**Rule 2.33** **Form 2.17B**

# 2.17B

The Insolvency Act 1986

## Statement of administrator's proposals

| Name of Company | Company number |
|---|---|
| Anglo Design Holdings Limited | 03297192 |
| In the High Court of Justice, Chancery Division, Manchester District Registry (full name of court) | Court case number 2378 of 2016 |

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

I/We (a)
Russell Stewart Cash
FRP Advisory LLP
7th Floor
Ship Canal House
98 King Street
Manchester
M2 4WU

David Thornhill
FRP Advisory LLP
7th Floor
Ship Canal House
98 King Street
Manchester
M2 4WU

*Delete as applicable

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

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

(b) 22 April 2016

Signed ______________________
Joint Administrator

Dated 22/04/2016

**Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give will be visible to researchers of the

Russell Stewart Cash
FRP Advisory LLP
7th Floor
Ship Canal House
98 King Street
Manchester
M2 4WU

0161 833 3344

DX Number DX Exchange

TUESDAY
*A55PWAO8*
A29 26/04/2016 #122
COMPANIES HOUSE

When you have completed and signed this form, please send it to the Registrar of Companies at -
**Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff**

FRP
Advisory

# Anglo Design Holdings Limited - In Administration

## The Joint Administrators' Proposals

22 April 2016

# Contents and abbreviations



**The following abbreviations may be used in this report:**

| | |
|---|---|
| **FRP** | FRP Advisory LLP |
| **The Company** | Anglo Design Holdings Limited (In Administration) |
| **The Administrators** | Russell Stewart Cash and David Thornhill of FRP Advisory LLP |
| **CVL** | Creditors' Voluntary Liquidation |
| **CVA** | Company Voluntary Arrangement |
| **SIP** | Statement of Insolvency Practice |
| **QFCH** | Qualifying floating charge holder |
| **HMRC** | HM Revenue & Customs |
| **Secured Creditor** | Aghoco 1389 Limited |
| **The Purchaser** | Aghoco 1389 Limited |
| **AD Aerospace** | AD Aerospace Limited |
| **MN** | Michael James Newton |

# 1. Introduction

On 15 April 2016, the Company entered Administration and Russell Stewart Cash and David Thornhill were appointed as Joint Administrators.

This document, together with its appendices, forms the Joint Administrators' statement of proposals to creditors in accordance with Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and the Insolvency Rules.

Certain statutory information about the Company and the administration is provided at **Appendix A**.

A sale of certain of the assets of the Company was effected on 15 April 2016 by the Joint Administrators Background information regarding the Company together with full details of the events that resulted in the appointment of the Administrators and this transaction taking place and why it was considered to be in the overall best interest of the creditors of the Company as a whole are set out in the statement attached at **Appendix C** in accordance with SIP 16

# 2. Conduct of the administration

### The objective of the administration

The Administrators think that objective (a) of the administration, as detailed in Paragraph 3(1) of Schedule B1 to the Insolvency Act 1986, being to rescue the Company as a going concern, will not be achieved due to the financial position of the Company.

As such, it is envisaged that objective (b) will be achieved, a better result for the Company's creditors as a whole than would be likely if the Company had been wound-up (without first being in administration).

I can confirm that the transaction detailed in **Appendix C** will enable the statutory purpose identified above to be achieved and that the sale price was the best reasonably obtainable in all the circumstances and was considered to be in the overall best interests of all creditors of the Company.

### The Administrators' actions to date

**Sale of Business and Assets**

In order to maximise realisations for creditors, it was decided that certain of the Company's assets should be sold immediately following an Administration appointment

A sale of certain of the Company's assets, being the share capital of AD Aerospace and certain intellectual property, was subsequently completed on 15 April 2016 to Aghoco 1389.

Further details of the sales process may be found at Appendix C

**Assets excluded from the sale**

**Inter-company Book Debts**

The February 2016 Management Accounts of the Company indicated that a debtor balance of £967k was due from AD Aerospace Whilst this balance is expected to have reduced significantly over recent months, a reconciliation is currently underway to ascertain the final inter-company position and any balance outstanding will be realised in due course.

**Investments**

It is understood that, in addition to the 100% shareholding in AD Aerospace, the Company also held investments in the share capital of a number of other subsidiary companies

From the information available, it is believed that the majority of these are non-trading subsidiaries which have insolvent balance sheet positions and are therefore unlikely to have any value, however these will be reviewed in due course to ascertain whether any value can be realised for the benefit of creditors.

**Trading**

Following the appointment of Administrators, a total of 13 staff have been retained to assist with the provision of transitional support services to the Purchaser for an interim period, anticipated to be 5 weeks

The Joint Administrators entered into a Transitional Services Agreement ("TSA") with the Purchaser immediately following appointment. This agreement was required in order to enable a sale of the share capital of AD Aerospace with the head office and support services provided by the Company required by the Purchaser for an interim period.

A charge, to ensure the costs of providing these services are mitigated, will be agreed in due course.

# 2. Conduct of the administration

The remaining 22 employees were made redundant by the Administrators shortly following appointment.

No funding has yet been required during the trading period however it is anticipated that, in the event there are insufficient asset realisations to cover costs, the Secured Creditor will provide additional funding as required.

### Receipts and Payments Account

A copy of the Joint Administrators' receipts and payment account to date is attached as **Appendix B**. As the consideration for the sale of the Company's assets was received in the form of a reduction of debt secured by a fixed charge, there have been no cash movements through the estate account to date

### The Directors' Statement of Affairs

The directors of the Company have been asked to submit a Statement of Affairs under paragraph 47 of Schedule B1 of the Insolvency Act 1986 and this is awaited Details of the financial position of the Company at the latest practical date, prepared from information available to the Administrators and including a list of creditors' names and addresses is provided at **Appendix F**. As and when the directors' Statement of Affairs is received it will be filed with the Registrar of Companies.

