

# AM03

## Notice of administrator's proposals



Companies House

TUESDAY



\*A8BRS0UZ\*

A19

13/08/2019

#292

COMPANIES HOUSE

### 1 Company details

Company number 0 4 5 2 8 2 4 4

Company name in full Kaliber Marketing (Holdings) Limited

→ Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Craig

Surname Johns

### 3 Administrator's address

Building name/number Regency House

Street

Post town 45-53 Chorley New Road

County/Region Bolton

Postcode B L 1 4 Q R

Country

### 4 Administrator's name ①

Full forename(s) Jason Mark

Surname Elliott

① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number Regency House

Street

Post town 45-53 Chorley New Road

County/Region Bolton

Postcode B L 1 4 Q R

Country

② Other administrator

Use this section to tell us about  
another administrator.

# Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**  
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. <sup>1</sup>  
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**  
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**  
Please complete in typescript or in bold black capitals.  
  
All fields are mandatory unless specified or indicated by \*

## 1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

<sup>1</sup> You can use this continuation page with the following forms:  
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7  
- CVA1, CVA3, CVA4  
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25  
- REC1, REC2, REC3  
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15  
- COM1, COM2, COM3, COM4  
- NDISC

## 2 Insolvency practitioner's name

Full forename(s) Nick

Surname Brierley

## 3 Insolvency practitioner's address

Building name/number Regency House

Street 45-53 Chorley New Road

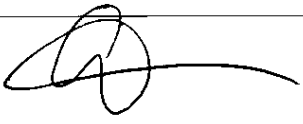
Post town Bolton

County/Region

Postcode B L 1 4 Q R

Country

AM03  
Notice of Administrator's Proposals

6		Statement of proposals		
		<input checked="" type="checkbox"/>	I attach a copy of the statement of proposals	
7		Sign and date		
Administrator's Signature	Signature			
Signature date	<div><div>d</div><div>0</div></div> <div><div>d</div><div>9</div></div>	<div><div>m</div><div>0</div></div> <div><div>m</div><div>8</div></div>	<div><div>y</div><div>2</div></div> <div><div>y</div><div>0</div></div> <div><div>y</div><div>1</div></div> <div><div>y</div><div>9</div></div>	

**Joint Administrators' Report and Statement  
of Proposals Pursuant to  
Paragraph 49 of Schedule B1**

**Kaliber Marketing (Holdings) Limited T/A KAT (formerly T/A  
KAT UK) -  
In Administration**

**cowgills**

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## 1 Introduction and Background

### Company History

- 1.1 Kaliber Marketing (Holdings) Limited (the Company) was incorporated on 6 September 2002 by David James Richards (DJR) for the purpose of providing trade manufacturers high quality PVCu patio sliding doors.
- 1.2 DJR had extensive experience in this industry, having previously been involved with a similar business, and at the time of incorporation, did not consider there to be a specialist manufacturer of high quality PVCu patio sliding doors. Latterly, the Company supplied and manufactured Aluminium and PVCu windows and doors.
- 1.3 The Company conducted its business in the UK and Ireland; however, it only traded from three leased units (owned by an independent third party), and a Head Office, in Macclesfield.
- 1.4 Initial start-up funding was secured via director/shareholder funds and subsequently associated companies have also provided working capital assistance throughout trading, as and when it was required.
- 1.5 In addition, the Company operated an authorised overdraft facility provided by the Company's bankers, National Westminster Bank Plc (NatWest), which was limited to £400,000. However, in 2017, the overdraft was converted to a £300,000 loan which was to be repaid over the next three years. The loan is subject to a personal guarantee provided by DJR, limited to £100,000. This loan is further secured by way of a debenture incorporating a fixed and floating charge over the assets of the Company, and a cross-guarantee provided by an associated entity, Universal Arches Limited (UAL).
- 1.6 Also, in 2017, the Company entered into an £1M Invoice Discounting Facility provided by RBS Invoice Finance Limited (RBSIF). RBSIF were granted the benefit of a debenture incorporating a fixed and floating charge over the Company's assets on 2 June 2017, in respect of the facility.
- 1.7 Following a period of success in which the Company recorded significant profits in the 2015 and 2016 financial years, it subsequently encountered supply issues with its primary aluminium supplier. As a result, in early 2017, the Company began to seek supply from a new source. This proved to be problematic due to the following reasons:
  - *The Company's customers were not informed of the change of supply and therefore their showrooms displayed products that were no longer supplied;*
  - *The pricing of supply changed and this was not reflected in the Company's pricing;*
  - *Lead times for customers increased from approximately 2 weeks to 6-8 weeks and, as a result, deliveries were not fulfilled in time, and customers lost faith in the supply by the Company and began to purchase products from its competitors; and*
  - *The quality of the product supplied was inferior to that previously supplied.*
- 1.8 In addition to this, a number of key sales and operational staff left the Company and had to be replaced. The skills that had been built over fifteen years of trading was lost, and significant time and resource was invested in training new personnel.

- 1.9 The directors made an attempt to sell the Company's business in 2018; however, the sale fell away following a period of due diligence undertaken by the prospective purchaser. Subsequent to the sale falling away, in December 2018, loans were granted by associated entities to assist with the Company's working capital requirements, and two experienced sales staff were recruited in early 2019 to assist with the growth of sales. However, insufficient new business was generated.
- 1.10 In March 2019, the Company had fallen into arrears with its landlord and an informal payment arrangement was successfully agreed in April 2019. The arrangement was on the basis that the June quarter rent was paid on time, so by 24 June 2019. However, the June quarter payment could not be made on time and the landlord's representative threatened enforcement action.
- 1.11 The Company had also fallen slightly behind with its tax obligations in relation to PAYE/Ni and VAT and was under increasing pressure from its trade suppliers who were all in a position to commence legal proceedings.
- 1.12 To summarise, the Company's demise has been attributed to:
- *the loss of confidence from repeat customers,*
  - *the loss of key personnel, and*
  - *the loss of revenue and profits as a direct result of the above.*

Pre-appointment Engagement

- 1.13 In light of the Company acknowledging that there was no real prospect in the immediate future that the Company would generate sales at the level required, together with the immediate requirement for additional working capital, the directors sought advice from LBW Chartered Accountants, who in turn introduced the directors to Jason Elliott, licensed Insolvency Practitioner of Cowgill Holloway Business Recovery LLP (CHBR).
- 1.14 On 2 July 2019, an initial meeting to obtain sufficient information about the Company was held, with Brian Welsh (BW) (Chief Executive Officer and former director) and Jason Elliott of CHBR in attendance.
- 1.15 Shortly thereafter, on 9 July 2019, Jason Elliott attended a board meeting with DJR and BW being present, whereby the board analysed the Company's:
- *financials for the month of June 2019,*
  - *current creditor position,*
  - *cashflow position,*
  - *recent operational changes, and*
  - *current overheads and cashflow required to break-even.*

- 1.16 A number of options were considered by the Board at the meeting, such as:
- *continuing trade and reducing monthly costs by £50,000-£70,000,*
  - *considering a Company Voluntary Arrangement,*
  - *considering selling the Company's business again, and*
  - *placing the Company into Administration in the event a sufficient cash injection could not be received by 31 July 2019.*
- 1.17 It soon became apparent that the Company could not raise the additional funding it urgently required. The Company was deemed to be insolvent and was unable to continue operating in its current form and CHBR advised that a formal insolvency process would be appropriate under the circumstances.
- 1.18 Once all the options had been considered by the Board, it was decided that the most appropriate option was for the Company to enter into an Administration process, with a view to completing a sale of all or part of the Company's business. In these circumstances the Company's intangible assets would be preserved (which would not ordinarily be achieved in a Liquidation scenario), which would in turn generate a more favourable outcome for creditors as a whole. Further, with potential interest from DJR in purchasing the business and assets, an Administration process again seemed to be the most suitable option in the circumstances.
- 1.19 On 22 July 2019, BW, DJR and Jonathan Kay of Robson Kay Associates Limited (RKA) attended the offices of CHBR to meet with Jason Elliott and his colleague, and director of CHBR, Nick Brierley. It was at this meeting that the Administration process, the marketing campaign and DJR's interest in acquiring the business and assets of the Company was discussed in greater detail. CHBR were formally engaged by the Company at that meeting on 22 July 2019.
- 1.20 A Notice of intention to appoint an administrator (NOI) was subsequently filed in Court on 22 July 2019 with Craig Johns, Nick Brierley and Jason Elliott proposing to act as Joint Administrators. In filing the NOI, the Company was afforded protection from its creditors for a period of ten business days. The NOI was subsequently served on the Company and RBSIF/NatWest confirmed acceptance of electronic service on 23 July 2019.
- 1.21 Shortly prior to the filing of the NOI, independent valuation agents, RKA had commenced a marketing campaign. Full information on the marketing undertaken prior to the date of Administration, offers considered and subsequently accepted pursuant to the requirements of Statement of Insolvency Practice 16 can be found at Appendix H and should be read in conjunction with the remainder of this report.
- 1.22 As a result of the marketing campaign, a sale of the Company's PVCu business and certain assets was negotiated and agreed to Spitfire Doors Limited (SD) with the sale completing on 2 August 2019. A Notice of appointment was subsequently filed in Court.
- 1.23 Craig Johns, Jason Mark Elliott and Nick Brierley of Cowgill Holloway Business Recovery LLP, Regency House, 45-53 Chorley New Road, Bolton, BL1 4QR were appointed Joint Administrators of the Company by the directors on 2 August 2019. Craig Johns, Jason Mark Elliott and Nick Brierley are licensed to act as Insolvency Practitioners in the UK by the Insolvency Practitioners Association.

Post appointment

- 1.25 Seven days after the date of Administration, on 9 August 2019 a sale of the Company's aluminium assets, which had been negotiated and agreed prior to the date of Administration completed to Ayrshire Doors & Windows Limited (ADW).
- 1.26 The PVCu business and aluminium asset sales are discussed further throughout this report; however, for further details please refer to Appendix H.
- 1.27 This firm's Privacy Notice about the way that we will use, and store personal data can be found at <https://www.cowgills.co.uk/services/business-recovery/privacy-notice/>. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.28 For the purposes of paragraph 100(2) of Schedule B1 the administrators may exercise any of the powers conferred on them by the IA 1986 jointly or individually.
- 1.29 The EU Regulation on Insolvency Proceedings 2000 applies to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.
- 1.30 This report incorporates the Joint Administrators' Statement of Proposals made under paragraph 49 of Schedule B1, which will be treated as delivered to creditors on 13 August 2019.

**2 Administration Strategy and Objective**

- 2.1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
  - 1. *Rescuing the Company as a going concern; or*
  - 2. *Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or*
  - 3. *Realising property in order to make a distribution to one or more secured or preferential creditors.*

First Purpose

- 2.2 The Joint Administrators do not believe that the first purpose, namely rescuing the Company as a going concern was achievable due to the following reasons.
- 2.3 The directors had no desire to continue managing the Company's business with or without a formal Company Voluntary Arrangement (CVA).
- 2.4 £100,000 of monthly costs would have to be stripped out of the business and this would take some time to implement.
- 2.5 The Company's revenue stream was in decline, with no strong indication that it would be significantly improved in the very short term.

- 2.6 Further, it was established that the income stream was unlikely to increase by the required (projected) 36%, with the directors citing a decline in bringing in new business and hard credit limits making it difficult to achieve.
- 2.7 An extensive review of the Company's short term cashflow forecasts was undertaken, to establish whether the business' projected short term performance would support a period of trading in Administration, to allow either an extended marketing campaign to be carried out, or whether a suitable CVA proposal could be formulated.
- 2.8 Upon review, it was apparent that there were a number of significant business critical payments that were required to be paid immediately, in order to allow trading to continue. Following further investigation, it was apparent that these payments could not be recommended to NatWest for payment, as it was not considered that these payments would enhance the value of the opportunity, or the projected return to creditors.
- 2.9 For all of the above reasons combined, continued trade either with or outside of a formal CVA was not considered to be a viable option.

