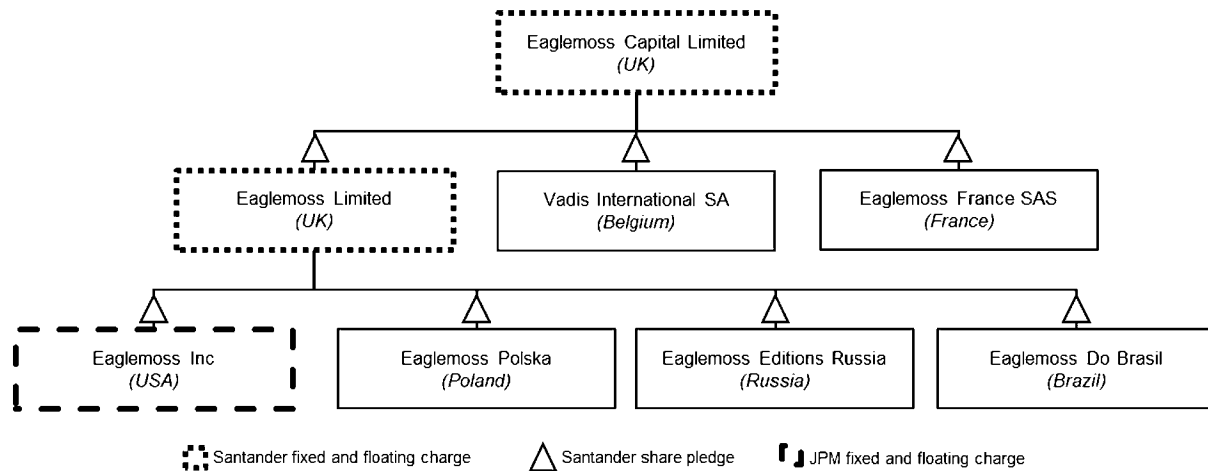
- Following completion of the Heathside Transaction, we will pursue a sale of the Company’s remaining interest in its stock and IT equipment and will seek to collect the pre-appointment debtor balances (Section 4 – Strategy and progress of the administration to date).
- Based on current estimates, we anticipate Santander UK Plc (“Santander” or “the Secured Creditor”) will receive a distribution against its indebtedness. However, the quantum of the distribution is currently uncertain and will depend upon the future realisations and associated costs of the administration. (Section 5 – Dividend prospects).
- Based on current estimates, it is uncertain whether there will be a dividend to preferential creditors. This will depend on the realisations and associated costs of the administration (Section 5 – Dividend prospects).
- Based on current estimates, it is highly unlikely that there will be a dividend to unsecured creditors (Section 5 – Dividend prospects).
- We intend to seek approval of our proposals by way of deemed approval (Section 7 – Approval of proposals).
- The basis and approval of our remuneration does not form part of our proposals. We propose to seek approval from the Secured Creditor and, if appropriate, the preferential creditors in due course that our remuneration will be based on time properly given by us and the various grades of our staff (Section 8 - Joint Administrators’ remuneration, category 2 expenses and pre-administration costs).
- This document in its entirety is our statement of proposals. The relevant statutory information is included by way of appendices. Unless stated otherwise, all amounts in these proposals are stated net of VAT.



Adam Paxton  
Joint Administrator

## 2 Group structure

### 2.1 Group structure chart



### 2.2 Overview of Group companies

- *Eaglemoss Capital Limited ("ECL")* (together with its subsidiaries, the "Group") is EML's parent and the primary borrower for facilities provided by Santander. It is a holding company only with no trading activity.
- *Eaglemoss Limited ("the Company" or "EML")* is the primary trading entity and central buyer for the Group, owning all group stock outside of the USA, Brazil and Russia. EML provides the Group's head office function and is a guarantor for the Santander facilities.
- *Eaglemoss Inc ("EMI")* is a direct subsidiary of the Company and operates its own order book and inventory separate from Europe. Its secured lending is provided by JP Morgan Chase ("JPM"), who has fixed and floating security over stock and intellectual property owned by EMI. Santander holds a share pledge over this entity.
- *Eaglemoss Polska Sp. z o.o.* is a direct subsidiary of the Company which engages a warehouse based in Poland to store a large proportion of the Company's stock. It employs c.7 staff to manage the receipt and onward movement of stock. Eaglemoss Polska does not trade externally but charges EML a small mark-up on its costs.
- The remaining Group entities (*Eaglemoss Editions LLC Russia, Eaglemoss Do Brasil Participacoes LTDA & Vadis International SA, Eaglemoss France SAS*) maintain their own stock and customers in Russia, Brazil and Germany respectively. The majority of stock sold by these entities is under licences held by the Company prior to administration.

# 3 Background and events leading to the administration

## 3.1 Background information

The Company was incorporated on 1 March 1988 as Alnery No. 715 Limited. Previous company names were G E Fabbri Limited and Fabbri Publishing Limited, before it changed its name to Eaglemoss Limited on 21 June 2011.

The Company's activities comprise the design, production and sale of collectibles, books and magazines. It has produced more than 150 collections under licences from various brands.

The Company operated globally across five continents and, as at the date of our appointment, employed 56 people in London. Its head office was at Capital Tower, 91 Waterloo Rd, London SE1 8RT, however, this office was vacated shortly before our appointment with staff moving to remote working.

## 3.2 Funding and financial position of the Company

### 3.2.1 Funding and security

Santander has provided secured lending totalling c.£14.2 million to ECL, which is guaranteed by the Company. This lending included financial support from the Bank during the COVID-19 pandemic in the form of Coronavirus Large Business Interruption Loan Scheme ("CLBILS") loans, of which c.£9.0 million is outstanding.

The Company was funded through intercompany loans from ECL.

The Bank's security includes fixed and floating charges over the assets of ECL and the Company, and share pledges over all Group companies except ECL. (See section 5.1 – Secured creditor.

### 3.2.2 Summary financial position

A summary of the Company's recent financial performance is provided below:

<b>Profit and loss Statement (£'000)</b>	<b>12 months ending 31-Dec-20</b>	<b>12 months ending 31-Dec-21</b>
Turnover	31,644	26,955
Cost of sales	(24,536)	(17,880)
<b>Gross profit</b>	<b>7,109</b>	<b>9,076</b>
<b>Operating Profit / (Loss)</b>	<b>(10,504)</b>	<b>725</b>

*Source: unaudited management accounts*

<b>Balance sheet (£'000)</b>	<b>As at 31-Dec-20</b>	<b>As at 31-Dec-21</b>
Intangible assets	1,311	2,168
Tangible assets	41	19
Investments	3,755	3,755
Current assets	18,815	18,980
<b>Total assets</b>	<b>23,922</b>	<b>24,922</b>
Current liabilities	(49,258)	(52,231)
<b>Net assets / (liabilities)</b>	<b>(25,336)</b>	<b>(27,309)</b>

*Source: unaudited management accounts*

### 3.3 Events leading to the administration

#### 3.3.1 Trading challenges and funding requirement

The Company has faced a number of challenges over the last 24 months as a result of the COVID-19 pandemic and other prevailing macroeconomic conditions. These challenges include increased costs, lead times and uncertainty in the supply chain, the failure of key customers leading to bad debts and the accelerated decline of its newsagent distribution channel.

A&M was introduced to the Group in February 2022 by Santander to review the Group's cash flow forecast and business plan after the Group notified Santander of a potential upcoming funding requirement. This funding requirement was subsequently estimated by the Directors to be c.£4.5 million by the end of May 2022.

#### 3.3.2 Marketing of the business

In parallel, the Group pursued a sales process that launched in February 2022, led by a US based corporate finance specialist (the "Initial Process"). The Initial Process did not identify any executable offers for the equity of any of the Group companies.

With limited funding provided by Santander, the Group engaged A&M on 1 April 2022 to (i) conduct an accelerated options exploration process (the "AMA Process") to test the appetite of private equity, financial and trade parties to invest in the business, and (ii) perform contingency planning to prepare for a potential insolvency of the Group. The AMA Process explored options for either a solvent sale of shares or a sale of all or part of its business and assets. No offers were received during the AMA Process for the equity of any of the Group companies and no executable asset purchase offers were received.

A&M was then retained by the Group to try to progress discussions with a party that had approached the Group and remained interested in exploring alternative transaction structures that could be executed in the available time frame. A&M was also engaged jointly by the Group and Santander on 31 May 2022 to report on the status of ongoing negotiations with the remaining interested party and Santander's funding for trading during this period (see below). This interested party terminated discussions on 23 July 2022.

From this date, A&M worked alongside the Company to speak with trade and wholesale parties that have worked with the Company or its licensors previously to explore accelerated sales of the Company's IP and stock.

#### 3.3.3 Further funding received

In May 2022, the directors of the Company considered that as the only offer at that time was for selected business and assets, and not the Company's shares, the Company may not be in a position to continue as a going concern. The Directors obtained funding of €0.4 million from Santander, as the primary beneficiary of a potential transaction, to fund the Company continuing to trade whilst it pursued a transaction.

Due to increasing levels of creditor pressure during this period, the Directors concluded following legal advice that (i) there remained no potential solvent transaction available and therefore the Company would enter administration, and (ii) the Company required the protection of a moratorium whilst it explored a transaction. Accordingly, on 12 July 2022, the Directors filed a notice of intention to appoint administrators ("NOI").

#### 3.3.4 Prior A&M involvement

In addition to the summary set out above, the marketing of the business and A&M's involvement with the Company prior to its insolvency is set out in further detail in the SIP 16 statement in Appendix 4.

At the time of our appointment, we disclosed to the Court details of the work carried out by A&M up to that time.

We are satisfied that the work carried out by A&M before our appointment, including the pre-administration work summarised below in Section 3.4, has not resulted in any relationships which create a conflict of interest or which threaten our independence.

### 3.3.5 Sales of assets prior to insolvency

On 12 July 2022, the Company realised the intellectual property, business and associated assets relating to the Company's brand of calendars, known as Dairy Diary, as a going concern for a total gross consideration of £200,000. As a result of the sale, two employees were transferred to the purchaser. The net proceeds of £183,000 were transferred directly to Santander under its fixed charge.

On 5 August 2022, shortly before our appointment became effective, the Company sold certain of the business and assets, being all of the Company's IP, online domains and the Company's customer database specific to the subscription build-up business and an IT server for total consideration of £300,000 (the "IP Transaction").

The Company regularly consulted with Santander as it negotiated the above sales of assets prior to insolvency and received their consent prior to signing.

The above transactions will be considered by us during the administration, in accordance with our statutory duties.