### Matters requiring investigation

I am required as part of my duties to establish what assets the Company owns and to consider the way in which the Company's business has been conducted, and am required under the provisions of the Company Directors Disqualification Act 1986 to report to the Secretary of State for Business Innovation and Skills on the conduct of the directors. If you have any information or concerns regarding the way in which the Company's business has been conducted, or have information regarding potential recoveries for the estate please contact me as soon as possible

### Matters to be progressed following this report

The Administrators will continue to manage the affairs, business and property of the Company to achieve the purpose of the administration In particular they will, amongst other things:

- Continue to trade the business to provide the agreed transitional services,
- Realise the Company's remaining assets, predominately being any debtor balances due from other Group companies;
- Investigate and, if appropriate, pursue any claims that the Company may have against any person, firms or company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company,
- Do all such things and generally exercise all their powers as Administrators as they in their discretion consider desirable or expedient in order to achieve the purpose of the administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals;
- Distribute realisations to the secured and preferential creditors where applicable,
- Agree the claims of the unsecured creditors and distribute the Prescribed Part,
- Ensure all statutory and compliance matters are attended to, and
- Pay all administration expenses and bring the administration to an end when deemed appropriate by the Administrators

### The end of the administration

The administration will end automatically after 12 months from the date of appointment of the Administrators This period can be extended with consent of the creditors for up to 12 months or longer by application to the Court as required.

If the Administrators think the Company has no property which might permit a distribution to its unsecured creditors, or if they also consider that an exit from the administration into liquidation is not appropriate they will send a notice to the Registrar of Companies in accordance with Paragraph 84 of Schedule B1 to the Insolvency Act 1986 to bring the administration to an end and three months after the filing of the notice the Company will be deemed to be dissolved

If the Administrators are of the view that a dividend will become available to the unsecured creditors (other than by virtue of the prescribed part) it is appropriate for the Company to move from administration into CVL pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986. If applicable the Administrators will take steps to place the Company into CVL

Should a dividend not become available to the unsecured creditors but it is still appropriate for the Company to enter liquidation, the Administrators will petition the Court pursuant to Paragraph 79 of Schedule B1 to the Insolvency Act 1986 for an order to bring the administration to an end with a consequential order for the compulsory winding up of the Company

Pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986, should the creditors not nominate a Liquidator, the proposed Liquidators in a CVL are to be the Administrators or any successor office holder(s). Any act to be done by the Liquidators may be done by all or any one of them. Pursuant to Paragraph 83(7)(a) of Schedule B1 to the Insolvency Act 1986 and the Insolvency Rules, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of these proposals and before these proposals are approved

The Liquidators in a compulsory winding up will be appointed by the Court and may be the Administrators, or any successor office holder(s)

If the Administrators are of the view that it is appropriate for the creditors to consider the approval of a CVA the proposed supervisors are to be the Administrators or any successor office holder(s). Creditors may nominate different supervisors at the meeting of creditors convened to consider the CVA proposals

**Meeting of creditors**

Based on information currently available, the Administrators think that the Company has insufficient property to enable a distribution to be made to unsecured creditors, except from the prescribed part if applicable They are therefore not required to call a creditors' meeting pursuant to Paragraph 51 of Schedule B1 to the Insolvency Act 1986. The Administrators must however summon a meeting if requested to do so by a single or group of creditors whose debts amount to at least 10% of the total debts of the Company. The request must be in the prescribed form (form 2.21B) and be made within eight business days of the date of this report, in accordance with the Insolvency Rules The expenses of summoning and holding the meeting shall be paid by the creditor or creditors requesting the meeting will be required to lodge a deposit with the Administrators security for their payment The meeting may resolve that the expenses for summoning and holding the meeting should be paid as an expense of the Administration payable from the assets of the Company

In accordance with the Insolvency Rules where the Administrators have not called a creditors' meeting, the proposals set out below will be deemed to have been approved by the creditors unless at least 10% by value of the creditors requisition a meeting of creditors within eight business days of the date of this report

# 3. The Administrators' remuneration, disbursements and pre-appointment costs

### Administrators' remuneration

A summary of the work to be undertaken during the administration is set out at **Appendix D** together with a projected result statement which includes an estimate of the expenses likely to be incurred by the Administrators

The Administrators' remuneration will be drawn from the Company's assets and it is proposed that it will be charged by reference to the time incurred in attending to matters arising. Further details of how this will be calculated is set out below. The basis of the Administrators' remuneration has not yet been approved by creditors, and the Administrators have accordingly not drawn any remuneration in this case. The Administrators' fees for dealing with the assets subject to a fixed charge will be agreed with Aghoco 1389 Limited

Should the Company subsequently be placed into liquidation and the Administrators appointed as Liquidators, the basis agreed for the drawing of the Administrators' remuneration will also be that utilised in determining the basis of the Liquidators' remuneration, in accordance with the Insolvency Rules.

*Remuneration charged by reference to the time incurred in attending to matters arising*

The Administrators' remuneration which is proposed to be charged by reference to time incurred is set out on the fee estimates attached at **Appendix D**, details of any assumptions made in providing this estimate are set out therein. The time charged is based on computerised records capturing time charged by myself and my staff in dealing with the conduct of those aspect of the case being charged on a time cost basis Matters dealt with during the assignment are dealt with by different members of staff depending on the level of complexity and the experience required. Time is charged to the case in maximum units of six minutes. Charge-out rates are based on individual expertise, qualification and grade. The costs of the firm's support staff are not directly charged to the estate unless dealing with directly identifiable case specific matters.

Charge out rates are reviewed at least annually, details of FRP's charge out rates are included at **Appendix D**.

### Administrators' disbursements

The Administrators' disbursements are a recharge of actual costs incurred by the Administrators on behalf of the Company Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the administration of the Company, are paid by FRP at the HMRC approved mileage rate. It is proposed mileage is recharged and drawn at the HMRC approved mileage rate prevailing at the time the mileage was incurred.

### Pre-administration costs charged or incurred by the Administrators

The Company resolved to pay FRP Advisory LLP the sum of £30,000 plus VAT and disbursements for assisting with the placing of the Company into administration. This was paid before administration by the Company

Attached at **Appendix E** is a statement of pre-administration costs charged or incurred by the Administrators

I am seeking to obtain approval for the payment of pre-appointment legal and agents' fees, totalling £40,768 in accordance with the Insolvency Rules.

### Creditors' ability to challenge the Administrators' remuneration and expenses

Creditors have a right to request further information from the Administrators and further have a right to challenge the Administrators' remuneration and other expenses under the Insolvency Rules following receipt of a progress report. Further details of these rights can be found in the Creditors' Guide to Fees which you can access by using the following link <u>http://creditors.frpadvisory com/feesguide.htm</u> and select the "administrations" option Alternatively a hard copy of the relevant guide will be sent to you on request.