#### Second Purpose

- 2.10 The Joint Administrators do not believe that the second purpose, namely, achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration) can be achieved.
- 2.11 Although we believe that the pre-packaged sales have generated significantly higher net asset realisations, a distribution to the Company's unsecured creditors is not anticipated.

#### Third Purpose

- 2.12 The Joint Administrators believe that the third objective of the Administration, namely realising property in order to make a distribution to one or more secured or preferential creditors can be achieved. This is because it is anticipated that distributions will be made to:
- *the Company's secured creditor, Bibby, from fixed charge book debt receipts captured under the terms of their valid fixed charge security interest,*
  - *the Company's employees in respect of preferential claims for wage arrears (capped at £800 per employee), holiday pay and employee pension contributions, and*
  - *the Company's floating charge holder, NatWest.*
- 2.13 The Joint Administrators' functions are being carried out with the objective of achieving a better realisation for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in liquidation). The Joint Administrators believe this will result in realisations being available to the secured and preferential creditors of the Company which also fulfils a purpose of the Administration under Paragraph 3 of Schedule B1 of the Insolvency Act 1986.

#### **Pre-Packaged Sale**

- 2.14 A pre-packaged sale of the Company's PVCu business and certain assets completed on 2 August 2019 to SD.

- 2.15 A separate sale of the contents of the aluminium factory completed on 9 August 2019 to ADW.

**Consideration of Proposals by Creditors**

- 2.16 Under Para 52(1) of Schedule B1 to the Insolvency Act 1986, where an Administrator thinks that:

- a) The Company has sufficient property to enable each creditor of the Company to be paid in full,
- b) The Company has insufficient property to enable a distribution to be made to the unsecured creditors other than from the Prescribed Part, or
- c) The Company cannot be rescued as a going concern, or a better result as a whole than would be likely if the Company were wound up (without first being in Administration) cannot be achieved

- 2.17 Then the Administrators are not required to seek a decision from the Company's creditors as to whether they approve these Proposals.

- 2.18 In this case we think that *the Company cannot be rescued as a going concern, or a better result as a whole than would be likely if the Company were wound up (without first being in Administration) cannot be achieved* applies and we are therefore not required to seek a decision from creditors to approve our Proposals unless the requisite number of creditors request such a decision within the prescribed period. Please see the covering letter which accompanies this Report for further information about this.

**Progress Since Appointment**

**Administration (including statutory compliance and reporting)**

- 2.19 Following our appointment, the strategy for the Administration was carefully assessed to ensure that a coherent planned process for the case could be achieved. This work has included liaising with Shoosmiths to deal with the formalities of the sales to SD and ADW and liaising with RKA about the most appropriate means of realising the value in the Company's business and assets and analysing any offers received.
- 2.20 We have also dealt with a number of statutory formalities which are required of us under related legislation. Typically, this includes issuing and filing all appointment notices with creditors and the Registrar of Companies and also advertising our appointment in the London Gazette.
- 2.21 As a pre-packaged sale of the Company's PVCu business and certain assets, and a separate sale of only the aluminium assets has taken place to separate purchasers, we have prepared and issued a report on the transactions as required by Statement of Insolvency Practice 16 and we have also prepared and issued these Proposals to creditors outlining how the purpose of the Administration may be achieved.
- 2.22 Other statutory duties performed are outlined in further detail in the fees estimate which can be found at Appendix F. Please note that much of this work will have been performed to comply with statutory requirements and as such may not necessarily add any value to the insolvent estate.

- 2.23 We have also liaised with the circa 20 retrenched aluminium workforce regarding their ability to claim for redundancy, and other monies owed such as arrears of pay, holiday pay and compensation for loss of notice, which are authorised by the Department for Business, Energy and Industrial Strategy – Redundancy Payments Service. As more than 20 employees were made redundant, we have also notified the North West Regional JobCentre Plus Rapid Response Unit.

**Trading**

- 2.24 The Company's PVCu business was sold as a pre-packaged sale on the date of the Administration and therefore the Joint Administrators did not trade the PVCu business.
- 2.25 In addition, the Company had ceased to trade the aluminium business prior to our appointment following the major supplier of aluminium profile enforcing its valid retention of title claim over a substantial amount of the aluminium profile/stock-in-trade.
- 2.26 The Company formally ceased to trade on the date of Administration, being 2 August 2019.

**Realisation of assets**

***Sale to SD***

- 2.27 A pre-packaged sale of the Company's PVCu business and certain assets completed to SD on 2 August 2019 in the amount of £75,000. The sale to SD does not attract a VAT element given the nature of the transaction.
- 2.28 The initial consideration due under the Sale Agreement totalling £23,000 (exclusive of VAT) was paid on completion and the funds are being held in Shoosmiths client account. The deferred consideration in the sum of £52,000 (exclusive of VAT) will be paid via eight monthly instalments commencing in September 2019 at £6,500 per month.
- 2.29 In addition, the first month's rent payments due under the Licence to Occupy Units 1 & 7 Mottram Way, Macclesfield, SK10 2DH totalling £9,219 were also paid on completion and are also being held in Shoosmiths client account.
- 2.30 Creditors are asked to refer to the SIP16 statement for full particulars surrounding this transaction, and this can be located at Appendix H.

***Sale to ADW***

- 2.31 The Company's aluminium plant and machinery were sold to ADW on 9 August 2019 in the amount of £25,000 plus VAT. However, as the sale was negotiated and agreed prior to the date of Administration, the sale constituted a pre-packaged sale. As such, creditors can locate full particulars of this sale at Appendix H.
- 2.32 As the sale had not been formalised at the date of Administration, we placed the assets under open cover insurance for a short period of time, until a sale could be concluded.
- 2.33 The initial consideration due under the asset sale agreement totalling £5,000 plus VAT was paid on 7 August 2019, and the funds are being held in RKA's client account. The deferred consideration in the sum of £20,000 plus VAT will be paid via eight monthly payments of £2,500 plus VAT commencing in August 2019.

- 2.34 The remainder of the Company's assets are discussed throughout this report.
- 2.35 The work undertaken by us (and our staff) to date in realising the Company's assets has been necessary in order to maximise the likelihood of a return to creditors being made. Where assets remain to be realised, these will be dealt with as the Administration progresses and further updates will be provided to creditors in my progress reports.

**Creditors**

- 2.36 Further information on the estimated outcome of the Administration can be found in Section 9 below.
- 2.37 We are not only required to deal with correspondence and claims from unsecured creditors, but also those of any secured creditor. In this case, the Company's secured creditors are NatWest and Bibby. RBSIF were repaid in full by Bibby who have now taken ownership of the Company's book debt ledger.
- 2.38 Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal. As a result of the sale of the PVCu business and certain assets to SD on 2 August 2019, 34 employees were transferred to it under the Transfer of Undertakings (Protection of Employment) Regulations. The remaining staff were made redundant on 2 August 2019 as the aluminium asset sale to ADW did not include a transfer of the aluminium staff. Accordingly, we have had to deal directly with the preferential (employee) creditor claims of approximately 20 employees. We note four members of staff voluntarily resigned prior to the date of the redundancies.
- 2.39 The above work will not necessarily bring any financial benefit to creditors generally; however, we are required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by us in dealing with those claims.
- 2.40 In this case, we do believe that dividends to the fixed charge, the preferential and floating charge creditor will eventuate in this case and these will be undertaken in the Administration. Please refer to Section 6 regarding Exit Routes.

**Investigations**

- 2.41 We have not yet commenced our investigations into the Company's examinable affairs. As such, we have not yet incurred any time in connection with investigations.
- 2.42 Once all prime records have been collected, we will commence our investigations in accordance with the Company Directors Disqualification Act 1986.
- 2.43 We are required, under insolvency legislation, to submit a report on the conduct of the Directors of the Company to the Department for Business, Energy and Industrial Strategy within three months from the date of Administration.
- 2.44 As this is a confidential report, we will not be able to disclose the contents of this.

**Sale of Assets to Connected Parties**

- 2.45 In accordance with Statement of Insolvency Practice 13, we would advise you that the assets shown below were sold to entities connected with the Company:

Date of transaction	Assets involved & nature of transaction	Consideration paid & date	Sold to	Relationship
2 August 2019	Business Information, Goodwill and Intellectual Property, Customer Contracts, Work-in-Progress, Stock-in-Trade, Equipment (PVCu) and Motor Vehicles	Initial consideration of £23,000 paid on 2 August 2019 (deferred consideration to be paid by eight monthly instalments of £6,500)	Spitfire Doors Limited Company number 09665503	Connected by way of common directors, David Richards and Evelyn Sheridan and former directors, Brian Welsh and Christopher Powell
9 August 2019	Aluminium plant and machinery assets only	Initial consideration of £5,000 plus VAT paid on 7 August 2019 (deferred consideration to be paid by eight monthly instalments of £2,500)	Ayrshire Doors & Windows Limited Company number SC526885	Connected by way of common directors, David Richards and Evelyn Sheridan and former directors, Brian Welsh and Christopher Powell

- 2.46 For full particulars surrounding these transactions, please refer to Appendix H.

**3 Joint Administrators' Receipts and Payments**

- 3.1 A summary of receipts and payments for the Administration period from the date of our appointment, being 2 August 2019 to 9 August 2019 is attached at Appendix B.
- 3.2 Creditors will note that there have been no receipts or payments in this Administration; however, we have shown the amounts paid into Shoosmiths and RKA's client accounts for transparency.

***Initial Consideration – Sale to SD***

- 3.3 As previously reported, the initial consideration due under the sale to SD totalling £23,000 was paid into Shoosmiths client account on 2 August 2019.
- 3.4 A specialist Administration bank account is in the process of being opened and once the account is active, the funds will be transferred into that bank account.

***Licence Fee – Sale to SD***

- 3.5 A licence fee in relation to Units 1 & 7 Mottram Way, Macclesfield, SK10 2DH totalling £9,219 was paid into Shoosmiths client account on 2 August 2019. These monies equate to one month's rent from 2 August 2019.
- 3.6 As with the comment above, these funds will be transferred to the specialist Administration bank account once it is active. These funds will not form part of the estate as they will be disbursed to the landlord upon receipt of their invoice.

***Initial Consideration – Sale to ADW***

- 3.7 The initial sales consideration due under the aluminium asset sale totalling £5,000 plus VAT was paid into RKA's client account on 7 August 2019.
- 3.8 These funds will be transferred to the specialist Administration bank account once it is active.

**4 Estimated Financial Position (EFP)**

- 4.1 A Statement of the Company's Affairs has not yet been received; however, the due date has not yet elapsed.
- 4.2 Attached at Appendix C is a summary of the EFP of the Company as at 2 August 2019, together with a list of creditors' names and addresses along with details of their debts (including details of any security held by them). Creditors should note that the EFP is before the costs of the Administration procedure are considered.
- 4.3 We have the following observations to make in relation to the EFP:

***Assets Subject to Fixed Charge***

***Book Debts***

- 4.4 Bibby have advised that as at the date of Administration, also being the date it repaid RBSIF in full, the book debt ledger totalled £723,883. Total funds in use at that time were £567,761 (not including any final interest and charges).
- 4.5 For the purpose of the EFP, a general write down provision of 50% has been applied to the book debt ledger to account for potential bad and doubtful debts. Therefore, the sales ledger in a shutdown scenario would have likely reduced from £723,883 to £361,942.
- 4.6 The shortfall would rank as a floating charge claim, but behind the prior ranking floating charge holder, NatWest. Therefore, there would be insufficient funds to pay a floating charge distribution to Bibby and they would have been expecting to suffer an anticipated shortfall in their security of £205,819.