## 3.4 Pre-administration work

It was determined by the Directors on 17 May 2022 that the Company would not be able to continue as a going concern and would enter an insolvency process following completion of a transaction for selected Group assets.

From this date the proposed administrators have carried out the following work, on a time cost basis, to negotiate and complete the Heathside Transaction and plan for the administration appointment. This included but was not limited to:

- Discussions with Heathside and the management of the Company;
- Liaising with key stakeholders, including Santander;
- Agreeing the terms of the sales contract;
- Planning and preparing for the administration; and
- Dealing with appointment formalities.

Completing this work has helped to achieve the purpose of the administration as there were a number of legal, regulatory and financial considerations that needed to be resolved before we could be appointed.

The work performed in relation to the Heathside Transaction is anticipated to increase realisations for creditors, above the level forecast as achievable in a liquidation, and will therefore facilitate a higher dividend rate to unsecured creditors in accordance with Paragraph 3(1)(b).

#### *Other advisers engaged*

Squire Patton Boggs (UK) LLP ("SPB") was engaged by ECL to:

- Providing advice to us and the Directors in relation to the transactions completed on 5 August 2022 and preparing the sale and purchase agreements;
- Advising in relation to our strategy for debtor collections following our appointment;
- Advising on employee communications, including how to manage and mitigate employee claims in the insolvency; and
- Preparing the appointment documentation and effecting the appointment.

SPB was instructed as it is a well known and reputable law firm that is experienced in work of this nature. SPB has been retained by us to provide advice during the administration and will charge the Company on the basis of time incurred.

Hilco Appraisal Limited (t/a Hilco Streambank and Hilco Valuation Services) ("Hilco"), performed a desktop valuation of the Group's intellectual property, including the Company's customer database.

### **3.5 Appointment of Joint Administrators**

The Directors resolved on 27 July 2022 to appoint us as Joint Administrators. The notice of appointment was lodged at the High Court of Justice, Business & Property Courts of England & Wales, Insolvency and Companies List at 3:24pm on 5 August 2022. On that date the Company was placed into administration and our appointment as Joint Administrators became effective.

Immediately on appointment the Joint Administrators completed the Heathside Transaction (as set out in Appendix 4).

# 4 Strategy and progress of the administration to date

## 4.1 Strategy

### 4.1.1 Overview and decision regarding trading

As detailed in Section 3.3 – Events leading to the administration, a number of options were considered in an effort to maximise value for the Company's creditors as a whole.

The decision was taken not to trade the business as it was not considered a viable option for the following reasons:

- The Company had sold key assets in the IP Transaction prior to the Joint Administrators' appointment.
- The Company has accrued material creditor balances with many key suppliers, increasing the likelihood of ransom creditors that would reduce the potential return to creditors through a trading strategy.
- Most of the Company's staff were asked to stop work by the Company prior to our appointment, with only c.10 employees remaining active at the time we were appointed. From the date of our appointment, two members of staff have been asked to support in the short-term with the transition of IT and to provide us with financial information, all other staff were made redundant from 5 August 2022.
- Continued operation of EML's distribution channels would require up-front funding of other Group companies including the Group's operations in Poland where much of the stock is located.
- There was insufficient funding available to fund initial trading cash flow requirements to continue to trade the business.
- The Company had been working with licensors prior to our appointment to identify any stock liquidation transactions that may be available in administration. However, in the short time available only limited concessions could be obtained from licensors in this regard, meaning trading was likely to be unprofitable.

Given the uncertainty and potential risk to value for the administration estate, we therefore concluded that a period of trading would result in a worse outcome for creditors. The certainty of an immediate transaction therefore provided the best strategy and outcome for creditors.

### 4.1.2 Sale of business

#### *Scope of the transaction*

A pre-packaged sale of certain of the assets was completed on the day of our appointment to Heathside Trading Ltd (the "Heathside Transaction"). The Purchaser has acquired the Company's customer database of e-shop customers and the interest held by the Company in e-shop / wholesale stock. We note that the Purchaser is required, where applicable, to obtain licensor consent and reach commercial agreement with third party logistics providers at its own cost before it can take possession of and deal with the stock.

The Purchaser has confirmed that it is not a connected party. Full details of the sale are included in our SIP 16 statement in Appendix 4.

#### *SIP 16 statement*

Full details of the sale are included in our SIP 16 statement in Appendix 4.

Creditors should be provided with our SIP 16 statement within 7 calendar days of the transaction and we would usually achieve this by uploading the statement to the Portal.

Unfortunately, due to a technical IT issue, we were unable to post some of the initial creditors' letter in time for all creditors to have received their Portal log-in details within this timeframe. Consequently, some creditors may not have been able to access the SIP 16 statement within 7 calendar days. We apologise for any inconvenience caused and delivery to these creditors may have been delayed by one business day.

*Breakdown of consideration*

The sales consideration of £200,000 plus VAT was paid in full in cash upon signing. Consideration was allocated based on valuations received by the Company and value attributed to the Customer Database by the Purchaser. The consideration was allocated as set out below:

Asset	Details of Charge	Realisations
Customer Database	Fixed	£30,000
Interest in stock	Floating	£170,000
<b>Total</b>		<b>£200,000</b>

#### 4.1.3 Employees

The Company had 56 employees at the time of our appointment, of which c.46 had been laid off by the Directors prior to our appointment. These employees were predominantly based in London, but had been working from home following the closure of the Company's office.

Most roles were not required following our appointment and 54 employees were made redundant shortly after our appointment. Two employees remain employed by the Company to support the finalisation of the IP Transaction and Heathside Transaction and to help discharge our statutory duties.

#### 4.1.4 Subsidiaries

We understand that:

- the Company's subsidiaries are unlikely to be able to continue to trade following the administration of the Company. This is because the subsidiaries rely on the Company for their senior management, central services including IT, stock, and licence agreements; and
- that the Directors of each subsidiary will take local legal advice regarding their position.

We will write to each subsidiary to request repayment of any intercompany loans owed to the Company.

Based upon the financial position of the Group and the outcome of the sales process conducted prior to our appointment, we do not expect to be able to realise any equity value from the shares in the subsidiaries.

#### 4.1.5 Interest in stock

Following the Heathside Transaction, the Company's remaining interest in stock relates to its partworks / build-ups products. We are currently exploring potential disposals of this interest in stock, including with parties that have previously participated in the sales process or expressed an interest in certain collections.

We note that almost all of the remaining stock is (i) produced under licences, and (ii) held in many jurisdictions by third party logistics providers, many of which have significant arrears with the Company.

#### 4.1.6 Office equipment

The Company's office equipment was collected by Clear It Solutions UK Ltd ("Clear It") prior to our appointment. We have engaged Hilco as an agent to realise these assets on our behalf.

#### 4.1.7 Trade debtors

We are currently assessing the Company's debtor ledger and considering our collection strategy. This may include a sale of the debtor book in due course.

#### 4.1.8 Cash on appointment

##### *Cash at bank*

Shortly following our appointment bank accounts were opened in the administration and the Company's banks and PayPal were contacted to request they transfer any funds held into the administration.

We understand that Santander retained cash in the Company's pre-appointment bank accounts in partial repayment of its debt.

##### *Cash held by third party*

Santander agreed to release its fixed charge security over £150,000 of the proceeds from the IP Transaction prior to our appointment. This was to ensure that there were adequate funds in the administrations to allow us to achieve the purpose of the administration.

SPB is currently holding this amount which will be transferred to the administration bank account shortly.

#### 4.1.9 Data and data privacy

##### *Data back-up*

Working with our data and IT specialists, we have taken a back-up of the Company's file server that can be held by the Company to fulfil our duties.

##### *Data sale and data privacy*

As part of the Heathside Transaction, we sold such right and title that the Company had in its Customer Database. Our data privacy colleagues have advised us on how to manage data privacy in the context of this sale. The Company holds no further customer data following the Heathside Transaction.

#### 4.1.10 Tax and VAT

We notified HMRC of the administration shortly following our appointment. We will work with tax and VAT specialists from A&M to ensure that the tax affairs of the Company are being managed in the most efficient manner.

#### 4.1.11 Other assets

We will ascertain if the Company has any other assets that may be realised for the benefit of the estate and provide an update in our next update to creditors.

#### 4.1.12 Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

If you wish to bring to our attention any matters which you believe to be relevant please do so by writing to David Brown at Alvarez & Marsal Europe LLP Suite 3 Regency House, 91 Western Road, Brighton, BN1 2NW or by email to [ins-eagle@alvarezandmarsal.com](mailto:ins-eagle@alvarezandmarsal.com).

## 4.2 Asset realisations

Summaries of the most significant realisations to date are provided below.

### *Interest in stock*

£170,000 has been received in relation to the sale of the Company's interest in certain stock as part of the Heathside Transaction.

### *Customer Database*

£30,000 has been received in relation to the sale of the Customer Database as part of the Heathside Transaction.

### *Receipts & Payments*

Other than the transaction detailed above, there have been no other receipts or payments directly into the administration. Consequently, there is no receipts and payments account in our proposals.

As reported above, we have completed the Heathside Transaction to the Purchaser, our legal advisers are in possession of £200,000 consideration plus VAT for this sale and we will receive the proceeds in due course.

## 4.3 Expenses

Expenses are any payments from the estate which are neither the Joint Administrators' remuneration nor a distribution to a creditor or a member. Expenses also include disbursements.

Disbursements are payments which are first met by A&M, and then reimbursed to A&M from the estate. For further detail in relation to our disbursements please refer to our charging policy (Appendix 2).

Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2).

For the avoidance of doubt, expenses are defined in Statement of Insolvency Practice 9 ("SIP 9") as:

- Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. Category 1 expenses can be paid without prior approval; and
- Category 2 expenses: These are payments to associates or which have an element of shared costs. Before being paid, Category 2 expenses require approval in the same manner as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement.

### 4.3.1 Payments

There has been no payments made out of the administration account from the date of our appointment to 11 August 2022. As set out above in Section 4.2, other than the Heathside Transaction there have been no other receipts or payments in the administration. Consequently, there is no receipts and payments account in our proposals.

### 4.3.2 Professional advisers and sub-contractors

Details of advisers and sub-contractors we have engaged, or intend to engage, are provided below:

#### *SPB*

As reported in section 3.4, SPB was engaged to assist with certain matters in the lead up to the Company's administration and will be retained by us to provide advice as required during the administration. SPB will charge the Company on the basis of time incurred.

*Freeths LLP ("Freeths")*

Freeths, who have expertise in undertaking work of this nature, will be instructed to assist with undertaking a review of the validity of our appointment and the validity of the security in respect of the Secured Creditor's charges. Fees for these services will be at an agreed fixed amount prior to commencement of services.