# 4. Estimated outcome for the creditors

FRP Advisory

### Estimated Outcome Statement

We attach at **Appendix D** an estimated outcome statement which has been prepared from the information provided by the directors, advice received in connection with the value of the Company's assets, estimated sums due to creditors and an estimate of our remuneration and other expenses that may be incurred during the course of this administration The notes accompanying the projected result statement details any assumptions made in compiling this estimate.

Based on the information available to date and the assumptions made I set out below the anticipated the outcome for creditors

### Outcome for Secured Creditor

The Company's secured creditor on appointment was Aghoco 1389 Limited who hold the following security instruments over the Company's assets.

| Description | Created | Particulars |
|---|---|---|
| Legal Charge | 24 March 2016 | Fixed and floating charge over all property and assets. |
| Legal Charge | 29 January 2016 | Charge over banking facilities Initially registered in favour of Barclays Bank plc. |
| Guarantee & Debenture | 18 October 2011 | Fixed and floating charge over all property and assets. Initially registered in favour of Barclays Bank plc |
| Guarantee & Debenture | 18 October 2011 | Fixed and floating charge over all property and assets. Initially registered in favour of Michael James Newton |

At the date of Administration, it is understood that the sum of approximately £4.875m was due to the Secured Creditor in respect of debt provided to the Company

It is understood that the Secured Creditor purchased the debt and security instrument of the Company's former secured creditors, Barclays Bank plc and Michael James Newton on 18 March 2016

The sums available to distribute to the Secured Creditor will be predominately dependent upon amounts realised from any balances due from other Group companies, together with the costs of the Administration process

However, it is anticipated that the Secured Creditor will suffer a significant shortfall.

### Outcome for Preferential Creditors

It is currently estimated that preferential creditors will total £4,000, being the employees' preferential element for arrears of pay, unpaid pension contributions and holiday pay as calculated in accordance with legislation It is anticipated that preferential creditors will be paid in full.

### Outcome for Unsecured Creditors

It is currently estimated that, subject to costs, a dividend will be available to unsecured creditors in due course from funds available under the prescribed part.

### Prescribed Part

The prescribed part is a carve out of funds available to the holder of a floating charge which is set aside for the unsecured creditors in accordance with Section 176A of the Insolvency Act 1986. The prescribed part only applies where the floating charge was created after 15 September 2003 and the net property available to the floating charge holder exceeds £10,000

The prescribed part, based on net property estimated to be £886,831 has been calculated to be approximately £182,000 The prescribed part is available for all unsecured creditors and where there are only sufficient funds to enable a dividend to be paid to unsecured creditors from the prescribed part, this will be paid by the Administrators.

# Appendix A

## Statutory information about the Company and the administration

**COMPANY INFORMATION:**

| | |
|---|---|
| Other trading names: | None |
| Date of incorporation | 30 December 1996 |
| Company number: | 03297192 |
| Registered office | No 1 Thellow Heath Park<br>Northwich Road<br>Antrobus<br>Northwich<br>CW9 6JB |
| Previous registered office: | The Mews<br>Arley Road<br>Appleton Thorn<br>Warrington<br>WA4 4RR |
| Directors. | Pauline Norstrom<br>Michael Newton<br>Nigel Petrie |
| Company secretary | Pauline Norstrom |

The directors and Company secretary have the following shareholdings in the Company:

| Name | Shares | Type | % |
|---|---|---|---|
| Michael Newton | 5,725,354 | Ordinary | 99 99 |

**ADMINISTRATION DETAILS:**

| | |
|---|---|
| Names of Administrators: | Russell Stewart Cash and David Thornhill |
| Address of Administrators: | FRP Advisory<br>7th Floor, Ship Canal House,<br>98 King Street, Manchester,<br>M2 4WU |
| Date of appointment of Administrators. | 15 April 2016 |
| Court in which administration proceedings were brought: | High Court of Justice, Chancery Division, Manchester District Registry |
| Court reference number | 2378 of 2016 |
| Date of notice of intention to appoint Administrators presented to Court | 21 March 2016 |
| Application for administration order/Administration appointment made by: | Aghoco 1389 Limited, the qualifying floating charge holder. |

# Appendix A

## Statutory information about the Company and the administration

The appointment of the Administrators included a declaration that they are acting jointly and severally as Administrators of the Company in accordance with Paragraph 100 of Schedule B1 to the Insolvency Act 1986

The EC Regulation on Insolvency Proceedings will apply in this matter and accordingly the administration will constitute main proceedings.

Extracts from the financial statements available are summarised below:

| **Balance Sheet** | **Management Accounts to 28 February 2016 £'000s** | **Draft Accounts to 30 June 2015 £'000s** | **Statutory Accounts to 30 June 2014 £'000s** | **Statutory Accounts to 30 June 2013 £'000s** |
|---|---|---|---|---|
| Tangible Fixed Assets | 413 | 452 | 517 | 440 |
| Intangible Fixed Assets | 19,766 | 19,776 | 19,800 | 21,374 |
| **Total Fixed Assets** | **20,179** | **20,228** | **20,317** | **21,814** |
| **Current Assets** | **587** | **730** | **1,760** | **1,939** |
| **Total Assets** | **20,766** | **20,958** | **22,077** | **23,753** |
| Current Liabilities | (14,469) | (11,665) | (13,658) | (15,402) |
| **Total Assets Less Current Liabilities** | **6,297** | **9,293** | **8,419** | **8,351** |
| Long Term Liabilities | (3,405) | (4,379) | - | - |
| **Net Assets** | **2,892** | **4,914** | **8,419** | **8,351** |
| Capital & Reserves | 5,725 | 5,725 | 5,725 | 5,725 |
| Profit & Loss | (2,833) | (811) | 2,694 | 2,626 |
| **Shareholders' Funds** | **2,892** | **4,914** | **8,419** | **8,351** |