***Assets Subject to Finance***

- 4.7 The most significant piece of plant the Company utilised was a large Emmegi Quadra machining centre.
- 4.8 RKA has advised that the asset may be worth approximately £220,000; however, approximately £280,000 remains outstanding to the financier, Lombard. Accordingly, RKA have advised that they do not believe there would be any realisable equity.
- 4.9 It is noted however, that a specialist machine of this nature has been difficult for RKA to place an exact value upon.

**Assets Subject to Floating Charge**

***Associated Company Debt***

- 4.10 On 9 February 2018, a debt repayment agreement was entered into involving the Company and its associate, ADW. At the time this agreement was entered into, ADW owed to the Company £277,800; however, this amount has since been reduced to £120,380.
- 4.11 Until such time as we can review the repayment terms of the loan and the financial position of ADW, for the purpose of the EFP, recovery prospects are detailed as uncertain.

***Cash at Bank***

- 4.12 The Company's bankers, NatWest, were holding a credit balance of £51,671 at the date of Administration.

***Plant and Machinery***

- 4.13 The plant and machinery at both the aluminium and PVCu factories have been valued by RKA on an Estimated Restricted Realisation Value (ERRV) basis. Also included in this valuation was assets located at the Company's head office.
- 4.14 The ERRV across these assets totalled £52,000.

***Stock-in-Trade***

- 4.15 The stock-in-trade situated at both the aluminium and PVCu factories has been valued by RKA on a ERRV basis. The vast majority of stock consisted of PVCu and Aluminium profile and which was subject to valid Retention of Title claims. When taking this into account, together with such other older, less valuable stock, the realisable value would not equate to a substantial amount.
- 4.16 The ERRV across the stock totalled £2,000.

***Encumbered Motor Vehicles***

- 4.17 The vehicles utilised by the Company and which are subject to finance can briefly be summarised as follows:

Vehicle	Financier
Iveco daily box van	Lombard
Hubtex side loading forklift truck	Investec

- 4.18 RKA has valued these financed assets on an ERRV basis and net of finance at £5,000.

***Unencumbered Motor Vehicles***

- 4.19 The Company owned a Boss side loading sheet handling large forklift truck and two Iveco Eurocargo box vans.
- 4.20 RKA has valued these unencumbered motor vehicles on an ERRV basis, which indicates these vehicles may have sold for a combined value of £20,000.

### ***R&D Tax Credits***

- 4.21 In July 2019, the Company's accountants filed a tax credit claim on behalf of the Company totalling £54,531.
- 4.22 The Company is currently indebted to HM Revenue & Customs (HMRC) for approximately £58,000. HMRC may be in a position to apply a right of set off against the unpaid PAYE/NI and VAT and therefore, no recovery would be expected if this transpired to be the case.

### **Outcome for Creditors in a Shutdown Scenario**

- 4.23 Creditors should note that the below are not the dividend prospects for creditors in the Administration as these are based upon a shutdown scenario. Further, the EFP does not take into account the costs associated with the Administration.
- 4.24 Whilst the EFP shows positive dividend prospects to the fixed, preferential, floating charge and unsecured creditors these prospects would significantly reduce once the costs have been taken into account.

### ***Preferential Creditors***

- 4.25 The Company employed 62 members of staff. Had the sale of the Company's PVCu business not have completed to SD on 2 August 2019, all 62 members of staff would have been made redundant.
- 4.26 All employees would have been entitled to lodge claims, which are authorised by the Department for Business, Energy & Industrial Strategy – Redundancy Payments Service (the **RPS**) pursuant to the provisions of the Employment Rights Act 1996.
- 4.27 The claims of the employees in relation to wages are subject to a cap of £800 per employee, which are claimed preferentially. Any amounts over and above £800 per employee would be an unsecured claim. There is no such cap imposed on holiday pay.
- 4.28 The Company also operated a self-administered pension plan for its employees and any outstanding contributions may be considered preferential.
- 4.29 The break-up of the preferential creditors' claims is as follows:
- *Wages - £49,600 – capped at £800 preferentially*
  - *Holiday Pay - £21,760 – all preferential*
  - *Pension - £6,996*

### **Prescribed Part Fund**

- 4.30 The Company granted floating charges to the following parties.

<b>Charge Holder</b>	<b>Created</b>	<b>Delivered</b>
National Westminster Bank PLC	07-Oct-02	10-Oct-02
RBS Invoice Finance Limited	26-May-17	02-Jun-17
Bibby Financial Services LTD	02-Aug-19	02-Aug-19

- 4.31 We note that RBSIF were repaid in full immediately prior to our appointment as Joint Administrators by Bibby.
- 4.32 Accordingly, we are required to create a fund out of the Company's net floating charge property for the benefit of unsecured creditors (known as the "**Prescribed Part**"). However, we would only be required to do so if dividends eventuated to Bibby as NatWest's charge is prior ranking and it was granted pre 15 September 2003.
- 4.33 It is anticipated that there would be insufficient funds to repay NatWest in full and therefore, there is no requirement to create the Prescribed Part fund.

***Floating Charge Creditors***

- 4.34 It appears that in a shutdown scenario, there would have been insufficient funds to pay NatWest in full.
- 4.35 NatWest would expect to suffer a shortfall in their security of approximately £60,000 and Bibby would expect to suffer a shortfall in their security of approximately £205,819.

***Unsecured Creditors***

- 4.36 It appears that in a shutdown scenario, there would have been insufficient funds to pay a dividend to unsecured creditors.

**5 Proposals**

- 5.1 It is proposed that we will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that:
- 5.2 If having realised the assets of the Company, we think that a distribution will be made to the unsecured creditors from the fund created out of the Company's net floating charge property (known as the **Prescribed Part**) by virtue of section 176A(2)(a), this will be distributed by us in the Administration and the Company will thereafter proceed to dissolution.
- 5.3 If, however, having realised the assets of the Company we think that a distribution will be made to the unsecured creditors other than by virtue of section 176A(2)(a) as noted above, we propose filing a notice with the Registrar of Companies which will have the effect of bringing our appointment as Joint Administrators to an end and will move the Company automatically into Creditors' Voluntary Liquidation ("**CVL**") in order that the distribution can be made. In these circumstances, it is proposed that the Joint Administrators in office at the date of conversion to CVL will become the Joint Liquidators in the CVL. The acts of the Joint Liquidators may be undertaken by either or both of them.
- 5.4 Court approval is not required to enable us to make a distribution to the unsecured creditors of the Prescribed Part. If however, a distribution to unsecured creditors not limited to the Prescribed Part is anticipated (which it is currently not), we may consider making an application to Court to seek permission to distribute this in the Administration. If permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.

- 5.5 If we think that the Company has no property which might permit a distribution to its creditors, we will file a notice with the Court and the Registrar of Companies for the dissolution of the Company.
- 5.6 See Section 6 below on **Exit Routes** for further information on the exit routes available from Administration.
- 5.7 We shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as we consider desirable or expedient to achieve the statutory purpose of the Administration.
- 5.8 If we consider it necessary to extend the period of the Administration, we will seek the consent of creditors or the approval of the Court to the extension. Creditors may consent to an extension for a period of up to one year and the Court can order that our term of office be extended for a specified period determined by it.
- 5.9 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of our remuneration and disbursements and any proposed act on the part of the Joint Administrators without the need to report back to creditors generally, to include any decision regarding the most appropriate exit route from the Administration.
- 5.10 The basis of our remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by us:
- *As a percentage of the value of the assets they have to deal with, or*
  - *By reference to time properly spent by the Joint Administrators and their staff managing the Administration, or*
  - *As a set amount*
- 5.11 Where no Creditors' Committee is appointed the remuneration shall be fixed by a decision of creditors or where we think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the Prescribed Part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with insolvency legislation. The Joint Administrators will also seek approval for any unpaid pre-administration costs detailed in this report and their discharge from liability in the same manner.
- 5.12 In this case, the Joint Administrators are seeking to approve the basis of their remuneration as follows:
- *By reference to the time properly spent by the Joint Administrators and their staff in attending to matters arising in the Administration.*
- 5.13 Further details about the proposed fee basis can be found in Section 8 below and Appendix F.
- 5.14 We will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon our appointment as Joint Administrators ceasing to have effect.

## **6 Exit Routes**

- 6.1 All Administrations automatically come to an end after the period of one year, unless the Company's creditors agree to extend this period, or the Court orders our term of office be extended for a specified period of time.
- 6.2 At the time of drafting these Proposals we do not believe that an extension to the period of Administration will be necessary; however, we will confirm the position to creditors in a subsequent progress report in due course.
- 6.3 Based on information currently available, the information on the exit routes we believe may be appropriate in this Administration are set out below.

### ***Dissolution of the Company***

- 6.4 Based on present information, we think that the Company has insufficient property to permit a distribution to the unsecured creditors. However, we believe that there will be sufficient funds to pay a distribution to the fixed charge creditor, Bibby, the preferential creditors and the first ranking floating charge holder, NatWest.
- 6.5 As such, once the distributions to the secured and preferential creditors have been declared and paid, we will file a Notice at Court and the Registrar of Companies, along with our final report, for the dissolution of the Company.
- 6.6 The Joint Administrators' appointment will end following the registration of the notice by the Registrar of Companies.

### ***CVL***

- 6.7 If however, sufficient realisations are made in the Administration and the Company has property to distribute to unsecured creditors (other than by virtue of the Prescribed Part) then we will either make an application to Court to enable us to make a distribution to unsecured creditors in the Administration or we will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into CVL to facilitate this distribution.
- 6.8 It is proposed that the Joint Liquidators will be authorised to act jointly and severally in the subsequent liquidation.
- 6.9 Creditors have the right to nominate an alternative Liquidator of their choice. To do this, creditors must make their nomination in writing to us prior to these proposals being approved. Where this occurs, we will advise creditors and provide the opportunity to vote. In the absence of a nomination, we will automatically become the Joint Liquidators of the subsequent CVL.

### ***Compulsory Liquidation***

- 6.10 If a move to CVL is not possible because a dividend to the unsecured creditors (other than by virtue of the Prescribed Part) is not anticipated (not likely in this case), but we conclude that an exit into Liquidation is appropriate so that further investigations into the Company's affairs may be carried out for example, an application to Court may be made to exit into Compulsory Liquidation instead. If this exit route is appropriate, at this stage it is anticipated (but is not mandatory) that we will become the Joint Liquidators in the subsequent liquidation.

## 7 Pre-administration Costs

### 7.1 Pre-administration costs are defined as:

- (i) Fees charged, and
- (ii) Expenses incurred

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

### 7.2 Below is information on the pre-administration costs incurred in this case, together with details of any amounts which remain unpaid, where applicable.

### 7.3 Pre-appointment fees charged and expenses incurred by the Joint Administrators are as follows:

Charged by	Brief description of services provided	Total amount charged £	Amount paid £	Amount unpaid £
CHBR	Attending meetings and providing advice to the Company, understanding the position as regards to the Company's assets/directors' positions and deciding on strategy, reviewing and approving the marketing documentation, instructing RKA to conduct a valuation on the Company's business and assets, circulating the advert, liaising with prospective purchasers, assessing offers received in conjunction with RKA and Shoosmiths	£28,970 plus VAT	Nil	£28,970 plus VAT
RKA	Valuation advice of the Company's business and assets, marketing advice and assistance, liaising with and negotiating with a high volume of interested parties and advising on the suitability of offers received	£10,000 plus VAT	Nil	£10,000 plus VAT
Shoosmiths	Formalising two separate sales, including a licence to occupy and preparing documentation to place the Company into Administration	£7,500 plus VAT	Nil	£7,500 plus VAT

### 7.4 The work undertaken by the above parties prior to the Company entering Administration was necessary to further promote the purpose of the Administration. It was necessary work undertaken to protect employee contracts, preserve the value of the goodwill and achieve greater realisation than would have been achieved in a shutdown scenario.