*Evolve IS ("Evolve")*

Evolve has been engaged as a subcontractor to provide employee support services to the Company on a fixed cost basis. Evolve has been engaged due to their expertise and experience in providing employee support services to companies in insolvency scenarios.

Evolve's fees are charged on a rate card basis and have been reviewed against other employee support service providers and are considered to be competitive against the market.

Whilst this work could have been carried out by us and our staff, we have chosen Evolve given its specialist knowledge in this area and as it will be more cost effective for Evolve to conduct the necessary requirements with regards to employee matters.

*Clumber Consultancy Limited ("Clumber")*

We have instructed Clumber, who were selected as a credible pensions specialists, to provide a report in relation to the Company's pension scheme. The report will highlight any additional duties for us to be carried out in accordance with our statutory obligations. Fees charged for these services will be at an agreed fixed rate prior to commencement of services.

Whilst this work could have been carried out by us and our staff, we have chosen Clumber given its specialist knowledge in this area and as it will be more cost effective for Clumber to conduct the necessary requirements with regards to pension matters.

*Hilco Appraisal Limited ("Hilco")*

Hilco and their subcontractor, Clear It, has been engaged to sell the Company's IT equipment.

*Marsh Limited ("Marsh")*

We have engaged Marsh to provide open cover insurance in the administration. As at 11 August 2022, we have yet to incur any costs in respect of Marsh's services. Marsh was selected because it is a reputable insurance firm that is experienced in providing open cover insurance for administrations. Fees charged for these services will be at a set premium relating to the level of cover required.

*Professional adviser and sub-contractors' costs*

We review all our professional advisers' and sub-contractors' costs on a regular basis to ensure they are in line with the agreed terms.

## **4.4 Ongoing strategy**

In addition to the statutory requirements necessary following our appointment, we will continue to realise the Company's assets to maximise returns to creditors. We will also carry out investigative work into the affairs of the Company and complete a review of its financial position in order to potentially realise further assets. We will report to creditors on progress in our future progress reports.

In addition, the key outstanding workstreams include:

- Collecting in cash held by the Company's banks and legal adviser;
- Realising the Company's trade debtors;
- Managing the tax and VAT affairs of the Company; and
- Realising office equipment and any other assets.
- If appropriate, adjudicate claims and pay a dividend to the Company's preferential creditors

# 5 Dividend prospects

## 5.1 Secured creditor

The Company has one Secured Creditor, Santander, who holds the following registered fixed and floating charges:

Date of creation of charge	Date of registration of charge	Details of charge	Name of charge holder
4 April 2022	4 April 2022	Fixed and floating	Santander UK PLC
4 April 2022	4 April 2022	Fixed and floating	Santander UK PLC
2 October 2018	3 October 2018	Fixed and floating	Santander UK PLC

We understand that approximately £14.2 million (before interest and charges) is owed to the Santander under the registered charges by virtue of a guarantee provided by the Company.

We are not aware of any personal guarantees.

A legal security review will be undertaken by Freeths to confirm the validity of the above charges.

Based on current estimates, we anticipate the Secured Creditor will receive a distribution against its indebtedness. However, the quantum of the distribution is currently uncertain and will depend upon the future realisations and associated costs of the administration.

## 5.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee (2) unlimited accrued holiday pay and (3) certain pension benefits, rank as ordinary preferential claims.

In addition, certain HM Revenue & Customs ("HMRC") claims rank as secondary preferential claims.

The amount of preferential claims is currently unknown.

Based on current estimates, it is uncertain whether there will be a dividend to preferential creditors. This will depend on the upon the future realisations and associated costs of the administration.

## 5.3 Unsecured creditors

Based on current estimates, it is highly unlikely that there will be a dividend to unsecured creditors. This is because any dividend would be paid via a prescribed part out of floating charge realisations after costs of the administration and preferential claims have been paid in full. It is currently anticipated that such realisations will be sufficient to meet the costs of the administration and preferential claims in full.

# 6 Ending the administration

## 6.1 Exit from administration

### 6.1.1 Anticipated exit route

We consider it prudent to retain all the options available to us, as listed below to bring the administration to a conclusion in due course.

However, at this stage we anticipate that the most likely exit route will be dissolution, as we currently expect to be able to deal with all outstanding matters within the administration.

### 6.1.2 All exit routes

As mentioned above, we consider it prudent to retain all the exit options available to us. We may therefore use any or a combination of the following exit route strategies in order to bring the administration to an end:

- file a notice with the Court and the Registrar of Companies that the purpose of the administration has been sufficiently achieved in relation to the Company;
- apply to Court for the administration order to cease to have effect from a specified time;
- formulate a proposal for either a company voluntary arrangement (“CVA”) or a Scheme of Arrangement under Part 26 or Part 26A of the Companies Act 2006, and put it to meetings of the Company’s creditors, shareholders or the Court for approval as appropriate;
- place the Company into creditors’ voluntary liquidation (“CVL”). In these circumstances we propose that the incumbent administrators at the time of exit from the administration be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by them may be taken by them individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;
- petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing the incumbent administrators at the time of exit from the administration as proposed Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by them as Joint Liquidators may be taken by them individually or together; and
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

## 6.2 Discharge from liability

We propose to seek approval from the Secured Creditor and, if appropriate, the preferential creditors that we will be discharged from liability in respect of any action as Joint Administrators upon filing of our final receipts and payments account with the Registrar of Companies.

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

# 7 Approval of proposals

## 7.1 Deemed approval of proposals

Our proposals will be deemed approved with no requirement to seek deemed consent or use a decision procedure, as it appears that the Company has insufficient property to enable us to make a distribution to the unsecured creditors.

On expiry of eight business days from the date our proposals are delivered to the creditors, they will be deemed to have been approved by the creditors unless 10% in value of the creditors request that a decision is sought. Further details of the steps required to request a decision are detailed below.

## 7.2 Creditors' right to request a decision

We will use a decision procedure or deemed consent to seek approval of our proposals (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the Company and (2) if the procedures set out below are followed.

Requests for a decision must be made within eight business days of the date on which our proposals were delivered. They must include:

- a statement of the requesting creditors' claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed decision.

In addition, the expenses of the decision procedure at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a decision, this can be done via the Portal. Alternatively, please contact David Brown at [ins-eaglel@alvarezandmarsal.com](mailto:ins-eaglel@alvarezandmarsal.com) or on 020 7715 5223.

## 8 Joint Administrators' remuneration, category 2 expenses and pre-administration costs

### 8.1 Approval of the basis of remuneration and category 2 expenses

#### 8.1.1 Basis of remuneration and category 2 expenses

We propose to seek approval from the Secured Creditor and, if appropriate, the preferential creditors in due course, that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with our fees estimate (which will be provided prior to seeking such approval) and the charge-out rates included in Appendix 2; and
- category 2 expenses (as defined in SIP 9) will be paid as expense of the estate, including disbursements paid directly by A&M and charged in accordance with our charging policy as set out in Appendix 2.

Agreement to the basis of our remuneration and the payment of category 2 expenses is subject to specific approval. It is not part of our proposals.

#### 8.1.2 Additional information

Please note that as our proposals have been prepared shortly after our appointment, we have not yet recorded any time costs to date. We have included the charge-out rates for each grade of staff in Appendix 2. We have also attached our charging policy.

### 8.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 3.4:

Pre-administration costs	Paid (£)	Unpaid (£)	Total (£)
Fees incurred by the Joint Administrators:			
- Engagement acceptance & control	-	4,124	4,124
- Dealing with stakeholders	-	15,220	15,220
- Sale of business	-	53,227	53,227
- Appointment documents	-	1,592	1,592
	-	74,163	74,163
Hilco fees	5,000	-	5,000
Legal fees	-	58,100	58,100
Legal disbursements	-	193	192.63
<b>Total</b>	<b>5,000</b>	<b>132,456</b>	<b>137,456</b>

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration, as outlined above. It is not part of our proposals.

Hilco's fees were paid by ECL on behalf of the Group.

Details of the pre-administration work carried out and the basis of fees incurred is set out in Section 3.4.

# Appendix 1 – Statutory information

<b>Company information</b>	
Company and trading name	Eaglemoss Limited
Date of incorporation	1 March 1988
Company registration number	02226335
Registered office	Premier Place, 2 & A Half Devonshire Square, London, England, EC2M 4UJ
Previous trading address	6th Floor, Capital Tower, 91 Waterloo Rd, London SE1 8RT
Company Directors	Joseph Georges Bensoussan – no shares held. Olivier Beressi – no shares held. Marc Doboin – no shares held. Tracey Hinchliffe - no shares held. Pierre Viala – no shares held.
Company Secretary	None
Moratorium under Part A1 of the Insolvency Act	No such moratorium has been in force for the Company at any time within the period of two years ending with the day on which it entered administration.

<b>Administration information</b>	
Delivery date of proposals	15 August 2022
Administration appointment	The administration appointment granted in the High Court of Justice, Business and Property Courts Insolvency and Companies List (ChD) CR-2022-002359
Appointor	Directors
Date of appointment	5 August 2022
Joint Administrators	Paul Berkovi and Adam Paxton
Joint Administrators' contact details	Address: Suite 3, Regency House, 91 Western Road, Brighton BN1 2NW Tel: 020 7715 5223 Email: ins-eaglel@alvarezandmarsal.com
Purpose of the administration	As no offers were received for the shares of the Company, rescuing the Company in accordance with Paragraph 3(1)(a) is not achievable. Therefore, our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b). We will achieve this as the sale of the assets has resulted in greater realisations compared with a winding up scenario.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	4 August 2023
Prescribed part	The prescribed part is applicable on this case. It has been taken into account when determining the dividend prospects for unsecured creditors (Section 5).

**Administration information**

Estimated values of the net property and prescribed part	Estimated net property is £nil. Estimated prescribed part is £nil.
Prescribed part distribution	<p>If funds do become available for distribution under the prescribed part, we may make a distribution to the unsecured creditors; or if appropriate may apply to the Court to obtain an order that the prescribed part shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits.</p> <p>Alternatively, the prescribed part will be automatically disapplied if the net property is less than £10,000 and the costs of making a distribution would be disproportionate to the benefits.</p>
Insolvency proceedings	COMI proceedings

# Appendix 2 – Charging policy

## *Joint Administrators' charging policy*

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT and investigations by A&M in-house specialists.

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

A copy of "Administration: A Guide for Creditors on Insolvency Practitioner Fees" from SIP 9 produced by the Association of Business Recovery Professionals is available via the Portal.