# Appendix A

## Statutory information about the Company and the administration

| **Profit & Loss** | **Management Accounts to 28 February 2016 £'000s** | **Draft Accounts to 30 June 2015 £'000s** | **Statutory Accounts to 30 June 2014 £'000s** | **Statutory Accounts to 30 June 2013 £'000s** |
|---|---|---|---|---|
| **Turnover** | - | - | - | - |
| Costs of Sales | - | - | - | - |
| **Gross Profit** | - | - | - | - |
| **Administration Expenses** | **(2,821)** | **(3,283)** | **(4,043)** | **(4,513)** |
| **Operating Loss** | **(2,821)** | **(3,283)** | **(4,043)** | **(4,513)** |
| Interest & Exeptional Items | 797 | (221) | 4,162 | 3,909 |
| **Losses Before Taxation** | (2,024) | **(3,504)** | 119 | (604) |
| Taxation | - | - | (56) | 13 |
| **Loss for Financial Year** | **(2,024)** | **(3,504)** | **63** | **(591)** |

# Appendix B

# Administrators' Receipts & Payments Account

**Anglo Design Holdings Limited**
**(In Administration)**
**Joint Administrators' Abstract of Receipts & Payments**
**To 22/04/2016**

| S of A £ | | £ | £ |
|---|---|---|---|
| | SECURED ASSETS | | |
| 2,250,000 00 | Investments | NIL | |
| 90,000.00 | Intellectual Property | NIL | |
| | | | NIL |
| | COSTS OF REALISATION | | |
| (20,000.00) | Administrators' Fees | NIL | |
| (20,000.00) | Legal Fees | NIL | |
| (5,000.00) | Agents/Valuers Fees | NIL | |
| | | | NIL |
| | SECURED CREDITORS | | |
| (4,750,000.00) | Aghoco 1389 Limited | NIL | |
| | | | NIL |
| | ASSET REALISATIONS | | |
| 968,000.00 | Book Debts | NIL | |
| 30,779.00 | Cash at Bank | NIL | |
| | | | NIL |
| | COST OF REALISATIONS | | |
| (35,768.00) | Pre-Appointment Legal Fees | NIL | |
| (81,948 00) | Administrators' Remuneration | NIL | |
| (5,000.00) | Legal Fees | NIL | |
| | | | NIL |
| | PREFERENTIAL CREDITORS | | |
| (4,000 00) | Preferential Creditors | NIL | |
| | | | NIL |
| | UNSECURED CREDITORS | | |
| (14,192,000.00) | Unsecured Creditors | NIL | |
| | | | NIL |
| | DISTRIBUTIONS | | |
| (5,725,355 00) | Ordinary Shareholders | NIL | |
| | | | NIL |
| **(21,500,292.00)** | | | **NIL** |
| | REPRESENTED BY | | |
| | | | **NIL** |

# Appendix C

## Explanation of the pre-packaged sale in accordance with Statement of Insolvency Practice 16

FRP Advisory

FRP
Advisory

# Anglo Design Holdings Limited (In Administration)

Disclosure to creditors in accordance with Statement of Insolvency Practice 16

22 April 2016

# Contents and Glossary

## Sections

This document is split into the following sections:



## Abbreviations

The following abbreviations are used in this document.

| | |
|---|---|
| **FRP** | FRP Advisory LLP |
| **The Company** | Anglo Design Holdings Limited |
| **The Administrators** | Russell Cash and David Thornhill of FRP Advisory LLP |
| **SIP** | Statement of Insolvency Practice |
| **CVA** | Company Voluntary Arrangement |
| **IA86** | The Insolvency Act 1986 |
| **IR86** | The Insolvency Rules 1986 (as amended) |
| **CDDA86** | The Company Directors Disqualification Act 1986 |
| **IP** | Insolvency Practitioner |
| **NDA** | Non-Disclosure Agreement |
| **AD Aerospace** | AD Aerospace Limited |

# 1. Introduction

FRP Advisory

**To all known creditors**

Following the appointment of the Administrators on 15 April 2016 we are required to provide the creditors with a detailed narrative explanation of the justification of the pre-pack sale within seven days of completion in accordance with SIP 16

I set out in this document full details of the sale and reasons behind the decision for this sale and why it was considered to be in the overall best interests of all creditors of the Company as a whole

I can confirm that the transaction will enable the statutory purpose of the administration, being to achieve a better result for creditors that if the Company were immediately wound up, to be achieved and that the sale price realised was the best reasonably obtainable in all the circumstances

Should you require any further information regarding this report or the administration in general please contact Natasha Singh of my staff.

Yours faithfully
For and on behalf of
Anglo Design Holdings Limited

**Russell Cash**
**Joint Administrator**
Licensed in the United Kingdom by the Institute of Chartered Accountants in England & Wales and bound by the Insolvency Code of Ethics

The Joint Administrators act as agents of the Company and without personal liability

The affairs, business and property of the Company are being managed by Russell Stewart Cash and David Thornhill who were appointed Joint Administrators on 15 April 2016

# 2. Statement of Insolvency Practice 16 – Pre-packaged sales in administrations
## An overview for creditors

FRP Advisory

**What is a SIP?**

The purpose of SIPs is to promote and maintain high standards by setting out required practice and harmonising the approach of IPs to particular aspects of insolvency practice. They apply in parallel to the prevailing statutory framework

SIPs set principles and key compliance standards with which IPs are required to comply. Failure to observe the principles and/or maintain the standards set out in a SIP is a matter that may be considered by an IP's regulatory authority for the purposes of disciplinary or regulatory action in accordance with that authority's membership and disciplinary rules.

SIPs set out required practice, but they are not statements of the law or the obligations imposed by insolvency legislation itself.

**What is a pre-packaged sale?**

The term 'pre-packaged sale' refers to an arrangement under which the sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an administrator and the administrator effects the sale immediately on, or shortly after, appointment.

The particular nature of an IP's position in these circumstances renders transparency in all dealings of primary importance. Creditors and other interested parties should be confident that the IP has acted professionally and with objectivity, failure to demonstrate this clearly may bring the practitioner and the profession into disrepute

**What are the principles of SIP 16**

The IP should differentiate the roles that are associated with an administration involving a pre-packaged sale

Creditors should be provided with sufficient information such that a reasonable and informed third party would conclude that the pre-pack was appropriate and that the administrator has acted with due regard for the creditors' interests.