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

## **8 Joint Administrators' Remuneration**

- 8.1 As Joint Administrators, we are required to provide creditors with details of the work we propose to undertake in the Administration and the expenses we consider will be, or are likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which our remuneration will be fixed.
- 8.2 In addition to this, where we seek agreement to the basis of our remuneration by reference to time properly spent by us and our staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.
- 8.3 In this case, we are seeking to agree that our remuneration be based on the time properly spent by us and our staff in dealing with the affairs of the Company. Our fees estimate and details of the work we propose to undertake in the Administration can be found at Appendix F and further information on the work done since our appointment to the date of this report can be found in Section 2.
- 8.4 Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if we consider the estimate will be exceeded during the Administration, we are obliged to seek further approval for any increase in our remuneration. The fees estimate provides details of these matters where relevant and appropriate approval to the basis of our remuneration will be sought as outlined in section 5 of this report.
- 8.5 For information, attached at Appendix D is a time matrix outlining the time spent by us and our staff since the date of our engagement to the day before our appointment as Joint Administrators.
- 8.6 Attached at Appendix E is a time matrix outlining the time spent by us and our staff since the date of our appointment as Joint Administrators to the date these Proposals have been circulated, being 9 August 2019. This time is included within the overall fees estimate provided with this report.
- 8.7 In circumstances where our initial investigations reveal matters for further detailed investigation or previously unknown assets to be realised, we reserve the right to refer back to creditors to establish how we are to be remunerated for such additional work, which may be proposed on a time cost basis. If such work proves necessary, we will revert to creditors with our fees estimate for approval.
- 8.8 We will provide updates on the expenses we consider will be, or are likely to be, incurred during this case with our progress reports in due course.
- 8.9 A copy of "A Creditors' Guide to Administrators' Fees" is available on request or can be downloaded from <https://www.cowgills.co.uk/wp-content/uploads/2016/01/Creditors-Guide-to-Administrators-fees.pdf>. If you would prefer this to be sent to you in hard copy please contact Gill Leigh of this office on 0161 669 4821.

## **9 Estimated Outcome**

- 9.1 An Estimated Outcome Statement (EOS) of the Administration as at 9 August 2019 is attached as Appendix G. We provide the following commentary in relation to the EOS.

## Assets Subject to Fixed Charge

### *Book Debts*

- 9.2 As previously mentioned, Bibby hold a debenture which incorporates a fixed and floating charge against the Company's assets. The charge was created and delivered on 2 August 2019.
- 9.3 On 9 August 2019, the Company had an approved sales ledger balance £723,883 and total funds in use were £576,875.
- 9.4 For the purpose of the EOS, a general write down provision of 15% has been applied to the book debt ledger to account for potential bad and doubtful debts. This is significantly less than the provision which would have been applied in a shutdown scenario as in selling the Company's PVCu business, this has in turn protected part of the ledger as continuity would not be affected.
- 9.5 Therefore, Bibby are expected to collect £615,301 from fixed charge book debts, resulting in them being repaid in full.
- 9.6 However, the current funds in use does not take into account any final charges and interest which may be applied upon collect out. The quantum of such charges are not known at this stage; however, they will not be materially dissimilar with those set out in RBSIF's terms so as not to prejudice creditors in the Administration.

### *Associated Company Debt*

- 9.7 On 9 February 2018, a debt repayment agreement was entered into involving the Company and its associate, ADW. At the time this agreement was entered into, ADW owed to the Company £277,800; however, this amount has since been reduced to £120,380 following a number of repayments.
- 9.8 Until such time as we can review the repayment terms of the loan and the financial position of ADW, we cannot possibly comment on recovery prospects. Creditors will be updated on our attempts to recover the associated company debt in our next Progress Report.

### *Pre-packaged Sale to SD*

- 9.9 A sale of the Company's PVCu business and part of the Company's assets completed to SD on 2 August 2019. The assets sold included the business information, goodwill and intellectual property, customer contracts, work-in-progress, stock-in-trade, PVCu equipment and motor vehicles. The amount the PVCu business and assets sold for was £75,000.
- 9.10 A break-up of each asset and its sold price is summarised below.

Details of Assets	Value achieved through the pre-packaged sale in Administration £
Business Information	1,000
Goodwill and Intellectual Property	7,000
Customer Contracts and Work-in-Progress	7,000
Stock-in-Trade, Equipment (PVCu) and Motor Vehicles	60,000
<b>Total</b>	<b>£75,000</b>

9.11 The sum of £23,000 was received on completion and the funds are currently being held in Shoosmiths client account.

9.12 We will monitor receipt of the balance which is to be paid on deferred terms and creditors will receive an update on collections in our next Progress Report.

***Cash at Bank***

9.13 The Company's bankers, NatWest, are holding a credit balance of £52,710 as at 9 August 2019.

***Asset Sale to ADW***

9.14 The contents of the aluminium factory were sold to ADW on 9 August 2019 in the amount of £25,000 plus VAT. The sum of £5,000 plus VAT was received on completion and the funds are currently being held in Shoosmiths client account.

9.15 We will monitor receipt of the balance which is to be paid on deferred terms and creditors will receive an update on collections in our next Progress Report.

***R&D Tax Credits***

9.16 In July 2019, the Company's accountants filed a tax credit claim on behalf of the Company totalling £54,531. This claim has not yet been approved by HM Revenue & Customs (HMRC).

9.17 As such, for the purpose of the EOS, recovery prospects are uncertain.

**Outcome for Creditors in Administration**

***Preferential Creditors***

9.18 The Company employed 62 members; however, only 34 PVCu members of staff were offered continuity of employment with SD.

9.19 On 2 August 2019, 23 members of staff were made redundant and had claims for arrears of wages, together with holiday pay and pension arrears. A number of staff voluntarily resigned prior to our appointment as Joint Administrators.

9.20 Employees are entitled to lodge claims, which are authorised by the RPS pursuant to the provisions of the Employment Rights Act 1996.

9.21 The claims of the employees in relation to wages are subject to a cap of £800 per employee, which are claimed preferentially. Any amounts over and above £800 per employee will be an unsecured claim. There is no such cap imposed on holiday pay.

9.22 The Company also operated a self-administered plan for its employees and any outstanding contributions may be considered preferential.

9.23 The break-up of the estimated preferential creditors' claims is as follows:

- *Wages - £10,979*
- *Holiday Pay - £21,660*
- *Pension - £6,996*

9.24 We will seek to confirm the value of preferential creditors' claims once these have been concluded.

9.25 Preferential creditors are expected to be repaid in full from floating charge asset realisations

***Floating Charge Creditors***

9.26 The Company granted debentures to the following parties at Companies House:

Charge Holder	Created	Delivered
National Westminster Bank PLC	07-Oct-02	10-Oct-02
RBS Invoice Finance Limited	26-May-17	02-Jun-17
Bibby Financial Services LTD	02-Aug-19	02-Aug-19

9.27 The purchaser of the PVCu business and certain assets, SD, had previously been in discussions with Bibby with a view to providing an invoice finance facility for it post completion of the sale. To ensure continuity with customers and to prevent any cross over issues following the purchase, Bibby also agreed to acquire RBSIF's interest in the Company's existing debtor ledger and following a period of verification, Bibby repaid RBSIF immediately prior to our appointment.

9.28 As such, the Company is currently indebted to Bibby in relation to the invoice finance facility and to the NatWest in relation to the overdraft conversion to a loan account facility.

9.29 Based on current estimates, NatWest could expect to suffer a shortfall in their security of approximately £25,000; however, this is entirely dependent upon realisations in respect of the intercompany loan and R&T tax credit claim. Furthermore, it is understood that NatWest have the benefit of a personal guarantee provided by DJR, limited to £100,000. This loan is further secured by way of a debenture incorporating a fixed and floating charge over the assets of the Company, and a cross-guarantee provided by an associated entity, Universal Arches Limited (UAL).

***Unsecured Creditors***

9.30 The Company granted a debenture to NatWest which incorporated a fixed and floating charge over the Company's assets. The charge was created on 7 October 2002 and was registered at Companies House on 10 October 2002. Accordingly, we are not required to create a fund out of the Company's net floating charge property for the benefit of unsecured creditors (known as the **Prescribed Part**). However, in the event Bibby do not get repaid in full from fixed charge book debts receipts, then if the net property is over the prescribed minimum of £10,000, we may be required to create the Prescribed Part.

**10 Proposals approval and next report**

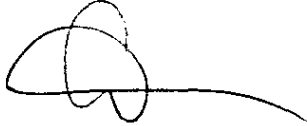
10.1 As we think that neither of the objectives specified in Paragraph 3(1)(a) and (b) of Schedule B1 can be achieved, we are not required to seek a decision from the unsecured creditors on the approval of our Proposals.

10.2 However, we do require approval in respect to our remuneration and discharge from office. This will be dealt with by way of a decision by correspondence and the letter issued to creditors, with the link to this report, contains further information about the decision process.

- 10.3 We are required to provide a progress report within one month of the end of the first six months of the Administration and we will report to you again at this time.

For and on behalf of

Kaliber Marketing (Holdings) Limited T/A KAT (formerly T/A KAT UK)

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line extending to the right.

**Craig Johns**  
**Joint Administrator**

Enc

## Statutory Information

## 1 Company information

Company name	Kaliber Marketing (Holdings) Limited
Trading name	KAT (formerly KAT UK)
Registered number	04528244
Registered office address	Dogrose Hanger, Unit 5, Snape Road, Macclesfield, SK10 2NZ
Former registered office address	Unit 1 Queens Avenue, Macclesfield, Cheshire, SK10 2BN
Trading addresses	Dogrose Hanger, Unit 5 Snape Road, Macclesfield, SK10 2NZ Unit 1, Mottram Way, Macclesfield, Cheshire, SK10 2BN Unit 7, Mottram Way, Macclesfield, Cheshire, SK10 2BN Unit 8, Mottram Way, Macclesfield, Cheshire, SK10 2BN
Court details	High Court of Justice, Chancery Division, Business and Property Court in Manchester
Court reference number	CR-2019-MAN-000704

## 2 Details of the Company's Directors, Secretary and Shareholdings

	Date appointed	Date resigned	Shares held
<b>Director</b>			
Brian William Welsh	5 January 2016	31 March 2017	
Julie Wales	5 January 2016	31 March 2017	
Carol Sherlock	5 November 2012	23 January 2013	
Jonathan Sheard	1 October 2005	30 April 2012	
Libbey Richard	5 November 2012	31 July 2013	
Paul Christopher Randall	15 September 2003	1 October 2006	
Christopher John Powell	2 January 2015	12 February 2018	
Sean Thomas Moriarty	31 March 2003	23 March 2004	
Duncan Robert Baird	1 May 2012	23 January 2013	
Evelyn Stella Sheridan	23 January 2013	-	715
David James Richards	6 September 2002	-	12,155
<b>Secretary</b>			
Gillian Ann Riley	6 September 2002	1 November 2003	
Sean Thomas Moriarty	1 November 2003	23 March 2004	
Barry John Davenport	24 March 2004	3 May 2005	
Elizabeth Clark	3 May 2005	29 June 2006	
Sean Thomas Charles Bibby	29 June 2006	21 February 2012	
Duncan Robert Baird	21 February 2012	23 January 2013	