If you are unable to access this guide and would like a copy, please contact David Brown at [ins-eaglel@alvarezandmarsal.com](mailto:ins-eaglel@alvarezandmarsal.com).

## *Hourly rates*

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

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

### **Charge-out rates (£/hour)**

<b>Grade</b>	<b>From 5 August 2022</b>
Managing Director	765
Senior Director	710
Director	665
Associate Director	585
Senior Associate	495
Associate	370
Analyst	265
Support	195

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

## *Policy for the recovery of disbursements*

Where funds permit, the office holders will seek to recover disbursements falling into both category 1 and category 2 expenses from the estate. For the avoidance of doubt, disbursements are defined within SIP 9 as payments which are first met by the office holder, and then reimbursed to the office holder from the estate. These are divided in SIP 9 as follows:

- *Disbursements within category 1 expenses:* These are payments which do not have any element of shared costs and are made to persons who are not an associate of the office holder. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the office holder or his or her staff.

- *Disbursements within category 2 expenses:* These are payments to associates or which have an element of shared costs. These may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Disbursements within category 2 expenses charged by A&M include mileage at a rate of 45p per mile. When carrying an A&M passenger, no additional cost per passenger will be charged.

We have the authority to pay disbursements falling within category 1 expenses without the need for any prior approval from the creditors of the Company.

Disbursements falling within category 2 expenses are to be approved in the same manner as our remuneration.

# Appendix 3 – Estimated financial position

The Directors are due to provide a Statement of the Affairs of the Company by 26 August 2022.

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

As a Statement of Affairs has not yet been provided, details of the estimated financial position of the Company at the latest practicable date, are provided below.

## Estimated financial position as at 5 August 2022

(£)	Book Value	Estimated to realise
<b>Fixed charge assets</b>		
Fixed Assets	12,019	-
Intangible Assets	-	30,000
Investment - Subsidiaries	3,755,410	-
<b>Sub-total</b>	<b>3,767,429</b>	<b>30,000</b>
<b>Floating charge assets</b>		
Debtors - External	3,203,687	Uncertain
Debtors - Intercompany	8,049,413	-
Stock	7,817,626	170,000
Cash at bank	101,500	-
Cash held by third party	150,000	150,000
Petty Cash	5,905	1,000
Recharges	2,192	-
VAT receivable	683,086	-
<b>Sub-total</b>	<b>20,013,409</b>	<b>321,000</b>
<b>Total</b>	<b>23,780,838</b>	<b>351,000</b>

Secured creditors	c.14,200,000
Preferential creditors	Uncertain
Unsecured creditors	44,853,022

*Source: management information*

### Notes to the estimated financial position

1. The above financial position is estimated after removing the assets sold prior to our appointment as part of the IP Transaction.
2. Cash at bank is the value provided by management on 4 August 2022.
3. Cash held by third party is described in Section 4.1.8 and was held by the Company's legal advisor at the time of appointment.
4. All other values are shown based on the value in the latest management accounts available dated 23 July 2022.

A schedule of the known creditors' names, addresses, debts and details of any security held is included below.

Creditors should be aware that as the Company may not have completed updating its ledgers as at the date of appointment, the balances stated may be revised.

The information provided has been extracted from the Company's books and records and we have not carried out anything in the way of an audit on the information. The figures do not take into account the costs of the administration.

The actual level of asset recoveries and claims against the Company might differ materially from the amounts included in the financial information above.

**Alvarez & Marsal Europe LLP**  
**Eaglemoss Limited**

**Company Registered Number:**  
**02226335**  
**B - Company Creditors as at 23**  
**July 2022**

<b>Name</b>	<b>Address</b>	<b>£</b>
Santander UK Plc (fixed and floating charge holder)	2 Triton Square, London NW1 3AN	c. 14,200,000
<b>Secured creditor total</b>		<b>c. 14,200,000</b>
Employees (54 individuals)	c/o A&M, Suite 3 Regency House, 91 Western Road, BN1 2NW	Uncertain
HMRC preferential	HM Revenue and Customs, BX9 1BX, United Kingdom	97,900.00
<b>Preferential creditor total</b>		<b>Uncertain</b>
Adyen N.V.	Amsterdam, Netherlands, 1011 Jalan Subang 9, Lot 886 Unit B7, Taman Perindustrian Subang off Jalan Puchong	2,245.66
Allscript Establishment (Malaysia)	Hicom, Malaysia, 47500	336.19
Allscript Establishment (Singapore)	04-04 Citimac Industrial Complex, 605A Macpherson Road, Singapore, 368240	361.34
Alpha Direct Services	Route de Gaillon, Normanville, France, 2793	586.15
Are Direct Pty Limited	Locked Bag No. 527, Frenchs Forest, Australia, NSW 2086	239.87
Asana Inc	San Francisco, USA, CA 94103	7,672.00
Babble Cloud	Braintree, United Kingdom, CM77 8YL 93A Church Lane, Unit 1 Green End Farm Business Park, Sarratt, United Kingdom, WD3 6HH	34.85
Banjo Inc Ltd		17,562.00
BBC Studios Distribution Ltd	Media Centre, 201 Wood Lane, Woodlands, London, United Kingdom, W12 2TQ	6,000.00
BDO Germany	Ferdinandstrasse 59, Hamburg, Germany, 20095	3,457.91
Betapress BV	PO Box 77, Gilze, Netherlands, 5126 ZH	88.26
Betty Blocks Ltd	27b Floral street, London, United Kingdom, WC2E 9DP	64,151.88
Blue Lime Srl	Milano, Italy, 20142	2,390.21
B. Coles		185.40
Briffa	52 Upper Street, Business Design Centre, London, United Kingdom, N1 0QH	10,808.77
BSM Enterprise Ltd	Jiangdong, Ningbo, China, 315040	1,648.02
Buena Vista Books Inc	8133 Glendale, 622 Circle 7 Dr., California 91201, USA	43,085.38
Burton & Smith Moving Ltd	Beddington Farm Road, 136 - 137 Beddington Cross, Surrey, United Kingdom, CR0 4XH	218.37
Calford Seaden LLP	1A Knoll Rise, Orpington, United Kingdom, BR6 0NW	26,150.36
Canute Distribution Ltd	Jupiter House Warley Business Park, The Drive, Brentwood, Essex, CM13 3BE	66.47
C. Grimshaw	15 St Pauls Place, London, United Kingdom, N1 2QE	1,680.00
CBS Consumer Products	Worldwide Plaza, 825 Eighth Avenue - 30th Floor, New York, USA, NY 10019	69,845.75

CCS Media	Derby Road, Chesterfield, Old Birdholme House, Derbyshire, United Kingdom, S40 2EX	30,321.35
Centric Telecom (Rackspace)	14-16 Regent Street, London, United Kingdom, SW1Y 4PH	1,427.03
Channel Advisor UK Ltd	400 Dashwood Lang road, Weybridge, Surrey, United Kingdom, KT15 2HJ	8,575.20
Chubb Fire - DD	Excel Centre, PO Box 18069, Aberdeen, United Kingdom, AB23 8SF	30.15
Clare Lewis	Hogspudding Lane, 21 Mulberry Place, Newdigate, United Kingdom, RH5 5DN	111.34
Coastal Global Logistics Ltd	Nacton, Ipswich, Unit M, Camilla Court, Suffolk, United Kingdom, IP10 0EU	230,873.28
Coghlan Sydney Pty Ltd	Australia, NSW 1851	21,729.08
Comag Forward (in liquidation)	Forward House, Toledo Close, Coventry Business Park, Coventry, West Midlands, CV5 6UN	60,584.32
Credit Controll Kft	Vaci ut 110, 1133 Budapest, Hungary	33.10
D. RACHAEL	United Kingdom	5,400.00
DATA BASE FACTORY (UK)	Pullman Way, Unit 4 Pullman Business Park, Ringwood, Hampshire, United Kingdom, BH24 1HD	395,613.21
Data Base Factory Polska Sp. z o.o.	90-361 Lodz, ul. Piotrkowska 270, Poland, NIP 895-16-01-341	11,586.93
DataBase Factory France	90 Boulevard National, La Garenne Colombes Cedex, France, 92258	68,119.21
D. Black	Skipton, United Kingdom, BD23 3DL	150.00
DC Comics	4000 Warner Blvd, Burbank, USA, 91522	364,819.82
De Agostini Deutschland GMBH	Wexstrasse 16, Hamburg, Germany, 20355	24,833.00
De Agostini UK Ltd	161 Hammersmith Road, Griffin House, London, United Kingdom, W6 8SD	96,830.66
Deagostini Japan	5-2-15 Kachidoki, Chuo-ku,, EDGE Kachidoki 6F, Tokyo, Japan, 104-0054	49,195.25
Direct Agents Inc	740 Broadway, Ste 701, New York, NY 10007, USA	22,622.73
D. Tort	93230 Romainville, 48, rue du Camp, France	3,010.80
E. Giddings	Westbury Leigh, 2 Park View Drive, Wiltshire, United Kingdom, BA13 3SY	700.00
Eaglemoss Capital Ltd	Premier Place, 2 & A Half Devonshire Square, London, England, EC2M 4UJ	37,308,417.43
Eaglemoss Polska SP ZOO	01-785 Warszawa ul. Wladyslawa Broniewskiego 3 lok. 3.2.b	582,597.62
Eadlemoss Editions LLC Russia	Zemlyanoy val Street 8 Moscow Russian Fed. 105064	874,961.81
Eligor S.A.S	01580 Izernore, France	204,283.72
Ellisse	via Soffredini 65, Milano, Italy, 20126	42.18
ENSAfrica	Sandton, PO Box 783347, Johannesburg, South Africa, 2146	8,190.35
Eon Productions	138 Piccadilly, London, United Kingdom, W1J 7NR	27,744.45
Equity Management Inc	Suite 1000, 4365 Executive Drive, San Diego, USA, CA 92121	238.87
Euler Hermes (PLN)	Al. Jerozolimskie 98, 00-807 Warszawa, Poland	1,055.21
Eurooffice Ltd	48 Artillery Lane, Dome House, London, United Kingdom, E1 7LS	795.28
Exhibit Hire	Dean Way, Unit J, Great Western Industrial Park, London, United Kingdom, UN2 4SB	7,954.61
Express Mag	Ville Saint-Laurent, 3339 Rue Griffith, Quebec, Canada, HYT 1WS	42.89
Facebook Ireland Limited	4 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland	21,307.86
France Messagerie	69 Rue Du Chevaleret, Paris, France, 75013	14,172.21
G Canale	City Pantelimon 077145, Cernica Str. No. 61, Ilfov County, Romania	817.49
G. BENSOUSSAN	32 rue Pauline Borghese, Neuilly Sur Seine, France, 92200	81.40
G. Dakin	35 Glebe Road, Cambridge, United Kingdom, CB1 7TF	250.00
GOCARDLESS LTD (AUD)	London, United Kingdom, EC1V 7EN	617.92
Google Ireland Ltd (GBP)	Barrow Street, Gordon House, Dublin, Ireland, 4	13,758.81
Gordon & Gotch	Westhaven, Cnr Fanshaw & Beaumont Street, Auckland, New Zealand	714.61
Hasbro International, Inc.	200 Narragansett Park Drive, Pawtucket, RI 02862, USA	46,536.60
Higgs International Ltd	Queen Elizabeth Distribution Park, Unit Q2, Purfleet Bypass, West Thurrock, United Kingdom, EM19 1NA	883.20