**Key Compliance Standards**

Preparatory work – the IP should be clear about the nature and extent of the role of adviser in the pre-appointment period. The IP should bear in mind the duties and obligations owed to both the company and the creditors in the pre-appointment period. The IP should keep a detailed record of the reasoning behind the decision to undertake a pre-packaged sale and all alternatives considered.

After appointment – the administrator should be able to demonstrate that the duties of an administrator have been considered.

Disclosure – the administrator should provide creditors with a detailed narrative explanation of the justification of the pre-pack sale within seven days of completion. The following information should be included:

- Source of the initial introduction to the IP;
- Pre-appointment considerations,
- Marketing of the business and assets,
- Valuation of the business and assets, and
- Details of the transaction including the assets sold and the consideration received

The SIP does not restrict an administrator from not disclosing information in certain limited circumstances in accordance with the IA86.

**Further information**

A copy of SIP 16 can be found from the following link http //creditors frpadvisory.com/feesguide.htm.

# 3. Background information and events leading to the appointment of the Administrators

FRP Advisory

### Background information regarding the Company

The AD Group ("Group") headquartered in Daresbury, UK, is a global video solutions provider, primarily to security, safety and video surveillance applications The Group's primary activities are undertaken by a number of 100% owned subsidiary companies including AD Aerospace and Dedicated Microcomputers Limited

Anglo Design Holdings Limited ("the Company") is the ultimate non-trading parent company of the Group and was incorporated on 30 December 1996 The Company operated from leasehold premises and employed 35 staff, predominately providing head office and support functions for the rest of the Group.

### Events leading to the appointment of the Administrators

The long established Group has been loss making for a number of years as turnover has significantly reduced, from c£80m in 2005 to c£15m with the reduction in the cost base lagging behind falls in turnover levels

The Group's financial position has been further impacted by a number of onerous property leases, as well as a significant legacy defined benefit pension scheme deficit of c£1 35m which sits in a subsidiary, Dennard Limited The Group has been making deficit reduction payments of c£300k p/a, in addition to the annual PPF levy of c£70k for the last 11 years

A further legacy of the enlarged Group was substantial debt with Barclays Bank plc which stood at c£14m in 2005 Despite the losses made by the Group, it was able to pay down the debt to c£4m

These issues, in addition to an unsustainable cost base have led to significant cash flow pressures over recent years and despite numerous attempts by the Directors to sell or restructure the Group, it has not been possible to turn the business around.

### Purpose of the administration

In accordance with Paragraph 3 of Schedule B1 to the IA86 an Administrator of a company must perform his functions with the objective of

a) Rescuing the Company as a going concern, or

b) Achieving a better result for the Company's creditors as a whole than would have been likely if the Company were wound up (without first being in administration) or,

c) Realising property in order to make a distribution to one or more of the secured or preferential creditors

Based on current information the purpose of the administration will be to achieve objective (b) by securing a sale of certain of the Company's assets as a going concern

This strategy is anticipated to maximise the return to creditors through realising the greatest possible value for the Company's assets.

### Administrators' initial introduction and pre-appointment involvement

FRP Advisory LLP was introduced to the Company by Maghsoud Einollali ("ME"), the 50% shareholder of the Group's Secured Creditor, Aghoco 1389 Limited, on 1 March 2016 The other 50% shareholder is Michael James Newton ("MN"), a Director and majority shareholder of the Company.

FRP were subsequently engaged by the Company on 11 March 2016 to assist the Directors in reviewing their options and obligations, including advice in relation to the appointment of Administrators and the marketing of the business and assets where appropriate

As noted in Section 4 of the proposals, Aghoco 1389 subsequently purchased the debt and security instruments of the Group's previous secured creditors, Barclays Bank and MN, on 18 March 2016.

# 3. Background information and events leading to the appointment of the Administrators

In order to protect the Company from proprietary creditor action, a notice of Intention to Appoint Administrators ("NOI") was filed on 21 March 2016. Despite the existence of the NOI, a winding up petition was filed and received on 22 March 2016 from Magali Limited, the landlord of the Company's vacant Daresbury property in respect of rent arrears totalling c£150k This was subsequently withdrawn however, with effect from 1 April 2016

Following the expiry of the NOI however, a further period of protection was sought due to a number of delays experienced as a result of the incorrectly filed petition. During this process however, a further winding up petition was filed and received on 6 April 2016 from Magali Limited

As a result of the existence of the winding up petition, a director-led appointment of Administrators was no longer possible and so the qualifying floating charge holder, Aghoco 1389, subsequently filed a Notice of Appointment of Administrators in court on 15 April 2016, whereupon David Thornhill and I were appointed Joint Administrators.

**Alternative courses of action considered**

**Non Trading Administration**

The directors considered a sale of the share capital of AD Aerospace, prior to the appointment of Administrators, however due to the filing of the winding up petition and concerns around S127 of IA86, whereby transactions entered into after the presentation of the petition are void unless approved by the court, this was no longer deemed to be a possibility.

**Trading in Administration**

This was not considered feasible as:

- It was deemed unlikely that a period of trading would generate an improved offer for Company's business and assets;
- Whilst a limited trading period has been entered into to provide transitional services during the interim period, a full trading situation, without the support of the Secured Creditor, would likely have resulted in significant costs being incurred and a substantial trading loss which would have eroded the return to creditors;
- Any administration appointment in AD Aerospace would result in the loss of key contracts within the business This would significantly reduce the value of the business, the recoverability of the debtor ledger and the unsecured creditor position as it would be anticipated that customers would have significant claims for failure to deliver contracts; and
- The sale of the business as a going concern was forecast to result in a better return to creditors than a trading administration.

**CVA**

This was not considered viable for the following reasons:

- In view of the historic trading performance of the Company, the Company was deemed unlikely to generate significant profit/cash to underpin a proposal to creditors;
- The Company would require significant funding in order to continue to operate and it was considered unlikely that any 3rd party funds would be made available in a CVA.

**CVL**

This was not considered for the following reasons:

- Placing the Company into liquidation would necessitate a break in trade, devaluing the business of AD Aerospace;
- As detailed above, any insolvency process in relation to AD Aerospace would have a significant impact on the value of the business, the recoverability of its debtor ledger and quantum of unsecured creditors

# 4. Pre-appointment considerations

FRP Advisory

**Consultation with major creditors**

**Secured Creditor**

As presented in Section 4, the Company's sole secured creditor, Aghoco 1389, who are understood to be owed c£4 875m, were communicated with throughout the process and were supportive of the proposed strategy.