**3 Joint Administrators' Details**

Name of Joint Administrators	Craig Johns Jason Mark Elliott Nick Brierley
Address	Cowgill Holloway Business Recovery LLP, Regericy House, 45-53 Chorley New Road, Bolton, BL1 4QR
Telephone Number	0161 827 1200
Fax Number	01204 414 244
Joint Administrators' IP Numbers	013152 09496 19950
Authorising Body	The Insolvency Practitioners Association
Date of Appointment	2 August 2019

## Appendix B

**Joint Administrators' Receipts and Payments Account for the Period from 2 August 2019  
to 9 August 2019**

	Statement of Affairs	For the Period From 2 August 2019 To 9 August 2019
	(£)	
<b>INCOME</b>		
Licence Fee - Month 1 (Units 1 & 7)	n/a	9,219
Business Information	n/a	1,000
Goodwill and Intellectual Property	n/a	7,000
Customer Contracts and Work-in-Progress	n/a	7,000
Stock-in-Trade, Equipment (PVCu) and Motor Vehicles	n/a	8,000
Plant and Machinery (Aluminium)	n/a	5,000
	<u>n/a</u>	<u>37,219</u>
<b>EXPENDITURE</b>		-
<b>BALANCE</b>		<u>37,219</u>
<b>MADE UP AS FOLLOWS</b>		
Shoosmiths Client Account		32,219
Robson Kay Associates Client Account		5,000
		<u>37,219</u>

Appendix C

**Summary of the Estimated Financial Position of the Company as at 2 August 2019**

# KALIBER MARKETING (HOLDINGS) LIMITED T/A KAT (FORMERLY T/A KAT UK) - IN ADMINISTRATION

	Notes	Liquidation £
<b>Assets Subject to Fixed Charge</b>		
Book Debts	1	361,942
Less: Bibby Financial Services LTD	1	(567,761)
Deficit c/d		(205,819)
<b>Assets Subject to Finance</b>		
Encumbered Plant & Machinery	2	220,000
Less: Amount Owning to Finance Company	2	(276,678)
(Deficit) c/d to Unsecured Creditors		(56,678)
<b>Assets Subject to Floating Charge</b>		
Associated Company Debt	3	Uncertain
Cash at Bank	4	51,671
Plant and Machinery	5	52,000
Stock-in-Trade	5	2,000
Encumbered Vehicles (net of finance)	5	5,000
Unencumbered Vehicles	5	20,000
R&D Tax Credits	6	Uncertain
Estimated funds available for Preferential Creditors		130,671
Less: Estimated Preferential Creditors		
Arrears of Wages, Holiday Pay (62)	7	(71,360)
Pension	8	(6,996)
Net Property		52,316
Less: Prescribed Part	9	Nil
Available for Floating Charge Holder		52,316
<b>Less: Debts secured by floating charge</b>		
National Westminster Bank Plc	10	(112,220)
Deficit to Bibby Financial Services LTD b/d		(205,819)
Total surplus/(deficit) to floating charge creditors		(265,723)
<b>Less: Unsecured Creditors:</b>		
Deficiency to Finance Company b/d		(56,678)
Associated Company Loan	11	(100,000)
Employees-PILON/Redundancy Pay (62)	12	(275,867)
HMRC - PAYE/NIC	13	(40,349)
HMRC - VAT	13	(18,000)
Landlord	14	(36,000)
Main Aluminium Supplier	14	(240,541)
Main PVCu Supplier	14	(256,829)
Trade & Expense creditors	14	(526,227)
<b>Total Unsecured Creditors</b>		<b>(1,550,491)</b>
<b>Estimated Shortfall to Floating Charge Holders</b>		<b>(265,723)</b>
<b>Estimated Shortfall to Unsecured Creditors</b>		<b>(1,550,491)</b>
<b>Less: Issued Shares</b>		<b>(12,870)</b>
<b>Estimated Total Deficiency</b>		<b>(1,829,085)</b>

## Notes

- As at 2 August 2019, Bibby confirmed the approved sales ledger balance totalled £723,883.37 and the funds in use totalled £567,761. For the purpose of the Estimated Financial position, a 50% write down for potential bad and doubtful debts has been applied to the approved sales ledger balance reducing it from £723,883 to £361,942.
- Based upon valuations provided by Robson Kay Associates Limited, the encumbered machine centre holds no realisable equity.
- Ayrshire Doors & Windows Limited owe the company £120,380. The Joint Administrators will conduct further enquiries with Ayrshire Doors & Windows Limited to ensure maximum recoveries can be made. Until this has occurred, recovery prospects are uncertain.
- The directors confirmed the opening bank balance on 5 August 2019 was £51,671. The bank account is held with National Westminster Bank Plc and it is anticipated that the cash at bank may be offset against the outstanding loan account balance (see Note 10).
- Based upon forced sale values provided by agents, Robson Kay Associates Ltd.
- Based on information produced by the company's former accountant. The claim has not yet been approved by HMRC.
- Based upon the claims of 62 employees for arrears of wages and outstanding holiday pay capped at £800 per employee.
- Based upon estimates provided by a former director.
- There are insufficient funds to pay the prior ranking chargeholder, NatWest, in full therefore, there is no requirement to create a Prescribed Part for unsecured creditors.
- The company historically operated an authorised overdraft facility; however, this facility was converted into a loan. There is currently £112,220 outstanding although, it is expected that NatWest will apply the cash held in the bank account to this facility, reducing it to £60,549.00.
- Spitfire Doors Limited advanced an unsecured loan to the company totalling £100,000 in 2019 and no repayments were made.
- Estimates in relation to 62 employees for redundancy pay and payment in lieu of notice.
- Based upon information contained in the tax portal.
- Based upon the company's records.

**Kaliber Marketing (Holdings) Limited T/A KAT (formerly KAT UK) Trading As: KAT (formerly KAT UK)**

**B - Company Creditors**

Key	Name	Address	£
C101	1st Stop Glass Ltd	UNIT 1A CAPTAIN CLARKE ROAD, BROADWAY INDUST EST, HYDE, CHESHIRE, SK14 4QG	6,112.93
C300	3D Tooling Ltd	71-73 HIGHER MARKET STREET, KEARSLEY, BOLTON, BL4 8HQ	148.73
CA00	Abbott & Bramwell	LONDON HOUSE, 320 LONDON ROAD, HAZEL GROVE, STOCKPORT, SK7 4RF	30,805.83
CA01	Air Products PLC	2 MILLENNIUM GATE, WESTMERE DRIVE, CREWE, CHESHIRE, CW1 6AP	155.52
CA02	Alpha & Street Legal Tyres Ltd	UNIT 1 COOPER STREET, CONGLETON, CW12 1QU	282.00
CA03	Atlas Glazed Roof Solutions Ltd	OLDEND HALL, OLDENDS LANE, STONEHOUSE, GLOUCESTERSHIRE, GL10 3RQ	13,316.40
CA04	Allmand Smith Ltd	Georges Court, Chestergate, Macclesfield, Cheshire, SK11 6DP	192.00
CA05	Allways Forktruck	84-86 Victory Rd, Derby, DE24 8ER	823.56
CA06	Aquacool (Envirotek)	2 Scholar Green Road, Stretford, Manchester, England, M32 0TR	31.50
CB01	Bigger & Strahan Solicitors	Sinclair House, 89 Royal Avenue, Belfast, BT1 1EX	1,150.40
CB02	Blaze Networks Ltd	BEECHFIELD HOUSE WINTERTON WAY, LYME GREEN BUSINESS PARK, MACCLESFIELD, CHESHIRE, SK11 0LP	3,806.58
CB03	Brisant Secure Ltd	118 BRADFORD ROAD, DEWSBURY, YORKSHIRE, WF13 2EW	3,996.82
CB04	Brown Recycling Limited	VANGUARD HOUSE, SNEYD HILL, BURSLEM, STOKE ON TRENT, ST6 2DZ	117.74
CB05	British Standards Institution	BSI ACCOUNTS RECEIVABLE, PO BOX 8000, KITEMARK COURT DAVEY AVENUE, MILTON KEYNES, MK1 9EL	11,211.60
CB06	Bury Van Hire Ltd	LIMEFIELD HOUSE, LIMEFIELD BROW, WALMERSLEY ROAD, BURY, LANCs, BL9 6QS	1,975.61
CB07	BM Software Ltd	THE CROSS, MAIN ST, PENPOINT, DUMFRIESSHIRE, DG3 8BP	3,270.00
CC00	Caldwell Hardware (UK) Ltd	HERALD WAY, BINLEY INDUSTRIAL ESTATE, COVENTRY, CV3 2RQ	37,437.04
CC01	Candy Management Ltd	60 Sneinton Boulevard, Nottingham, NG2 4FE	1,620.00
CC02	Car Electronics Ltd	9 Oakland Road, Leicester, LE2 6AN	120.00
CC03	Carl F Groupco Limited	CULLEY COURT, BAKEWELL ROAD, ORTON SOUTHGATE, PETERBOROUGH, PE2 6WA	8,347.14
CC04	Central Extrusions Ltd	UNIT 7 CHARLTON DRIVE, CORNGREAVES TRADING ESTATE, CRADLEY HEATH, WEST MIDLANDS, B64 7BJ	4,714.34
CC05	Cheshire East Borough Council	PO BOX 39, TOWN HALL, MACCLESFIELD, CHESHIRE, SK10 1HR	45,443.00
CC06	CIF Lock Engineering Ltd	FACTORY 12, MARINA COURT, HINCKLEY, LEICESTERSHIRE, LE10 3BF	4,648.80
CC07	Clingfoil Ltd	UNIT 1 SECOND AVENUE, POYNTON INDUSTRIAL ESTATE, POYNTON, CHESHIRE, SK12 1ND	4,517.14
CC08	Coastal Specialist Ironmongery	GLOBAL HOUSE, UNIT 3 BOJEA IND ESTATE, TRETOWEL, ST AUSTELL, PL25 5RJ	2,462.39
CC09	Colour Dynamics	UNIT 1 TORRIDGE CLOSE, HENSON WAY, TELFORD WAY INDUSTRIAL ESTATE, KETTERING, NORTHAMPTONSHIRE, NN16 8PY	958.92
CC0A	Cotswold Architectural	MANOR PARK INDUSTRIAL ESTATE, MANOR ROAD, CHELTENHAM, GL51 9SQ	928.80