Holnail SAS	75011,16 rue de la Pierre Levee,Paris,United Kingdom	410,888.12
HRP Publishing Services	1566 MJ Assendelft,Netherlands	11,087.76
I. Spelling	USA	2,432.91
Ideliver Retail Solutions	Westmead,22 Brand Road,Durban,South Africa	6,404.35
Independent Quality Solutions	Wrest Park,Enterprise House,Silsoe,United Kingdom,MK45 4HR	3,154.00
Inspiring Interns	22A Theobald's Road,London,United Kingdom,WC1X 8PF	1,440.00
Intergrid SL	Carrer d'en Roig, 15 local,Internet Data Center IDC Intergrid,Barcelona,Spain,8001	1,179.58
International Management Group GmbH	LinkstraBe 2// Level 8,Berlin,Germany,10785	151,089.30
Iron Mountain	Houston Industrial Estate,Nettlehill Road,Livingston,United Kingdom,EH54 5DL	6,083.22
ITV Ventures Ltd	Manchester,United Kingdom,M17 1FZ	19,582.27
JC Collections Ltd	Kowloon,Hong Kong,Hong Kong	572,601.01
J. HAWKES	Surrey,United Kingdom,KT6 4PS	3,291.23
Kaplan Financial	179-191 Borough High Street,London,United Kingdom,SE1 1HR	2,152.00
Karen Hallion Illustration	58 Franklin Ave,Sampscott, MA,USA,1907	456.17
King & Wood Mallesons	Huai Hai Road,One ICC,Shanghai,China,200031	139.43
Kolporter Spolka z Ograniczona	ul. Zagnanska 61,25-528 Kielce,Sad Rej. w Kielcach,Poland	299.36
Koltrans Logistics Sp. Z O.O	ul. PROSTA 13 44-200,Rybnik,Poland	33,972.99
L. Pickering	Sandbach,3 Latham Road,Cheshire,United Kingdom,CW11 4PJ	89.60
L. Burfitt	Oxfordshire,United Kingdom,OX14 2RR	2,062.50
Macfarlane Packaging	Wilberforce Way,Oakhurst Business Park,Southwater,United Kingdom,RH13 9RT	59.68
Macha Publishing	38 Rue de Berri,Paris,France,75008	17,786.47
Mail Handling International Ltd	82 Feeder Road,Bristol,United Kingdom,BS2 0TQ	9,419.95
M. L Dill	Primroses, Malthouse lane,London,United Kingdom,TN31 6TA	500.00
M. Wright	Albert Promenade,4 Wood View,Halifax,United Kingdom,HX3 0HH	1,900.00
Mary Evans Picture Library	Blackheath,59 Tranquil Vale,London,United Kingdom,SE3 0BS	2,640.00
M. Turner	Ealing,Flat 3, 20 Kings Avenue,London,United Kingdom,W5 2SH	115.00
Mazars Tax & Advisory Srl STP	Largo Augusto 8,Milano,Italy,20122	9,781.02
Measurelab Ltd	East Sussex,United Kingdom,BN7 2NZ	25,120.00
MEDIATOON	CS 50061,57 Rue Gaston Tessier,Paris Cedex 19,France,75166	210,394.09
MEPE DISTRIBUZIONE EDITORIALE	VIA E BUGATTI 15,MILANO,Italy,20142	1,282.89
Meridian Internl. VAT Consulting	Westgate,Level 8, Westgate House,London,United Kingdom,W5 1YY	34,447.52
Meshweaver	Pontnewydd,33 Richmond Road,Cwnbran,United Kingdom,NP44 1EQ	2,055.00
Microsoft IE Ops Ltd	Dublin 18,Ireland	16,432.27
Mode Print Solutions	Thundridge Business Park,Mode House,Thundridge,United Kingdom,SG12 0SS	19,928.73
MP Conseil (formerly Mercuri Presse)	11 Bis Rue Leopold Bellan,Paris,France,75002	42,303.56
MPR Partners	Strada Barbu Delavrancea nr. 6A,București,Romania,11355	3,486.56
Muller UK & Ireland Group LLP	Aldershot,14/40 Victoria Road,United Kingdom,GU11 1TH	2,400.00
Nadia Wiseman	41 Mulberry Way,London,United Kingdom,E18 1EB	1,040.00
Nespresso UK Ltd	1 City Place, Beehive Ring Road, Gatwick, England, RH6 0PA	207.57
Nielsen Book Services Ltd	62 Goldsworth Road,,3rd floor, Midas House,,Woking,United Kingdom,GU21 6LQ	180.00
N. Boothman	Edinburgh,United Kingdom,EH16 5PX	700.00
ONI Plc	Luton,United Kingdom,LU2 0QX	8,820.74
Optima Warehouse Solutions	St Albans Road,St Albans House,Stafford,United Kingdom,ST16 3DP	6,083.28

Panini SpA Socio Unico	380-41126,Viale Emilio Po,Modena,Italy	38,611.32
Panini UK Ltd	77 Mount Ephraim,Turnbridge Wells,United Kingdom,TN4 8BS	8,550.00
P. Pohl	London,United Kingdom,SE6 1EU	3,420.00
Perkbox Limited	22 Tudor Street,London,United Kingdom,EC4Y 0AY	1,440.00
P. Chidlow	Chelmsford,12 Chaucer Road,CM2 6HL,United Kingdom	500.00
Planeta Deagostini S.A.U	Av Diagonal 662-664 2a Planta,C/Mallorca, 45 Barcelona,Barcelona,Spain,8034	9,392.77
Point East Limited	Lu Plaza No2,Unit 1001-3 10/F,Wing Yip Street,Hong Kong,Kwum Tong Kowloon	6,961.80
Premium Collectibles Trading Co	Avenida do Dr Francisco Vieira Machado, 431-487,Macau	1,077,762.65
Presse Promotion Publicite	2 B Rue Dupont De L Eure 75020 Paris 20. Numéro de TVA (VAT ID), FR 723 70791116.	9,764.58
Prestige Courier Services Ltd	Units 6 & 7 River Reach,Prestige House,Gartons Way,United Kingdom,SW11 3SX	201.80
Prodoto Commercial Photographic Studios Ltd	Cragg Vale, Hebden Bridge,Dean Hey Country Business Park,West Yorkshire,United Kingdom,HX7 5RU	5,300.40
Project Print	The Narrows,Hamlin Way,King's Lynn, Norfolk,United Kingdom,PE30 4NG	11,877.67
Push Group Ltd	Uxbridge,United Kingdom,UB9 6NS	18,350.00
PVS Fulfilment-Service GmbH	74172 Neckarsulm,Heinz-Nixdorf-Str 2,Germany	219,060.18
Radar Licensing LLC	108 Garfield Pl, ,Brooklyn,USA, NY 11215	11,081.56
RBA Coleccionables S.A.	Avda. Diagonal, 189,Barcelona,Spain,8018	4,019.15
Recocash	BP 91,1, Rue de Clairefontaine,Rambouillet Cedex,France,78513	21,262.36
R. Handley	NY,USA,11735	532.83
R. Atkinson	12-14 Harewood road, Colliers wood,London,United Kingdom,SW19 2HD	320.00
RMH Logistics Ltd	Mountnessing,131-133 Roman Road,Brentwood,United Kingdom,CM15 0UD	79,504.06
Robert Walters Ltd	St Martins Courtyard,11 Slingsby Place,london,United Kingdom,WC2E 9AB	1,500.00
R. Lucio	Bergamo,Italy,24123	772.89
Rotolito Romania	City Pantelimon 077145,Cernica Str. No. 61,Ifov County,Romania	575.52
Ruch S.A.	UI Chlodna 52,Warszawa,Poland,00-872	7,605.84
Ryan Dening	2237 2nd Ave #110,Whitehorse,Canada, YT Y1A 0K7	8,379.04
S.O.F.I.A S.R.L	Via E Bugatti, 15,Milano,Italy,20142	204,107.50
Sales Layer Tech S.L	Valencia,Spain,46010	4,270.21
Scholastis Ltd	Warwickshire,United Kingdom,CV47 0RA	127.00
Sci-Net Ltd	Duns Tew,Duns Tew Grange,Oxfordshire,United Kingdom,OX77DQ	275.14
Seymour Distribution Ltd	2 East Poultry Avenue,London,United Kingdom,EC1A 9PT	4,794.96
Sharpstone Advisory	Paris,France,75002	3,218.88
Simon Anning	31 Blenheim Gardens,Unit 4,London,United Kingdom,SW2 5EU	900.00
Simon Hugo (Goodchild)	50-52 Mount Ararat Road,Flat 4,Richmond,United Kingdom,TW10 6PJ	4,000.00
Smart Response Media Limited	London,United Kingdom,EC4Y 0AB	420.00
Somerford Business Court	Holmes Chapel Road,Congleton, Somerford,United Kingdom,CW12 4SN	1,593.75
Sonic International (Toys) Ltd	Ever Gain Plaza, Container Port Road,Units 1605-1609, 16/F Tower1,Kwai Chung,Hong Kong	101,285.05
Sony Music Entertainment	25 Madison Avenue, New York, NY 10010,USA,10010	11,598.70
Sony Pictures Consumer Products Inc	10202 W. Washington Blvd, Frank Capra Building,2500 Culver City,USA,CA 90232	28,562.72
Southyboy Ltd	Ware,41 Greyfriars,Hertfordshire,United Kingdom,SG12 0XW	1,230.00
Squire Patton Boggs (UK) LLP	6 Wellington Place,Leeds,United Kingdom,LS1 4AP	17,362.21
Squire Patton Boggs GERMANY	Taunusanlage 17,Rechtsanwalte, Steuerberater,Frankfurt,Germany,60325	9,813.70
Squire Patton Boggs USA	P.O. Box 643051,Cincinnati, OH,USA,45264	9,381.41
StartaDesign	4 Maxwell Rd,Borehamwood,United Kingdom,WD6 1JN	325.00