**Unsecured Creditors**

A closed defined benefit pension scheme is in place in a group subsidiary, Dennard Limited, which has a deficit of c£1.35m and of which the Company is the guarantor Prior to our appointment as Administrators, the PPF was contacted to advise them of the position

In addition, the landlord in respect of the vacant Daresbury property, Magali Limited, was also communicated with throughout the process by the Directors to advise them of the Company's position

Following the receipt of the winding up petition from the landlord on 6 April 2016, the landlord's solicitor was also updated with the proposed strategy.

**Previous acquisitions from an Insolvency Practitioner**

There have been no such historic transactions from an Insolvency Practitioner

**Marketing activities undertaken**

The share capital of AD Aerospace had been marketed twice by Zeus Capital ("Zeus"), a leading independent investment banking boutique over the last 3 years, most recently during the latter half of 2015

The Joint Administrators have reviewed this sale process and it is apparent that a full marketing process was undertaken with a number of high end technology businesses across the world being contacted. Due to the nature of the business it is apparent that any purchaser would likely have to be sector specific to possess the skills and expertise to be able to take the business forward

The business is heavily reliant on the skills and expertise of MN. It is anticipated that any offer would have been entirely dependent on MN's continued involvement as there is significant uncertainty over the ability of AD Aerospace to continue developing the technology required to fulfil customer contracts without his skills.

It is apparent that two offers were received during the course of the Zeus marketing process, detailed below:

Party 1· An indicative offer of £2 85m, less specific sums of £830k relating to warranty and royalty charges on certain contracts

Significant concerns were raised during the due diligence process surrounding the ability of AD Aerospace to meet customer contracts which led to uncertainty over both the likelihood of any transaction being completed and the quantum of the final offer

Party 2· An offer of £1 5m was received, however this also required the Company to continue funding certain costs for a period post transaction which would further dilute realisations.

The Joint Administrators held discussions with both parties on Monday 11 April 2016 however both parties confirmed that they did not have the ability to proceed in the necessary timescales. Furthermore, Party 1 indicated that given the circumstances surrounding the Group, their offer would likely fall.

In addition to the exercise undertaken by Zeus, FRP sent 104 e-briefs to potentially interested parties on Friday 8 April 2016 from their internal database, as well as placing an advert on IP-Bid com.

From this exercise, a total of 8 NDA's were signed and initial discussions held with a number of those parties.

All parties confirmed however that they did not have the appetite to progress their interest further

An offer received from Aghoco 1389 of £2.25m for the share capital of AD Aerospace therefore appears reasonable in light of the above

# 4. Pre-appointment considerations

FRP Advisory

## Valuation of assets

### Shares in AD Aerospace

In light of the offers detailed above, the value of the entire share capital in AD Aerospace can be determined by offers received to date at fair value. No formal valuation has taken place in this regard

### Intellectual Property

The Joint Administrators instructed Metis Partners Limited to value the intellectual property of the Company. Metis Partners are specialists in the valuation of such assets in distressed scenarios.

Metis Partners indicated a value of between £85k and £195k for the intellectual property assets of the business

Metis Partners have confirmed their independence in relation to this valuation and provided confirmation that they hold sufficient professional indemnity insurance

### Offers received and further negotiations

The detail of the offer received from Aghoco 1389 is set out as follows:

| £'000 | |
|---|---|
| 100% Share Capital of AD Aerospace | 2,250 |
| Intellectual Property | 90 |
| Total | **2,340** |

## The transaction

The Company was placed into Administration on 15 April 2016.

The Joint Administrators completed a sale of certain of the Company's assets to the Purchaser on the same day.

Purchaser and related parties

Aghoco 1389 are considered to be a connected party as MN, a director and majority shareholder of the Company, is a director and 50% shareholder

Aghoco 1389 are also the Secured Creditor of the Company.

Assets

The assets transferred were the entire share capital of AD Aerospace and selected intellectual property

The transaction excluded any other assets of the Company, such as any debtor balances due from other Group companies

Sale consideration

As the sale consideration of £2,340k, plus VAT, is in respect of assets captured under the fixed charge security of the Secured Creditor, it has been agreed that the consideration will not be physically received by the Administrators. It shall therefore be deemed that the consideration has been received and then subsequently distributed to the Secured Creditor in part satisfaction of their debt

There are no options, deferred consideration or conditions to the deal.

A buy-back agreement has been included within the sale in the event that an offer is received by the Administrators post appointment however the terms of this are confidential

It is not believed that the Purchaser has sought independent accountancy advice. The Purchaser engaged Addleshaw Goddard LLP as their legal representatives.

# 4. Pre-appointment considerations

FRP
Advisory

**Pre-pack pool consultation**

The Purchaser has been encouraged by FRP Advisory LLP to approach the pre-pack pool to provide an opinion on the transaction. It is understood however, that no approach was made.

**Viability review**

FRP Advisory have received 12 month forecasts from the Purchaser which demonstrate a profitable and cash generative business going forward, predominately as a result of the substantially lower cost base along with a renewed focus on sales and marketing