Signature

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Key	Name	Address	£
CC0B	Crown Fire Services	27 CLARENDON ROAD, HAZEL GROVE, STOCKPORT, CHESHIRE, SK7 4NT	1,037.40
CC0C	Crystal Ball Ltd	WEST POINT, 501 CHESTER ROAD, MANCHESTER, M16 9HU	216.00
CC0D	Custom Glass Ltd	Custom Complex, Yardley Road, Knowsley Industrial Park North, Liverpool, L33 7SS	207.86
CC0E	Circle - Topazcard-IE		74.07
CD00	Dataline Northern Ltd	DAT HOUSE, 160 CROSS STREET, SALE, CHESHIRE, M33 7AQ	1,638.54
CD01	Debar Ltd	Concept House, Brackenbeck Road, Bradford, West Yorkshire, BD7 2LW	1,440.23
CD02	Denmans Electrical Wholesalers	PO BOX 422, 6-16 SOUTHGATE ROAD, POTTERS BAR, HERTS, EN6 9AY	1,001.81
CD03	Dilworth & Morris Engineering	ST GEORGES ROAD, NEW MILLS, DERBYSHIRE, SK22 4JU	4,370.09
CD04	DX Freight Ltd	OXWICH CLOSE, BRACKMILLS, NORTHAMPTON, NN4 7BH	4,339.74
CE00	Earles Car & Commercial Ltd	21 WILTSHIRE DRIVE, CONGLETON, CHESHIRE, CW12 1NX	1,738.26
CE01	Edmundson Electrical Ltd	UNIT 5A QUEENS AVENUE, MACCLESFIELD, SK10 2BN	55.60
CE02	Edward Hobby (Saws) Ltd	UNIT 13, CHRISTIE STREET INDUSTRIAL ESTATE, HEMPSHAW LANE, STOCKPORT, SK1 4LR	1,380.14
CE03	Emmegi UK Ltd	UNIT 14 SPITFIRE CLOSE, COVENTRY BUSINESS PARK, COVENTRY, WARCS, CV5 6UR	2,963.42
CE04	ERA Home Security Ltd	VALIANT WAY, WOLVERHAMPTON, WEST MIDLANDS, WV9 5GB	1,380.18
CE05	Eurocell Building Plastics Ltd	UNIT 2B BANKFIELD TRADING ESTATE, CORONATION STREET, REDDISH, STOCKPORT, SK5 7PG	84.55
CE06	Eurocell Profiles Ltd	3 & 4 Clover Nook Rd, Somercotes, Alfreton, DE55 4RF	2,251.48
CE07	Employee Claims - Preferential		78,356.00
CE08	Employee Claims - Unsecured		275,867.00
CF00	Fit Events Ltd	THE CUTTING ROOM, THORNES LANE WHARF, WAKEFIELD, WF1 5RF	3,400.00
CF01	Forgeway	COLLETT WAY, BRUNEL ROAD IND ESTATE, NEWTON ABBOT, DEVON, TQ12 4PH	500.25
CG00	GAP UK Ltd	PARTNERSHIP WAY, SHADSWORTH BUSINESS PARK, BLACKBURN, BB1 2QP	522.72
CG01	Garie Bevan Coatings Ltd	Chunal Works, Charlestown, Glossop, SK13 8LF	384.00
CH01	HM Revenue & Customs-PAYE/NIC	Enforcement and Insolvency Service, Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	40,348.57
CH02	Haines Watts	1ST FLOOR NORTHERN ASSURANCE BUILDINGS, ALBERT SQUARE, 9-21 PRINCES STREET, MANCHESTER, M2 4DN	13,720.35
CH03	Henshaws Envirocare Ltd	150 MOSS LANE, MACCLESFIELD, CHESHIRE, SK11 7XF	251.88
CH04	Heatons	Unit 2, Newnan Close, Congleton, Cheshire, CW12 4TR	384.38
CH05	House Creative Agency	THE ROPEWALKS, NEWTON STREET, MACCLESFIELD, CHESHIRE, SK11 6QJ	15,600.00
CH07	HM Revenue & Customs-VAT	Enforcement and Insolvency Service, Durrington Bridge House, Barrington Road, Worthing, BN12 4S	18,000.00

Signature

Key	Name	Address	£
CI00	Inal Metals North Ltd	UNITS 3&4, SMITHFOLD LANE, LITTLE HULTON, MANCHESTER, M28 0GP	5,338.75
CI01	Ingenious Locks & Hardware	WHITTINGTON HALL, WHITINGTON ROAD, WORCESTER, WORCESTERSHIRE, WR5 2ZX	21,805.17
CI02	Intersafety Industrial Protection	ADLINGTON INDUSTRIAL ESTATE , MACCLESFIELD, CHESHIRE	1,112.40
CI03	Illingworth Ingham		30.19
CI00	Jewson Limited	PO BOX 7357, GLASGOW, G51 9AB	50.35
CI01	JMC Window Machinery Ltd	55 THORNTON AVENUE, MACCLESFIELD, CHESHIRE, SK11 7UG	272.88
CK00	Kaleidacoat Ltd	SPARKHOUSE STUDIOS, ROPE WALK, LINCOLN, LINCOLNSHIRE, LN6 7DQ	960.00
CK01	Kawneer UK Limited	Astmoor Road, Astmoor Industrial Estate, Runcorn, Cheshire, WA7 1QQ	240,541.40
CK02	Knightsbridge Mechanical	UNIT 8C, NEWBY ROAD IND EST, HAZEL GROVE, STOCKPORT, SK7 5DA	1,141.20
CK03	Kolorseal Ltd	BRETFIELD COURT, BRETTON STREET INDUSTRIAL ESTATE, DEWSBURY, WF12 9BG	1,803.70
CK04	Knights Professional	Two St Peter's Square, Manchester, M2 3AA, United Kingdom	703.20
CL00	Laminated Supplies Ltd	VALLETTA HOUSE, VALLETTA STREET, HENDON ROAD, HULL, HUMBERSIDE, HU9 5NP	467.97
CL01	Links Labels & Tapes Ltd	PINFOLD ROAD, BOURNE, LINCOLNSHIRE, PE10 9HT	1,658.34
CL02	Leaseplan UK Ltd	165 Bath Rd, Slough, SL1 4AA	230.28
CL03	Lombard	Customer Relations Team, PO Box 520, Rotherham, South Yorkshire, S63 3BR	276,678.00
CM00	Macclesfield Bearings Ltd	RBS INVOICE FINANCE LTD , PO BOX 50, SMITH HOUSE, ELMWOOD AVENUE, FELTHAM, MIDDLESEX, TW13 7QD	630.00
CM01	Manchester Cabins Ltd	TWEEDALE WAY, HOLLINWOOD AVENUE, CHADDERTON, OLDHAM, OL9 7LD	1,098.24
CM02	Maxim Industries Ltd	UNIT 14 LODGEBANK TRADING ESTATE, CROWN LANE, HORWICH, BOLTON, BL6 5HY	720.00
CM03	Mercedes Benz UK Ltd	TONGWELL, MILTON KEYNES, MK15 8BA	682.55
CM04	Mick Gould Commercials Ltd	THE ROYAL OAK GARAGE, LONDON ROAD, FLIMWELL, EAST SUSSEX, TN5 7PJ	1,099.93
CM05	MI Products	UNIT 2C SISKIN PARKWAY, EAST MIDDLEMARCH BUSINESS PARK, CONVENTRY, WARWICKSHIRE, CV3 4SU	4,368.62
CM06	Moore Secure Ltd	119 WILMSLOW ROAD, HANDFORTH, CHESHIRE, SK9 3ER	1,033.26
CM07	MTF (UK) Ltd	UNION ROAD, BOLTON, BL2 2HF	69,342.30
CN01	Nenplas Ltd	Airfield Industrial Estate, Ashbourne, Derbyshire, DE6 1HA	2,691.38
CN02	Northgate Vehicle Hire Ltd	Northgate Centre, Lingfield Way, Darlington, DL1 4PZ	4,470.24
CN03	NW Metal Sections Ltd	UNITS 1-3 GLEBE PARK, GLEBE ROAD, GILLIBRANDS, SKELMERSDALE, LANCs, WN8 9JP	19,929.60
CN04	Neil Brannan	157 Greenloanings, Kirkcaldy, Fife, KY2 6NN	260.80
CN05	NPower	Windmill Business Park, Whitehall Way, Swindon, SN5 6PB	24.24
CN06	NatWest Term Loan	1st Floor, 1 Hardman Boulevard, Manchester, M3 3AQ	112,219.62

Signature \_\_\_\_\_

Kaliber Marketing (Holdings) Limited T/A KAT (formerly KAT UK) Trading As: KAT (formerly KAT UK)

B - Company Creditors

Key	Name	Address	£
CO00	Obex Protection Ltd	SEVERN HOUSE, BROMYARD ROAD, CROWN EAST, WORCESTER, WR2 5TR	1,135.30
CO01	Orsted	5 HOWICK PLACE, LONDON, SW1P 1WG	94.50
CP00	Parts 4 Tail Lifts	WILTSHIRE ROAD, HULL, HU4 6PA	903.60
CP01	Peron Plastics Ltd	UNIT 10 DUNSCAR BUSINESS PARK, BLACKBURN ROAD, BOLTON, BL7 9PQ	108.00
CQ00	Quality Urea Solutions	TUNSTAD MILTON, WHALEY BRIDGE, HIGH PEAK, DERBYSHIRE, SK23 7ER	300.00
CR00	Rapierstar Ltd	STAR BUSINESS PARK, CONGLETON ROAD, MACCLESFIELD, CHESHIRE, SK11 9JA	4,511.84
CR01	RCL Industries	SUITE 10, 315 HIGH ROAD, CHISWICK, LONDON, W4 4HH	3,373.68
CR02	Richard Delany (2000) Ltd	75-77 MILL LANE, MACCLESFIELD, CHESHIRE, SK11 7NP	230.70
CR03	Bibby Financial Services LTD	Suite D, Laser House, Waterfront Quay, Quays, M50 3XW	567,761.00
CS00	Stag Aluminium	UNIT 4, MOORFIELD INDUSTRIAL ESTATE, KILMARNOCK, Ayrshire, KA2 0DP	23,548.25
CS01	Simon Richards	2 ARGYLE STREET, ULLAPOOL, WESTER ROSS, SCOTLAND, IV26 2UB	750.00
CS02	SAGE Software Ltd	PO BOX 4598, WORTHING, BN11 9BU	303.97
CS03	Schueco UK Ltd	WHITEHALL AVE, KINGSTON, MILTON KEYNES, MK10 0AL	0.20
CS04	Schlegal UK	COATHAM AVE, AYCLIFFE IND EST, NEWTON AYCLIFFE, COUNTY DURHAM, DL5 6DB	4,326.48
CS05	Spectus Systems Ltd	STAFFORD PARK 6, TELFORD, SHOPSHIRE, TF3 3AT	1,221.18
CS07	Spitfire Doors Limited	UNIT 17 SCHOOL STREET INDUSTRIAL ESTATE, HAZEL GROVE, STOCKPORT, CHESHIRE, SK7 4RA	6,498.57
CS08	SSE Scottish Hydro	PO BOX 7652, PERTH, PH2 1GY	1,767.54
CS09	Stenaline	VICTORIA BUSINESS PARK, 9 WESTBANK ROAD, BELFAST, BT3 9JL	1,073.88
CS0A	Spitfire Doors Limited - Loan		100,000.00
CT00	The Georgian Bar Company Ltd	UNIT 1 CLIFTON BUSINESS PARK, PRESTON NEW ROAD, WEST PRESTON, LANCASHIRE, PR4 0XQ	1,017.66
CT01	The Best Connection	9 BIRMINGHAM STREET, HALESOWEN, WEST MIDLANDS, B63 3HN	20,453.14
CT02	Thornycroft Solicitors	BRIDGE ST MILLS, BRIDGE ST, MACCLESFIELD, CHESHIRE, SK11 6QA	1,361.50
CT03	Titon Hardware Ltd	INTERNATIONAL HOUSE, PEARTREE ROAD, STANWAY, COLCHESTER, ESSEX, CO3 5JX	28,633.62
CT04	Tail Lift Engineering	UNIT 15, SEFTON LANE INDUSTRIAL ESTATE, MAGHULL, LIVERPOOL, L31 8BX	2,643.06
CT05	Travelodge	Hotels Ltd, Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT.	4.20
CT06	Total Machinery	2-6 Upton Road, Rugby, Warwickshire, CV22 7DL	98.40
CU00	UAP Ltd	THE ACADEMY UNIT 1, ALBERT CLOSE TRADING ESTATE, WHITEFIELD, MANCHESTER, M45 8EH	15,936.39
CU02	Utility Warehouse	FINANCE DEPARTMENT, 508 EDGWARE ROAD, LONDON, NW9 5AB	424.01
CV00	VBH (GB) Ltd	V8H HOUSE BAILEY DRIVE, GILLINGHAM BUSINESS PARK, GILLINGHAM, KENT, ME8 0WG	15,710.54
CV01	Veka PLC	FARRINGTON ROAD, ROSSENDALE ROAD INDUSTRIAL ESTATES, BURNLEY, LANCASHIRE, BB11 5DA	256,828.93
CW00	Waterplus	PO BOX 450, WARRINGTON, WA55 1WA	508.27