Step Beyond Marketing Communication	Aston,Maltings,Stone,United Kingdom,ST15 0BW	22,444.80
Stephens & George Ltd	Merthyr Tidfyll,United Kingdom,CF48 3TD	6,503.68
Steve Lee Studio Ltd	6 Topham Street,London,United Kingdom,EC1R 5HH	5,400.00
S. Scanlan	United Kingdom	15,600.00
Sticky.io	San Francisco, CA 94105,150 Spear Street, Suite 900,USA	25,868.36
Striker Entertainment LLC	5000 N. Calabasas Parkway #210,Calabasas,USA,91302	4,916.57
Sue Jenkins	Blackheath,55 Ruthin Road,London,United Kingdom,SE3 7SJ	350.00
Technicis SAS	35 Rue de Paris,Boulogne Billancourt,France,92100	2,866.27
TET Ltd	Friarsgate Business Park,Unit D9,7 Whitby Avenue,United Kingdom,NW10 7SE	38,363.43
Thames Distribution	999 Thames Road,Dartford,United Kingdom,DA1 4QE	3,880.20
The Collective Design UK Ltd	Holywell Hill,12 Dolphin Yard,St Albans,United Kingdom,AL1 1EX	10,398.00
The Specialist Works Digital	Kings Hill,4 Abbey Wood Road,West Mailing,United Kingdom,ME19 4AB	16,783.09
The Walt Disney Company Italia	Via Ferrante Aporti, 6/8,Milano,Italy,20125	154.65
Thema Media GMBH	Zeppelinstrabe 43,Munchen,Germany,81669	835.47
Threadneedle UK Property Trust DD	Station Road,Holbrook House,Swindon,United Kingdom,SN1 1HH	3,009.58
Tom & Co Ltd	London,United Kingdom,SW10 0QJ	600.00
Tonbridge and Malling Borough Council	Gibson Building, Gibson Dr, Kings Hill, West Malling ME19 4LZ	10,724.46
Topham Street	6 Topham Street,London,United Kingdom,EC1R 5HH	1,181.13
Trek Logistics Ltd	Valley Bridge Road,Prestige House,Clacton-on-sea,United Kingdom,CO1S 4AD	2,434.94
Twentieth Century Fox Licensing & M	4th Floor,2121 Avenue of the Stars,Los Angeles,USA,90067	14,743.55
Universal Music Publishing	20 Fulham Broadway,London,United Kingdom,SW6 1AH	2,700.00
Universal Studios Licensing LLC	Universal City,10 Universal City Plaza,California,USA,91608	40,292.02
Universal Studios Limited	St. Giles High Street,London,Netherlands,WC2H 8NU	46,239.55
VAT Compliance Europe (VATGlobal)	London,United Kingdom,NW16 AA	250.00
Viacom International Inc	1515 Broadway Ave,New York,USA,NY 10036	33,917.01
VIIS CONSULTING OÜ	Pärna 7, ,Tsirguliina, ,Tallinn,Estonia,68316 Valga maakond	2,750.00
Warner Bros Consumer Products Inc	118, 2nd Floor,4000 Warner Blvd,Burbank,USA,91522	119,368.32
Warner Bros Consumer Products UK	98 Theobald's Road,Warner House,London,United Kingdom,WC1X 8WB	47.34
We Are Networks Ltd	5 Crowndale Road,London,United Kingdom,NW1 1TU	9,600.00
W. Lawrence	United Kingdom	5,712.00
Worksmart Technology Ltd - DD	47-51 Great Suffolk St,Harling House,London,United Kingdom,SE1 0BS	1,799.48
World Wrestling Entertainment, Inc	1241 East Main Street,Stamford,USA,CT 06902	36,939.88
Employees (54 individuals)	c/o A&M, Suite 3 Regency House, 91 Western Road, BN1 2NW	Uncertain
<b>Unsecured creditor total</b>		<b>44,853,022.38</b>

## Appendix 4 – SIP 16 statement

**EAGLEMOSS LIMITED – IN ADMINISTRATION**

# **SIP 16 Statement of sale of business**

*12 August 2022*

# 1 Introduction

We have made this statement, as Joint Administrators, in order to comply with our responsibilities under Statement of Insolvency Practice 16 ("SIP 16").

The Statements of Insolvency Practice are a series of guidance notes issued to licenced insolvency practitioners with a view to maintaining standards by setting out required practice and harmonising practitioners' approach to particular aspects of insolvency.

SIP 16 covers 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 then affects the sale immediately or shortly after, their appointment.

A SIP 16 guidance note is available on the Portal and can also be accessed 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/>

Creditors should be aware of the differing roles of insolvency practitioners associated with an administration which involves a pre-packaged sale of a company's business and assets.

Prior to the formal appointment, the insolvency practitioners' firm may have been instructed by the company and/or a secured creditor to provide advice. It is important to note that during this stage they act independently of the company's management, who remain responsible for the affairs of the company.

Such advice may include consideration of the potential options available to the company, including insolvency options and may also involve advice in relation to management's fiduciary duties and obligations when a pre-packaged sale is contemplated. Please note that it does not include providing advice to a potential purchaser. The directors and the purchasers were encouraged to obtain independent advice.

Specific details of the pre-appointment role for this case are provided in Section 4 below.

Following the appointment of the insolvency practitioners as Joint Administrators of the company, they are officers of the court and act as agents of the company in order to manage the company's affairs, business and property for the benefit of the creditors as a whole.

## 2 Pre-packaged sale of the business and assets of the Company

On 5 August 2022, following our appointment, a sale of certain of the business and assets of Eaglemoss Limited ("EML" or "the Company") were completed to Heathside Trading Limited ("Heathside") for £200,000 (the "Heathside Transaction").

Heathside has confirmed that it is not a connected party of the Company in accordance with the definition set out in Paragraph 60A of Schedule B1 of the Insolvency Act 1986.

In accordance with Statement of Insolvency Practice 16, a detailed explanation of this transaction is set out below.

### 3 Initial introduction

Alvarez & Marsal Europe LLP (“A&M”) was initially introduced to the Company by its secured lender, Santander UK Plc (“Santander” or “the Bank”), on 7 February 2022.

### 4 Pre-appointment considerations

#### Company overview

EML is a trading company wholly owned by Eaglemoss Capital Limited (“ECL”) (ECL, together with its subsidiaries, being “the Group”).

The Group's activities comprise the research, production and sale of collectibles, books, and magazines. It has produced more than 150 collections, licensed by brands.

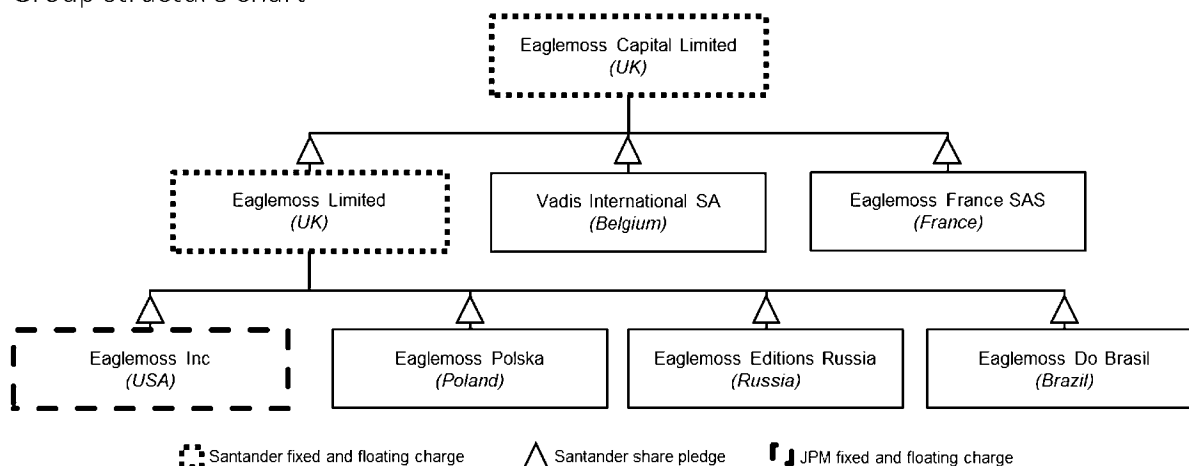
The Group outsources the production of its products and sells these to retailers, wholesalers and direct to consumers through a global online e-shop.

The Company employs the majority of the Group's staff, maintains its head office functions, holds the majority of the product licences, develops new products on behalf of the Group and is the primary trading entity for markets outside of the USA.

The Company employs c.56 staff, of which c.46 had been laid off prior to our appointment. Its head office was at Capital Tower, 91 Waterloo Rd, London SE1 8RT, however, this office was vacated shortly before our appointment with staff moving to remote working.

The Company has faced a number of challenges over the last 24 months as a result of the COVID-19 pandemic and other macroeconomic factors. These include increased costs, lead times and uncertainty in the supply chain, the failure of key customers leading to bad debts and the accelerated decline of its newsagent distribution channel.

#### Group structure chart



The Company has four foreign subsidiaries as shown above.

#### Funding

Santander has provided secured lending totalling c.£14.2 million to ECL, which is guaranteed by the Company. This lending included financial support from the Bank during the COVID-19 pandemic in the

form of Coronavirus Large Business Interruption Loan Scheme (“CLBILS”) loans, of which c.£9.0 million is outstanding.

The Company was funded through intercompany loans from ECL.

The Bank's security includes fixed and floating charges over the assets of ECL and EML, and share pledges over all Group companies except ECL. The assets of EML's US subsidiary, Eaglemoss Inc, are secured by a separate charge to JP Morgan Chase & Co.

We are not aware of any personal guarantees provided by the directors.

## Summary financial statements of the Company

A summary of the Company's recent financial performance is provided below:

<b>Profit and loss Statement (£'000)</b>	<b>12 months ending 31-Dec-20</b>	<b>12 months ending 31-Dec-21</b>
Turnover	31,644	26,955
Cost of sales	(24,536)	(17,880)
<b>Gross profit</b>	<b>7,109</b>	<b>9,076</b>
<b>Operating Profit / (Loss)</b>	<b>(10,504)</b>	<b>725</b>

*Source: unaudited management accounts*

<b>Profit and loss Statement (£'000)</b>	<b>As at 31-Dec-20</b>	<b>As at 31-Dec-21</b>
Intangible assets	1,311	2,168
Tangible assets	41	19
Investments	3,755	3,755
Current assets	18,815	18,980
<b>Total assets</b>	<b>23,922</b>	<b>24,922</b>
Current liabilities	(49,258)	(52,231)
<b>Net assets / (liabilities)</b>	<b>(25,336)</b>	<b>(27,309)</b>

*Source: unaudited management accounts*

## Prior A&M involvement

A&M was introduced by the Bank after the Group notified the Bank of a potential upcoming funding requirement.