# Appendix D

## The Administrators' remuneration, disbursements and costs information

**Anglo Design Holdings Limited - Estimated Outcome Statement as at 22 April 2016**

| | Notes | £ | £ |
|---|---|---|---|
| **Fixed Charge Assets** | | | |
| Intellectual Property & Business Name | 1 | 90,000 | |
| Shares | 1 | 2,250,000 | |
| **Total Fixed Charge Assets** | | | **2,340,000** |
| | | | |
| Less Joint Administrators' Fees | | -20,000 | |
| Less Legal Fees | | -20,000 | |
| Less Agents' Fees | | -5,000 | |
| Less Aghoco 1389 Limited | | -4,750,000 | |
| **Shortfall to Fixed Chargeholder** | | | **-2,455,000** |
| | | | |
| **Floating Charge Assets** | | | |
| Intercompany Debtors | 2 | 968,000 | |
| Cash at Bank | | 30,779 | |
| **Total Floating Charge Assets** | | | **998,779** |
| | | | |
| Less Pre-Appointment Legal Fees | | -35,768 | |
| Less Joint Administrators' Fees | | -81,948 | |
| Less Legal Fees | | -5,000 | |
| **Available to Preferential Creditors** | | | **876,063** |
| | | | |
| Preferential Creditors | 3 | | -4,000 |
| **Net Property** | | | **872,063** |
| | | | |
| Less Prescribed Part | | | -179,411 |
| | | | |
| Available to Floating Charge Creditors | | | 692,652 |
| | | | |
| Less Aghoco 1389 Limited | | | -2,455,000 |
| Shortfall to Aghoco 1389 Limited | | | -1,762,348 |
| | | | |
| Prescribed Part | | | 179,411 |
| Available to Unsecured Creditors | | | 179,411 |
| | | | |
| Trade & Expense Creditors | | -2,344,000 | |
| Landlord | | -750,000 | |
| Intercompany Creditors | | -9,663,000 | |
| Pension Scheme Deficit | | -1,335,000 | |
| Employees | | -100,000 | |
| **Total Unsecured Creditors** | | | **-14,192,000** |
| | | | |
| **Shortfall to Unsecured Creditors** | | | **-14,012,589** |
| | | | |
| Share Capital | | | -5,725,355 |
| | | | |
| **Estimated Shortfall to Members** | | | **-19,737,944** |

Notes

1. As per the sale and purchase agreement with NetVu Limited

2 Intercompany balance due from AD Aerospace Limited, a subsidiary, as per the Company's accounting records. The Joint Administrators are to review this balance in the course of the Administration

3 Estimate based on available information, this amount may increase as former employees submit claims

**Anglo Design Holdings Limited - In Administration**
**Joint Administrators' fee estimate as at 22 April 2016**

| Activity | Total Hours | Total Cost (£) | Average hourly rate £ |
|---|---|---|---|
| ADMINISTRATION | 101 0 | 26,548 | 263 |
| ASSET REALISATION | 53 0 | 15,355 | 290 |
| STATUTORY COMPLIANCE AND REPORTING | 85 5 | 24,670 | 289 |
| TRADING | 40 0 | 11,935 | 298 |
| INVESTIGATION | 33 0 | 9,370 | 284 |
| CREDITORS | 48 0 | 14,070 | 293 |
| LEGAL AND LITIGATION | - | - | - |
| TOTAL | 360 5 | 101,948 | |

| Hourly Charge out rates | £ |
|---|---|
| Appt taker/partner | 370-400 |
| Managers/directors | 270-370 |
| Other professional | 160-225 |
| Junior Professional/support | 70-105 |

The above fee estimate is based on the following assumptions

All remaining assets are realised within 6 months
No other signficant assets are identified

Full co-operation is received from the directors and all other parties whom the office holder may contact in connection with this insolvency process

There is no undue delay in agreeing creditor claims at such time as there may be sufficient funds to pay a distribution to creditors
The administration of this process is completed within 12 months

The office holder anticipates that it will not be necessary to seek further approval

Time costs are maintained on computerised records of all time spend on the administration of each case Matters dealt with during the assignment are dealt with by different members of staff depending on the level of complexity and experience required Time is charged to the case in maximum of six minute units Charge-out rates are based on individual expertise, qualification and grade The costs of the firm's support staff are not directly charged to the estate unless dealing with directly identifiable case specific matters Charge out rates are reviewed at least annually, details of FRP charge out rates applicable to this assignment are set out above

Further information can be found in the Creditors' Guide to Fees which you can access using the following link http //www frpadvisory com/fees-guide html Alternatively, a hard copy of the relevant guide will be sent to you on request

On occasions it may be necessary to change the rates applicable to the work undertaken and if this occurs during the period of the assignment this will be notified to creditors as part of the normal reporting procedures

**FRP ADVISORY LLP**

**Anglo Design Holdings Limited – In Administration**

**Details of work anticipated to be undertaken by the office holders in connection with this assignment**

## Administration and planning

Pre-appointment matters

Obtain all relevant information in order to properly consider all options and the relevant impact of each option available and consider the most suitable formal insolvency procedure in the circumstances

If employees are affected to ensure the employer is recommended to seek appropriate advice to comply with relevant employment regulations Assisting employees where appropriate with completion of their documentation for making claims to the Redundancy Payments Office.

Where appropriate liaising with secured lenders and other significant creditors

Complying with internal take on procedures to identify any professional or ethical or conflict matters

Conducting money laundering risk assessment procedures and know your client identification procedures as required by the Money Laundering Regulations.

Consider if there are other industry specific regulatory or statutory issues to address (e.g. FCA registration).

Consider if any environmental or health and safety issues to deal with.

Post appointment matters

Setting up and administering bank accounts.

Correspond with accountants/auditors/bankers/insurers/solicitors and other advisors to request further information to assist in general enquiries.

Regularly reviewing the case as required by the regulatory bodies to ensure all statutory matters are adhered to and the case is progressing

## Assets

Arrange insurance as required to protect available assets

Taking the necessary steps to ensure all assets are protected and under the control of the office holder(s)

Consideration of any VAT bad debt relief claim being made

Consider likelihood of additional recoveries being made e g Antecedent transactions, mis-selling.

Where applicable disclaiming assets which are onerous

Reconcile intercompany position and collect any monies outstanding

Liaise with the Company's bankers and collect any credit balances

## Statutory Compliance and Reporting

Dealing with all appointment formalities including notification to relevant parties, filings with the Court, the Registrar of Companies, and statutory advertising

Arranging for an insolvency bond to protect the assets available for preferential and unsecured creditors

FRP Advisory

**FRP ADVISORY LLP**

**Anglo Design Holdings Limited – In Administration**

**Details of work anticipated to be undertaken by the office holders in connection with this assignment**

If required the formal setting up of a creditors' committee and regular reporting to them as necessary

Dealing with tax and VAT matters arising following appointment.

Requiring the completion of a statement of affairs and filing this with the Registrar of Companies

Statutory reporting to all relevant parties and filing of those reports in accordance with the legislation.

Obtaining approval for the basis of the Insolvency Practitioners fees

Establish the existence of any pension schemes and staging dates for auto-enrolment and take appropriate action to notify all relevant parties and appoint independent trustees if required

Reporting to members/creditors as required by legislation to update them on the progress of the matter during the reporting period and filing statutory reports as required. Dealing with any queries arising following circulation of statutory reports.