Signature

**Widdoway Business Recovery LLP**  
**Kaliber Marketing (Holdings) Limited T/A KAT (formerly KAT UK) Trading As: KAT (formerly KAT UK)**  
**B - Company Creditors**

Key	Name	Address	£
CW01	Wirral Tacograph Ltd	Unit 7 Claremont Buildings, Old Clatterbridge Road, Spital, Wirral, CH63 4JB	134.10
CW02	Workman Property	HERON HOUSE, 11-12 ALBERT SQUARE, MANCHESTER, M2 5HD	36,000.00
117 Entries Totalling			2,528,636.43

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**www.harrowaybusinessrecoveryllp**  
**Kaliber Marketing (Holdings) Limited T/A KAT (formerly KAT UK) Trading As: KAT (formerly KAT UK)**  
**B2 - Company Creditors - Consumer Creditors**

Key	Name	Address	£
CP02	Peter Blair	KAT UK, IRELAND	191.51
1 Entries Totalling			191.51

Signature \_\_\_\_\_

# Appendix D

## Time Analysis for the Period from 22 July 2019 to 1 August 2019

	Partner	Director	Manager	Senior Administrator	Total Hours	Total Cost £	Average Cost £
Administration (inc statutory compliance & reporting)	-	5.70	-	33.90	39.60	7,812.00	197.27
Planning & Strategy	9.00	26.40	1.50	-	36.90	11,670.00	316.26
Realisation of Assets	15.30	10.00	-	-	25.30	8,737.50	345.36
Creditors (claims & distributions)	-	2.50	-	-	2.50	750.00	300.00
Employee Matters	-	0.60	-	-	0.60	180.00	300.00
Total Hours	24.30	45.20	1.50	33.90	104.90	28,969.50	276.16
Current Chargeout Rates	375.00	300.00	250.00	180.00			

## Appendix E

## Time Analysis for the Period from 2 August 2019 to 9 August 2019

	Partner	Director	Manager	Senior Administrator	Junior Administrator	Cashier	Total hours	Total Cost £	Average Cost £
Administration (inc statutory compliance & reporting)	10.70	0.30	1.20	33.00	15.80	0.20	61.20	11,946.50	195.20
Realisation of assets	-	-	-	0.60	-	-	0.60	108.00	180.00
Creditors (claims & distributions)	-	-	-	-	-	-	-	0.00	-
Investigations	-	-	-	-	-	-	-	0.00	-
Trading (where applicable)	-	-	-	-	-	-	-	-	-
Case specific matters (where applicable)	-	-	-	-	-	-	-	-	-
Total Hours/Cost	10.70	0.30	1.20	33.60	-	0.20	61.80	12,054.50	195.06
Current Chargeout Rates	375.00	300.00	250.00	180.00	100.00	120.00	-	-	-

## Fees Information in accordance with The Insolvency (England and Wales) Rules 2016 and Statement of Insolvency Practice 9

### 1 Fee Basis

- 1.1 The Joint Administrators are seeking to agree the basis of their remuneration in this case as time properly spent by them and their staff in dealing with the affairs of the Company. Attached to this appendix are details of the work the Joint Administrators propose to undertake and the expenses the Joint Administrators consider will be, or are likely to be, incurred. Information about the work done to date can be found in the body of the Joint Administrators' Report and Statement of Proposals at Section 2.
- 1.2 Where a time cost basis is being sought, the Joint Administrators' fees estimate will be included in this information, which also provides details of the rates the Joint Administrators and their staff propose to charge for each part of that work and the time they anticipate each part of that work will take.
- 1.3 The fees estimate is based on information about the Company's affairs available to the Joint Administrators at the present time. Should any matters arise which impact on this estimate, such as additional investigatory matters or potential realisable assets, further time or cost will be incurred and it may be necessary to revise the Joint Administrators estimate of fees.
- 1.4 In this case, we do not anticipate that it will be necessary to seek further approval to increase the level of the fees estimate if the time incurred is in excess of the fees estimate enclosed with this report.

### Joint Administrators' Fees Estimate

- 1.5 Please see below the Joint Administrators' fee estimate for the Administration. The work the Joint Administrators anticipate undertaking in relation to this estimate has been outlined above. It is an estimate for the entire Administration. If the Joint Administrators consider this estimate will be exceeded, they will advise creditors and seek approval for their revised fees estimate as appropriate.

	Partner	Director	Manager	Senior Administrator	Cashier	Junior Administrator	Total hours	Total Cost £	Average Cost £
Administration (inc statutory compliance & reporting)	1.00	3.00	5.00	25.00	10.00	30.00	74.00	11,225.00	151.69
Realisation of assets	1.00	3.00	5.00	25.00			34.00	7,025.00	206.62
Creditors (claims & distributions)	1.00	4.30	14.50	51.00	2.50		73.30	14,770.00	201.50
Investigations	1.00	4.30	25.00				30.30	7,915.00	261.22
Trading (where applicable)									
Case specific matters (where applicable)									
<b>Total Hours/Cost</b>	<b>4.00</b>	<b>14.60</b>	<b>49.50</b>	<b>101.00</b>	<b>12.50</b>		<b>211.60</b>	<b>40,935.00</b>	<b>193.45</b>
Current Chargeout Rates	375.00	300.00	250.00	180.00	120.00	100.00			

## KALIBER MARKETING (HOLDINGS) LIMITED T/A KAT (FORMERLY T/A KAT UK) - IN ADMINISTRATION

- 1.6 We have assumed in calculating our time costs that the following hours/cost will be incurred in dealing with each distribution class.

	Partner	Director	Manager	Senior Administrator	Cashier	Total hours	Total Cost £	Average Cost £
Hours/Cost spent per each fixed charge claim	0.50	1.00	1.50	2.50	0.10	5.60	1,324.50	236.52
Total Hours/Cost in dealing with 1 fixed charge claim	0.50	1.00	1.50	2.50	0.10	5.60	1,324.50	236.52
Hours/Cost spent per each preferential creditor claim		0.10	0.50	2.00	0.10	2.70	527.00	195.19
Total Hours/Cost in dealing with 23 preferential claims		2.30	11.50	46.00	2.30	62.10	12,121.00	195.19
Hours/Cost spent per each floating charge claim	0.50	1.00	1.50	2.50	0.10	5.60	1,324.50	0.00
Total Hours/Cost in dealing with 1 floating charge claim	0.50	1.00	1.50	2.50	0.10	5.60	1,324.50	
<b>Total Hours/Cost</b>	<b>1.00</b>	<b>4.30</b>	<b>14.50</b>	<b>51.00</b>	<b>2.50</b>	<b>73.30</b>	<b>14,770.00</b>	<b>201.50</b>
<b>Current Chargeout Rates</b>	<b>375.00</b>	<b>300.00</b>	<b>250.00</b>	<b>180.00</b>	<b>120.00</b>			

## 2 Joint Administrators' Expenses

- 2.1 Below is a table which outlines the expenses that we consider at this stage will be, or are likely to be, incurred in dealing with the Company's affairs. We will provide an update to creditors in our future progress reports.

Expense	Provider	Basis of fee arrangement	Cost to date £
<b>Pre-appointment</b>			
Solicitors costs in formalising sales to SD and ADW	Shoosmiths	Fixed Fee	7,500 plus VAT
Agent's costs in valuing assets, assisting with marketing campaign, dealing a high volume of interest and analysing recommended offers received from SD and ADW	RKA	10% of realisations from pre-packaged sales to SD and ADW	10,000 plus VAT
<b>Post appointment</b>			
Preparation of P45's	Haines Watts	To be confirmed-not yet instructed	To be confirmed in next report
Solicitors costs in dealing with sale to ADW	Shoosmiths	To be confirmed – not yet instructed	To be confirmed in next report
Solicitor's costs in dealing with Deed of Surrender	Shoosmiths	To be confirmed	Nil
Joint Administrators' bond	AUA Insolvency Risk Services Limited	Risk based premium = £312	Nil
Insurance of aluminium assets	AUA Insolvency Risk Services Limited	Fixed Fee	Nil
Statutory advertising	Courts Advertising Limited	Set fee = £87 plus VAT	87 plus VAT
Document storage	Restore Plc	Estimate = £50 plus VAT	Nil
Preparation of corporation tax return	Haines Watts	To be confirmed	Nil

### 3 Staff Allocation and the Use of Sub-Contractors

- 3.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 3.2 The constitution of the case team will usually consist of a Partner, a Manager, a Senior Administrator and a Junior Administrator. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. Where the basis of the Joint Administrators remuneration is being proposed on a time cost basis, details of our current charge-out rates can be found below.
- 3.3 On this case we are proposing to use the services of the following sub-contractors:

Service (s)	Provider	Basis of fee arrangement	Cost to date
Preparation of P45's	Haines Watts	Not yet determined	Nil
Preparation of corporation tax return	Haines Watts	Not yet determined	Nil

### 4 The Joint Administrators' Disbursements

- 4.1 Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. Any Category 1 disbursements we anticipate being incurred in this case are included in the table of expenses above.
- 4.2 Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.
- 4.3 We would confirm that this firm does not seek to charge any Category 2 disbursements.

### 5 Charge-out Rates

- 5.1 A schedule of Cowgill Holloway Business Recovery LLP's charge-out rates for this assignment effective from 1 March 2012 is detailed overleaf.
- 5.2 Please note this firm records its time in minimum units of 6 minutes.

**KALIBER MARKETING (HOLDINGS) LIMITED T/A KAT (FORMERLY T/A KAT UK) - IN ADMINISTRATION**

<b>Staff Grade</b>	<b>Rate per Hour</b>
Partner	£375
Consultant	£300
Director	£300
Manager	£250
Senior Administrator	£180
Administrator	£150
Cashier/Support	£120
Junior Administrator	£100