A&M carried out an initial phase of work for the Group and the Bank from 21 February 2022, focused on reviewing the Group's short term cash flow forecast and medium-term business plan, understanding its working capital cycle and commenting on the options available to the Group and the Bank in the event of a forecast funding requirement. An overview of the options considered by the Directors at this time is included in the section below.

In parallel with this review, the Company was pursuing a sales process that launched in February 2022, led by a US based corporate finance specialist (the “Initial Process”).

Following the identification by the Directors of a short-term funding requirement of £1.2 million by the end of April 2022, increasing to £4.5 million by the end of May 2022, the Bank provided further funding to the Group of c.€0.3 million (£0.25 million) in March 2022. This was intended to provide short term funding whilst the Group explored the deliverability of a possible transaction with one of the two interested parties identified by the Initial Process.

During March 2022, the Directors concluded one of these parties did not have adequate funding and it was eliminated from the process. Further, the Directors became concerned by the lack of progress with the remaining party and whether a transaction could be completed before the Group exhausted its available liquidity.

Accordingly, the Group engaged A&M on 1 April 2022 to (i) conduct an accelerated options exploration process (the "AMA Process") to test the appetite of private equity, financial and trade parties to invest in the business, and (ii) perform contingency planning to prepare for a potential insolvency of the Group. The AMA Process explored options such as either a solvent sale of shares or a sale of all or part of its business and assets.

No offers were received during the AMA Process for the shares of any of the Group companies. The only offer received was to purchase the Group's stock at 10% of cost price and Intellectual Property ("IP") for £25,000 via a pre-pack following an insolvency of EML. There was significant execution risk with this offer as it required (i) a sale from multiple companies, with different secured lenders and (ii) consent to be obtained in advance from licensors and stock to be delivered up free of any royalty / licence obligations. The Directors concluded that it was unlikely such consent could be obtained and the offer was not progressed.

With the lack of a viable offer following the AMA Process, A&M was retained to progress options with the sole remaining interested party identified by the Initial Process. Discussions commenced with that party to consider alternative transaction structures that could be executed in the available time frame.

The interested party provided an indicative offer on 2 May 2022 and a signed letter of intention on 9 May 2022, with a request for a five/six-week period to complete a purchase of Eaglemoss Inc's shares and certain stock of the Company.

This offer was subsequently revised and it was determined by the Directors on 17 May 2022 that, after the offer was expanded to include substantially all of EML's stock, the Company may not be able to continue as a going concern following completion of the proposed transaction. At this time, the Directors obtained funding of €0.4 million from the Bank, as the primary beneficiary of the transaction, to fund the Company continuing to trade whilst it pursued a transaction.

A&M was engaged jointly by the Group and the Bank on 31 May 2022 to report on the status of ongoing negotiations with the interested party and the Bank's funding for trading during this period.

Due to increasing levels of creditor pressure the Directors concluded (following legal advice) that (i) there was no potential solvent transaction available and therefore the Company would enter administration, and (ii) the Company required the protection of a moratorium whilst it explored a transaction. Accordingly, on 12 July 2022, the Directors filed a notice of intention to appoint administrators ("NOI").

Negotiations continued for a number of weeks, during which the interested party presented a series of revised transaction structures. Ultimately their target deal structure was unviable, and the party terminated their interest on 23 July 2022.

Since this date, A&M has been working alongside the Company to speak with parties that have worked with the Company and its licensors previously to explore accelerated sales of the Company's IP and stock.

Options considered but not pursued

*Do nothing*

This was not deemed viable by the Directors as the Company forecast it had insufficient cash to meet liabilities as they fell due. Further, the Company was operating under significant creditor pressure and continuing to incur losses as it had insufficient working capital to acquire new stock.

### *Raise additional debt*

Potential sources of additional financing were considered by the Directors and discussions were held with potential funders during the AMA process. However, none were deemed viable given the financial position of the Company, the limited time available to secure such funding and the lack of available security to provide to a new lender.

As noted above, the Group's secured debt includes c.£9.0 million of CLBILS lending, which is 80% guaranteed by the British Business Bank. No potential funders were able to provide sufficient funding to provide a recovery for the Bank that was comparable to this guarantee.

### *Solvent sale*

No executable offers were received for a solvent sale.

### *Company Voluntary Arrangement ("CVA") or Restructuring Plan*

Neither a CVA nor a restructuring plan were deemed viable as there was considered to be insufficient time and funding available to prepare such a proposal. It was also considered uncertain that the significant compromises that would be required from creditors could be agreed.

### *Sale of assets prior to insolvency*

The Company pursued stock sales prior to entering insolvency where the Directors concluded that they could be conducted in accordance with the Company's licences. However, due to licensing restrictions, the Company was not able to realise sufficient value to adequately fund the business.

On 12 July 2022, the Company realised the intellectual property, business and associated assets relating to the Company's brand of calendars ("Dairy Diary") as a going concern for a total gross consideration of £200,000. As a result of the sale, two employees were transferred to the purchaser. The net proceeds of £183,000 were transferred directly to Santander under its fixed charge.

On 5 August 2022, shortly before the appointment of the Joint Administrators became effective, the Company sold certain of the business and assets, being all of the Company's IP, online domains and the Company's customer database specific to the subscription build-up business and an IT server for £300,000 (the "IP Transaction").

The Company regularly consulted with Santander as it negotiated the above sales of assets prior to insolvency and received their consent prior to signing.

The above transactions will be considered by us during the administration, in accordance with our statutory duties.

### *Trading administration*

It was concluded that the Company could not be traded in insolvency to pursue a going concern sale or realise its significant levels of stock because:

- The Company had sold key assets in the IP Transaction prior to the Joint Administrators' proposed appointment.
- The Company has accrued material creditor balances with many key suppliers, increasing the likelihood of ransom creditors that would reduce the potential return to creditors through a trading strategy.
- Most of the Company's staff were asked to stop work by the Company prior to our appointment, with only c.10 employees remaining active at the time we were appointed.
- Continued operation of EML's distribution channels would require up-front funding of other Group companies including the Group's operations in Poland where much of the stock is located. There

was insufficient funding available to fund initial trading cash flow requirements to continue to trade the business.

- The Company had been working with licensors prior to our appointment to identify any stock liquidation transactions that may be available in administration. However, in the short time available only limited concessions could be obtained from licensors in this regard, meaning trading was likely to be unprofitable.

#### *Liquidation / wind-down*

The Directors considered at various junctures whether the position of the creditors of the Company would be best served by placing the Company into liquidation. However, it was concluded that if the Company entered liquidation, which was expected to take c.three weeks, it may not be possible to deliver the IP Transaction or the Heathside Transaction as:

- In this period, the Company would not be able to retain the platform and certain staff required to facilitate the delivery of the IP Transaction; and
- There is a risk that the Heathside Transaction would no longer be available due to the passage of time and an increased chance of stock being seized by the third-party logistics providers.

## 5 Registered charges

The Company had the following registered charges as at the date of appointment:

Date of creation of charge	Date of registration of charge	Details of charge	Name of charge holder
4 April 2022	4 April 2022	Fixed and floating	Santander UK PLC
4 April 2022	4 April 2022	Fixed and floating	Santander UK PLC
2 October 2018	3 October 2018	Fixed and floating	Santander UK PLC

A legal security review will be undertaken to confirm the validity of the above charges.

## 6 Marketing of the business and assets

### Effective Capital Process

The Initial Process commenced in February 2022, with a view to completion around July 2022. Effective Capital contacted 37 parties, comprising of competitors, NFT & Metaverse investors and growth capital funds. Effective Capital ceased work once the remaining interested party was introduced to A&M to continue negotiations from May 2022 onwards.

### AMA Process timeline

The marketing process commenced on 5 April 2022, with a planned duration of four weeks due to the deteriorating cash position of the Company and a lack of additional lender or shareholder financial support. Offers were requested by 21 April 2022, with a target date of no later than 29 April 2022 for signing of a contract with the preferred bidder.

As noted above, following conclusion of the formal AMA Process, conversations continued with one remaining interested party from the Initial Process between May 2022 and July 2022.

## Marketing campaign

A&M worked with the Company to identify a list of potential financial and trade parties not previously contacted by Effective Capital to ensure the opportunity would receive suitable exposure. The resulting independent sales process was co-ordinated and overseen by A&M.

Given the parameters of the sales process (discussed further below), the list of parties approached was considered to provide suitable exposure of the opportunity so that additional advertising via the internet or other media was not warranted. Further, the Directors were concerned about the impact on employees, customers and suppliers if the sales process was in the public domain. The business is in a very niche industry meaning the number of likely purchasers is significantly reduced, we believe that all potential purchasers were effectively targeted between the two sales processes.

Further, the business received significant attention on social media and in trade circles following the filing of an NOI on 12 July 2022. This resulted in several other interested parties approaching the Company in the c.three weeks prior to our appointment.

We believe that, given the limited time available, the marketing that was conducted was appropriate and provided suitable exposure of the opportunity.

## Interested parties' shortlist

A total of 106 parties were contacted, being a mix of parties known to A&M and / or the Company, as well as relevant competitors. This comprised 70 private equity investors, 7 trade parties and 29 debt providers. No connected parties were approached in the AMA Process.

Of the 106 parties contacted, 19 parties entered into a non-disclosure agreement ("NDA") with the Company. Seven parties held meetings with Management and five parties were given access to the online data room. One offer was received, which is summarised in the table in Section 8.

## Information supplied to interested parties

An initial teaser was sent to the interested parties identified. This teaser provided background information on the situation and high-level financial data, along with details of how a party should register its interest.

Following this, parties that signed up to an NDA were provided with a detailed Information Memorandum, invited into speak with Management and admission to an online data room to access a suite of company information to assist with their due diligence. Video conferencing and virtual signing were implemented for meetings and NDA signing to allow global interest in the opportunity.

The online data room contained over 350 documents, including both historical and forecast financial information, summaries and copies of licensing agreements, employee and stock data. This data room was closed on 3 May 2022.