Bringing the conduct of the insolvency process to a close when all matters are complete in accordance with the relevant requirements.

**Trading (where applicable)**

Adhere to FRP's internal protocols to obtain approval to continue to trade.

Prepare trading forecasts and obtain funding if necessary to support ongoing trading.

To set up accounts with suppliers and agree terms.

To set up relevant systems to ensure trading is monitored.

Ensure details of all relevant social media sites, e mail addresses and websites are captured and appropriately controlled.

Liaise with utility companies and other suppliers as necessary

**Creditors**

Dealing with creditors or third parties claiming ownership or reservation of title to assets in the possession of the insolvent estate

Assisting employees with their claims and liaising with the Redundancy Payments Office.

Establishing the position with regards assets on finance and arranging for assets to be returned to finance company if needed.

Establishing the position with regards leasehold properties and liaising with landlords

Ascertaining if a prescribed part distribution is applicable

Liaising with HMRC to establish their claim and seeking tax advice to minimise claims and maximise returns to creditors where appropriate.

If sufficient funds are available to make a distribution to creditors to advertise for claims, request submission of claims from all known creditors and adjudicate on those claims where there are sufficient funds to make a distribution either agreeing or rejecting, in full or in part.

**Investigations**

Conducting initial enquiries into the conduct of the insolvent and if appropriate associated parties.

**FRP ADVISORY LLP**

**Anglo Design Holdings Limited – In Administration**

**Details of work anticipated to be undertaken by the office holders in connection with this assignment**

Following conclusion of these investigations reporting findings as required to the Department of Business Innovation and Skills and/or the Insolvency Service

Following initial investigations to consider if potential action could be taken to swell the assets available in the estate To weigh up the merits of proceeding; the most appropriate course of action and possible further consultation with creditors

**Legal and Litigation**

Seeking legal advice as and when needed throughout the assignment

FRP Advisory

**FRP ADVISORY LLP ("FRP")**

**HOURLY CHARGE OUT RATES WITH EFFECT FROM 1 MAY 2015**

| Charge out rates | £/hour |
|---|---|
| Appointment taker/Partner | 370-400 |
| | |
| Managers/Directors | 270-370 |
| | |
| Other Professional | 160-225 |
| | |
| Junior Professional/Support | 70-105 |

Time costs are maintained on computerised records of all time spend on the administration of each case Matters dealt with during the assignment are dealt with by different members of staff depending on the level of complexity and experience required Time is charged to the case in maximum of six minute units Charge-out rates are based on individual expertise, qualification and grade The costs of the firm's support staff are not directly charged to the estate unless dealing with directly identifiable case specific matters Charge out rates are reviewed at least annually, details of FRP charge out rates applicable to this assignment are set out above

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On occasions it may be necessary to change the rates applicable to the work undertaken and if this occurs during the period of the assignment this will be notified to creditors as part of the normal reporting procedures

**DISBURSEMENT POLICY**

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment

There are two types of disbursements, direct disbursements (known as Category 1) and indirect disbursements (known as Category 2)

**Category 1 disbursements:**

These are payments to independent third parties where there is specific expenditure directly referable to the appointment in question, these include but are not limited to such items as case advertising, storage, bonding, searches, insurance

Category 1 disbursements can be drawn without prior approval

**Category 2 disbursements**

These are expenses that are directly referable to the appointment in question but not to a payment to an independent third party With the exception of mileage FRP do not charge category 2 disbursements

Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the insolvency estate, are paid by FRP at the HMRC approved mileage rate prevailing at the time the mileage was incurred, at the time of this report this is 45p per mile

Category 2 disbursements require prior approval in the same manner as an office holder's remuneration

# Appendix E

## Schedule of pre-administration costs

| | Note | Fees Charged (£) | Expenses Incurred (£) | Costs Paid to Date (£) | Outstanding Fees to be Paid (£) |
|---|---|---|---|---|---|
| FRP Advisory LLP | 1 & 2 | 33,352 75 | 279 68 | 30,069.00 | NIL |
| Pinsent Masons LLP | 3 | 35,768 00 | NIL | NIL | 35,768 00 |
| Metis Partners Limited | 4 | 5,000 00 | NIL | NIL | 5,000.00 |
| Unpaid pre-administration costs for which approval is being sought | 5 | 40,768.00 | | | 40,768.00 |

**Notes**

1 The costs detailed above have been incurred in accordance with the letter of engagement dated 11 March 2016 between the Company and FRP Advisory LLP ("FRP") which was signed by the Company on 11 March 2016 The letter of engagement provided that pre-appointment fees would be charged on a time cost basis Payment of £30,000 plus VAT and disbursements was made to FRP Advisory by the Company in this respect Further detail of the work undertaken in Appendix D

2 Under the terms of the engagement letter dated 11 March 2016, FRP were to provide the Company with the following services

- i Advise the directors in relation to the appointment of Joint Administrators
- ii Assist the directors and members in filing the appropriate legal notices to obtain a Court moratorium
- iii Assist the directors in preparing supporting information to be made available to potential purchasers ("Interested Parties") of the business and/or assets
- iv Conducting negotiations as appropriate with a view to the sale of the business and/or assets and provide the Company with regular updates on the sales process and status of negotiations.
- v As may be required, prepare a contingency plan for the event that a sale of the business and/or assets as a going concern appears unlikely
- vi Deal with any matters in connection with our statutory obligation, including but not limited to those contained within "SIP 16" (attached at appendix 4), in order to effect a sale of the business of the Company immediately upon the appointment of Joint Administrators
- vii Liaising with the Bank and other key creditors throughout the process
- viii Provide advice to the Company on any other matters we consider should be brought to their attention

# Appendix E

## Schedule of pre-administration costs

3. The work undertaken by Pinsent Masons LLP consisted of drafting the sale and purchase contract, transitional services agreement and attendant assignment of intellectual property rights, in addition to drafting and filing the relevant documentation to place the Company into Administration

4 Metis Partners Limited provided a valuation and advice regarding the Company's intellectual property

5 The payment of these unpaid costs as an expense of the administration is subject to approval in accordance with the Insolvency Act 1986 and is not part of the proposals subject to approval in accordance with Paragraph 53 of Schedule B1 to the Insolvency Act 1986