Parties that entered discussions with the Company after this date had been provided with access to the relevant information from the online data room in accordance with their requests, including information relating to IP and updated stock positions.

## Further marketing

Following the NOI filing on 12 July 2022, A&M has worked alongside the Company to re-engage with several potential interested parties to explore sales of the Company's IP and stock. This also included responding to a number of inbound enquiries over this period.

Three parties made offers in this period, which are set out in Section 8.

## 7 Valuation of business and assets

### Intangible assets

Hilco Appraisal Limited (t/a Hilco Streambank and Hilco Valuation Services) ("Hilco"), performed a desktop valuation of the Group's intellectual property, including the Company's customer database. The valuation date was 15 July 2022, and the valuation report was dated 20 July 2022. Hilco valued the entirety of the Company's customer database (for e-shop and build up customers) at £22,860.

Hilco is regarded as one of the world's largest and most diversified business asset appraiser and valuation advisers. The above valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Valuation Global Standards effective from 31 January 2020, which incorporates the International Valuation Standards Council's International Valuation Standards effective from 31 January 2020.

Hilco has confirmed its independence and that adequate professional indemnity insurance is held.

### Stock

Hilco London Limited ("Hilco Capital") was engaged by the Company to consider the realisable value of the Company's stock. Hilco Capital is a specialist at stock realisation and has experience of dealing with stock subject to licences. Hilco Capital explored various realisation strategies and sales of specific collections whilst engaged by the Company. This included initial conversations with the Company's key licensors to understand what stock sales they would provide consent for.

Hilco Capital was engaged on the basis of its extensive experience providing professional clearance and store closure services in solvent and insolvent situations, including in relation to licensed products.

Hilco Capital identified a small number of potential transactions that could be undertaken, but all required the Company to continue to incur significant cost whilst the sales were fulfilled, which meant that they were not profitable or regarded as too risky.

Accordingly, we considered the stock to have limited value in insolvency in the absence of a large transaction where the buyer assumed the risks associated with realising the stock.

## 8 Comparison of offers received

Consideration	Assets	Notes
Offer 1 – Party identified by the Initial Process (Withdrawn)		
Various offers were received between May and July 2022 for different assets and quantum. The final offer provided total	IP, tooling and IT server	<ul style="list-style-type: none"> <li>Requirement for key licensors to agree to the novation of licences in advance.</li> </ul>

consideration of £400,000 (no allocation provided).		<ul style="list-style-type: none"> <li>Requirement for critical IT suppliers to be paid in full (c.£60,000).</li> </ul>
Offer 2 – Party identified by the AMA Process		
<p>Total consideration of £1.3 million, split as follows:</p> <ul style="list-style-type: none"> <li>Stock – 10p in £, £1.3 million total price for all stock held by the Group globally (of which EML would receive c. £0.7 million)</li> <li>Other assets - £25,000 for all IP and tooling associated with the product range, plus all customer lists and supplier details associated with the wholesale business globally.</li> </ul>	Stock, IP, and tooling	<ul style="list-style-type: none"> <li>Requirement for all key licensors to agree to the stock assignment in advance.</li> <li>TUPE of 6 warehouse staff, 4 UK based and 2 US.</li> <li>Requirement for a licence to occupy the Polish warehouse that is rented by Eaglemoss Polska.</li> <li>Requirement for all third-party logistics providers to be paid in full.</li> <li>Requirement for a sale from Eaglemoss Inc and the Company.</li> </ul>
Offer 3 – Post NOI offer (Withdrawn)		
<p>Total consideration of £300,000, split as follows:</p> <ul style="list-style-type: none"> <li>All Company IP (editorial files, tooling, domains and customer database – £180,000)</li> <li>IT server in-situ – £20,000</li> <li>Stock – £100,000, contingent on licensor approval in advance of transfer of stock to the purchaser</li> </ul>	<ul style="list-style-type: none"> <li>All editorial IP</li> <li>Domains</li> <li>Tooling</li> <li>Customer Database</li> <li>Certain stock</li> </ul>	<ul style="list-style-type: none"> <li>Requirement to retain staff to deliver up IP and facilitate warehouse and licensor conversations to facilitate the stock transfer.</li> <li>The purchaser indicated they would contribute to costs however the quantum was not agreed.</li> </ul>
Offer 4 – Post NOI offer (IP Transaction)		
<p>Total consideration of £300,000, split as follows:</p> <ul style="list-style-type: none"> <li>Company IP (editorial files, domains and customer database specific to the subscription build-up business – £280,000)</li> <li>IT server in-situ – £20,000</li> </ul>	<ul style="list-style-type: none"> <li>All Company editorial IP</li> <li>Customer database for the subscription build-up business only</li> <li>Domains</li> <li>IT Server</li> </ul>	
Offer 5 – Post NOI offer (Heathside Transaction)		
<p>Total consideration of £200,000, split as follows:</p>	<ul style="list-style-type: none"> <li>E-shop / wholesale stock owned by the Company (excluding in Russia)</li> </ul>	<ul style="list-style-type: none"> <li>The purchaser is acquiring the Company's interest in the stock and is required to obtain licensor consent and reach commercial</li> </ul>

<ul style="list-style-type: none"> <li>• Customer database, specific to e-shop customers – £30,000</li> <li>• Interest in e-shop / wholesale stock – £170,000</li> </ul>	<ul style="list-style-type: none"> <li>• Customer database for e-shop customers only</li> </ul>	agreement with third party logistics providers at its own cost before it can take possession of and deal with the stock.
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Offer 1 and Offer 3 were withdrawn by the interested parties. The remaining offers were assessed using a number of criteria, including value, timing, and deliverability. Following this assessment, it was concluded that Offer 2 was not deliverable due to the requirements it placed on the Company, which would also significantly impact the net realisations. It was determined by the Directors that the remaining offers (Offer 4 and Offer 5) were to acquire separate Company assets, and therefore that two discreet transactions with these parties would result in the best outcome for creditors.

The Directors executed the IP Transaction (Offer 4) prior to our appointment.

Assets excluded from the Heathside Transaction include trade debtors, IT equipment and the Company's build-up stock. We will look to recover the remaining assets of the estate and an update will be included in our next update to creditors.

## 9 The Heathside Transaction

A sale to Heathside Trading Limited was completed by the administrators on 5 August 2022. Details of the transaction are as follows:

### Assets

Asset	Details of Charge	Valuation	Realisations
Customer Database	Fixed	£11,430 <sup>1</sup>	£30,000
Interest in stock	Floating	See note <sup>2</sup>	£170,000
<b>Total</b>		<b>£11,430</b>	<b>£200,000</b>

#### Notes

1. 50% of Hilco valuation of full customer database

2. Substantially all stock is manufactured under licensing agreements that cease on insolvency (or can be terminated by the licensor) meaning that no value is attributable to stock without additional work to be undertaken post insolvency to gain licensor approval before any purchaser could make onward sale of products.

The above realisations are in excess of the valuations provided by Hilco, which were provided before factoring in any costs of realisation.

### Sales consideration

The sales consideration of £200,000 plus VAT was paid in full in cash upon signing, having previously been held to order by the Company's legal adviser. Consideration was allocated based on valuations received and value attributed to the Customer Database by the purchaser. We believe the allocation is appropriate based upon the valuation advice and offers received.

## 10 Conclusion

As no offers were received for the shares of any Group entities, rescuing the Company in accordance with Paragraph 3(1)(a) is not achievable.

Therefore, our primary objective and role as Joint Administrators is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

We are satisfied that this pre-packaged sale will enable us to achieve this purpose because this transaction provides non-contingent returns to the creditors for assets that we believe it would be challenging to realise in a liquidation. This conclusion was reached following consideration of the options available as detailed previously, for the following reasons:

- The pre-packaged sale results in a greater return than would have been achieved for the assets in Liquidation or a trading administration.
- The costs associated with a pre-packaged sale are lower than would be incurred in a trading administration.
- As the intellectual property of the Company was sold prior to our appointment, the only other asset of the Company for which offers were received is the stock. There are significant challenges with a purchaser (i) obtaining physical access to the stock due to overdue amounts owed to third party logistics providers, and (ii) obtaining licensor consent before a purchaser can deal with the stock. Heathside was the only party that would acquire the Company's interest in the stock and assume these risks.
- Multiple, smaller sales of the stock in separate transactions were not considered viable. This was supported by Hilco Capital, who advised us that transacting with numerous parties carried a greater risk in relation to the outcome of each buyer's negotiation with licensors, agreeing terms with each appropriate warehouse and finally agreeing the various routes to market. Hilco Capital concluded that transacting with a single party providing a guaranteed outcome would be the optimal method of maximising realisations.

We have acted in the best interests of the creditors as a whole when negotiating this pre-packaged sale and are satisfied that the outcome achieved is the best available outcome for creditors as a whole in the circumstances.

# Appendix 5 – Glossary

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

Defined Terms	Definition
Bank	Santander UK Plc
CLBILS	Coronavirus Large Business Interruption Loan Scheme
Clear It	Clear It Solutions UK Ltd
Clumber	Clumber Consultancy Limited
Company	Eaglemoss Limited – In Administration
CVL	Creditors Voluntary Liquidation
Directors	Joseph Georges Bensoussan, Olivier Beressi, Marc Doboin, Tracey Hinchliffe, Pierre Viala
ECL	Eaglemoss Capital Limited
EMI	Eaglemoss Inc
EML	Eaglemoss Limited
Evolve	Evolve IS
Group	ECL, together with its subsidiaries
Heathside	Heathside Trading Limited
Hilco	Hilco Appraisal Limited
HMRC	HM Revenue & Customs
Joint Administrators/we/our/us	Paul Berkovi and Adam Paxton
JPM	JP Morgan Chase
A&M	Alvarez & Marsal Europe LLP
Marsh	Marsh Limited
Purchaser	Heathside Trading Limited
Santander	Santander UK Plc
Secured Creditor	Santander UK Plc
SIPs	Statements of insolvency practice
SIP 9	Payments to insolvency office holders and their associates from an estate
SIP 13	Disposals of assets to connected parties in an insolvency process
SIP 16	Pre-packaged sales in administrations
SPB	Squire Patton Boggs (UK) LLP
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006

# Appendix 6 – Notice: About this statement of proposals

This statement of proposals (“proposals”) has been prepared by Paul Berkovi and Adam Paxton, the Joint Administrators of Eaglemoss Limited (“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 or 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.

Paul Berkovi and Adam Paxton are authorised to act as insolvency practitioners by The Institute of Chartered Accountants in England and Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agent for the Company without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Alvarez & Marsal Europe LLP 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.