Appendix G

**Estimated Outcome Statement as at 9 August 2019**

# KALIBER MARKETING (HOLDINGS) LIMITED T/A KAT (FORMERLY T/A KAT UK) - IN ADMINISTRATION

	Notes	Administration £
<b>Assets Specifically Pledged</b>		
Encumbered Plant & Machinery	1	220,000
Less: Amount due to Lombard	1	(278,969)
Shortfall to Lombard c/d		(58,969)
<b>Book Debts</b>	2	615,301
Less: Bibby Financial Services LTD	2	(576,875)
Surplus c/d		38,426
<b>Assets Subject to Floating Charge</b>		
Book debt surplus b/d		38,426
Associated Company Debt	3	Uncertain
Pre-packaged Business Sale - PVCu	4	75,000
Cash at Bank	5	52,710
Asset Sale - Aluminium	6	25,000
R&D Tax Credits	7	Uncertain
		191,136
Less: Estimated costs of Administration	8	(64,469)
<b>Estimated funds available for Preferential Creditors</b>		126,668
Less: Estimated Preferential Creditors (23)	9	(39,635)
<b>Estimated Surplus</b>		87,032
Prescribed Part calculation c/d	10	N/A
<b>Estimated Surplus to floating charge creditor</b>		87,032
<b>Less: Debts secured by floating charge</b>		
National Westminster Bank Plc	11	(112,220)
<b>Total Deficiency to Floating Charge Creditors</b>		(25,188)
<b>Estimated available to unsecured creditors</b>		Nil
<b>Less: Unsecured Creditors:</b>		
Deficiency to Lombard Company b/d		(58,969)
Associated Company Loan	12	(100,000)
Employees-PILON/Redundancy Pay (23)	13	(110,660)
Employees-Wage Arrears (11)	14	(3,149)
HMRC - PAYE/NIC	15	(40,349)
HMRC - VAT	15	(18,000)
Landlord	15	(35,000)
Main Aluminium Supplier	15	(240,541)
Main PVCu Supplier	15	(256,829)
Trade & Expense creditors	15	(526,227)
<b>Estimated Shortfall to Unsecured Creditors</b>		(1,390,725)
<b>Estimated deficiency to NatWest</b>		(25,188)
<b>Estimated deficiency to Unsecured Creditors</b>		(1,390,725)
<b>Total Deficiency to Creditors</b>		(1,415,912)
<b>Estimated Fixed Charge Distribution to Bibby</b>		100P/E
<b>Estimated Distribution to Preferential Creditors</b>		100P/E
<b>Estimated Floating Charge Distribution to National Westminster Plc</b>		78P/E
<b>Estimated Distribution to Unsecured Creditors</b>		0P/E
<b>Notes</b>		
1. The encumbered plant & machinery has been valued on a forced sale basis by Robson Kay Associates. The machine holds no realisable equity and was excluded from the pre-packaged sales		
2. On 9 August 2019, Bibby confirmed the approved sales ledger totalled £723,883.37 and the funds in use totalled £576,874.66. For the purpose of the Estimated Outcome Statement, a write down provision of 15% has been deducted from the ledger reducing it from £723,883 to £615,301		
3. An associated company, Ayrshire Doors & Windows Limited (ADW), owes the Company £120,380 under the terms of a loan agreement entered into in February 2018. Until discussions, can commence the recovery prospects are uncertain		
4. The PVCu business and certain assets sold to an associated company, Spitfire Doors Limited (SD) in the amount of £75,000. The initial consideration has already been paid with the balance due on deferred terms		
5. The opening bank balance on 9 August 2019 was £52,709.92. The surplus cash at bank is expected to be recovered in full		
6. The plant and machinery contents in the aluminium factory were sold to an associated company, Ayrshire Doors & Windows Ltd in the amount of £25,000. The initial consideration has already been paid with the balance due on deferred terms		
7. The company's accountants have submitted a R&D tax credit claim in the amount of £54,530.87. However, the claim has not yet been approved. As such, recovery prospects are uncertain		
8. Please refer to the costs of realisation table below		
9. All monthly salaried staff, of which there were 10, have been paid up to 31 July 2019 and are therefore only due two days. The weekly paid staff have not been paid for two weeks and in addition are due a week in hand payment. Further some employees are owed outstanding holiday pay		
10. The floating charge registered in favour of NW was granted prior to 15 September 2003 and therefore, the prescribed part rules do not apply.		
11. Amount taken from the Company's records		
12. An associated company, Spitfire Doors Ltd loaned £100,000 to the company earlier in 2019 that remains outstanding		
13. Claims of 23 employees for notice and redundancy pay		
14. 11 members of staff have claims for wages over and above the capped limit of £800 per employee		
15. Amounts taken from the Company's records		
<b>Costs of Realisation</b>		
		Administration £
<b>Pre-appointment</b>		
Agent's Fees		(10,000)
Cowgill Holloway Business Recovery LLP's Fees		(28,970)
Solicitor's Fees		(7,500)
<b>Post appointment</b>		
Accountancy Fees-preparation of corporation tax return (Est)		(1,000)
Accountancy Fees-preparation of P45's (Est)		(750)
Joint Administrators' Disbursements (Est)		(449)
Joint Administrators' Fees		(15,000)
Insurance of Assets (Est)		(300)
Solicitors Fees-deed of surrender (Est)		(500)
		(64,469)

**Joint Administrators' Statement on Pre-Packaged Sale**

**Kaliber Marketing (Holdings) Limited T/A KAT - In Administration (the Company)**

**Overview**

Where a sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of Joint Administrators and the Joint Administrators effect the sale immediately on, or shortly after appointment, this is known as a pre-packaged sale.

Prior to the appointment of Joint Administrators, the Insolvency Practitioners may act in an advisory capacity to the Company. During this time the Insolvency Practitioners' roles are not to advise the directors personally or any parties connected with any eventual purchaser of the Company's business or assets. We would confirm that the directors were advised to take their own independent advice on their position in this regard. It is also possible that a different Insolvency Practitioner may be the eventual Administrator and not the Insolvency Practitioner who provided the advice to the Company before any formal appointment was made.

The role of Joint Administrators once the Company has entered Administration is for them to perform their functions with the objective of either rescuing the Company as a going concern or achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up rather than being placed into Administration first.

If neither of these objectives is reasonably practicable, the third objective of realising property in order to make a distribution to one or more secured or preferential creditors of the Company may be pursued, providing the Joint Administrators avoid unnecessarily harming the interests of the creditors as a whole.

In this case, the Joint Administrators have pursued the third objective of *realising property in order to make a distribution to one or more secured or preferential creditors* and consider that the pre-packaged sale enables the statutory purpose of Administration to be achieved and that the outcome achieved was the best available for creditors as a whole in all the circumstances.

Set out below is further information containing a summary of the circumstances relevant to the following:

- *the pre-packaged sale of the Company's PVCu business and part of its assets to Spitfire Doors Limited (SD) Company number 09665503*
- *the sale of the Company's assets only relating to the aluminium business to Ayrshire Doors & Windows Limited (ADW) Company number SC526885*

in accordance with the provisions of Statement of Insolvency Practice 16 (SIP16).

## Background

Kaliber Marketing (Holdings) Limited (the **Company**) was incorporated on 6 September 2002 by David James Richards (**DJR**) for the purpose of providing trade manufacturers market high quality PVCu patio sliding doors. DJR had extensive experience in this industry, having previously been involved with a similar business, and at the time of incorporation, did not consider there to be a specialist manufacturer of high quality PVCu patio sliding doors. Latterly, the Company supplied and manufactured Aluminium and PVCu windows and doors and it conducted its business in the UK and Ireland.

The Company traded from three leased units (owned by an independent third party), and a Head Office, all located in Macclesfield. The Company's Head Office is owned by DJR's Pension scheme. The Company more recently employed approximately 64 members of staff which was split 60% factory staff/drivers and 40% office/administration staff.

Initial start-up funding was secured via director/shareholder funds and subsequently associated companies have also provided working capital assistance throughout trading, as and when it was required.

In addition, the Company operated an authorised overdraft facility provided by the Company's bankers, National Westminster Bank Plc (**NatWest**), which was limited to £400,000. However, in 2017, the overdraft was converted to a £300,000 loan which was to be repaid over the next three years. The loan is subject to a personal guarantee provided by DJR, limited to £100,000. This loan is further secured by way of a debenture incorporating a fixed and floating charge over the assets of the Company, and a cross-guarantee provided by an associated entity, Universal Arches Limited (**UAL**). UAL is a connected company by way of common director, DJR. Also, in 2017, the Company entered into an £1M Invoice Discounting Facility provided by RBS Invoice Finance Limited (**RBSIF**). RBSIF were granted the benefit of a debenture incorporating a fixed and floating charge over the Company's assets on 2 June 2017, in respect of the facility.

Following a period of success in which the Company recorded significant profits in the 2015 and 2016 financial years, it subsequently encountered supply issues with its primary aluminium supplier. As a result, in early 2017, the Company began to seek supply from a new source. This proved to be problematic due to the following reasons:

- *The Company's customers were not informed of the change of supply and therefore their showrooms displayed products that were no longer supplied;*
- *The pricing of supply changed and this was not reflected in the Company's pricing;*
- *Lead times for customers increased from approximately 2 weeks to 6-8 weeks and, as a result, deliveries were not fulfilled in time, and customers lost faith in the supply by the Company and began to purchase products from its competitors; and*
- *The quality of the product supplied was inferior to that previously supplied.*

In addition to this, a number of key sales and operational staff left the Company and had to be replaced. The skills that had been built over fifteen years of trading was lost, and significant time and resource was invested in training new personnel.

The directors made an attempt to sell the Company's business in 2018; however, the sale fell away following a period of due diligence undertaken by the prospective purchaser. Subsequent to the sale falling away, in December 2018, loans were granted by associated entities to assist with the Company's working capital requirements, and two experienced sales staff were recruited in early 2019 to assist with the growth of sales. However, insufficient new business was generated.

In March 2019, the Company had fallen into arrears with its landlord and an informal payment arrangement was successfully agreed in April 2019. The arrangement was on the basis that the June quarter rent was paid on time, so by 24 June 2019. However, the June quarter payment could not be made on time and the landlord's representative threatened enforcement action.

The Company had also fallen slightly behind with its tax obligations in relation to PAYE/NI and VAT and was under increasing pressure from its trade suppliers who were all in a position to commence legal proceedings.

In light of the Company acknowledging that there was no real prospect in the immediate future that the Company would generate sales at the level required, together with the immediate requirement for additional working capital, the directors sought advice from an accountant, who in turn introduced them to Jason Elliott, licensed Insolvency Practitioner of Cowgill Holloway Business Recovery LLP (**CHBR**).

To summarise, the Company's demise has been attributed to:

- *the loss of confidence from repeat customers,*
- *the loss of key personnel, and*
- *the loss of revenue and profits as a direct result of the above.*

An initial meeting to obtain sufficient information about the Company was held on 2 July 2019, with Brian Welsh (**BW**) (Chief Executive Officer and former director) and Jason Elliott of CHBR in attendance.

Shortly thereafter, on 9 July 2019, Jason Elliott attended a board meeting with DJR and BW being present, whereby the board analysed the Company's:

- *financials for the month of June 2019,*
- *current creditor position,*
- *cashflow position,*
- *recent operational changes, and*
- *current overheads and cashflow required to break-even.*

A number of options were considered by the Board at the meeting, such as:

- *continuing trade and reducing monthly costs by £50-£70k,*
- *considering a Company Voluntary Arrangement,*
- *considering selling the Company's business again, and*
- *placing the Company into Administration in the event a sufficient cash injection could not be received by 31 July 2019.*

It soon became apparent that the Company could not raise the additional funding it urgently required. The Company was deemed to be insolvent and was unable to continue operating in its current form and CHBR advised that a formal insolvency process would be appropriate under the circumstances.

Once all the options had been considered by the Board, it was decided that the most appropriate option was for the Company to enter into an Administration process, with a view to completing a sale of all or part of the Company's business. In these circumstances the Company's intangible assets would be preserved (which would not ordinarily be achieved in a Liquidation scenario), which would in turn generate a more favourable outcome for creditors as a whole. Further, with potential interest from DJR in purchasing the business and assets, an Administration process again seemed to be the most suitable option in the circumstances.

In light of the above, on 11 July 2019, professional valuation agents, Robson Kay Associates Ltd (**RKA**) were instructed to inspect and value the Company's assets, and further to commence an accelerated marketing campaign, which began on 19 July 2019.

On 19 July 2019, CHBR instructed Shoosmiths LLP (**Shoosmiths**) to advise that they were expecting to be engaged by the Company's directors on Monday, 22 July 2019 and requested that the necessary documentation be prepared ready for the directors to sign on 22 July 2019. Shoosmiths confirmed that they were not conflicted to act.

Also on 19 July 2019, RKA circulated a mail shot of the business sale to its contacts and as a result of this marketing, ten expressions of interest were received, which included the director, DJR. Upon RKA making further enquiries with these parties, it transpired that two parties were only interested in acquiring the shares in the limited company, or machinery, so not the business as a whole. Two parties signed a non-disclosure agreement with one party sending proof of funding; however, they subsequently confirmed that they would not be in a position to complete a purchase within the required timescale and therefore made no further enquiries. The other party refused to send proof of funding and retracted their interest.

On 22 July 2019, BW, DJR and Jonathan Kay of RKA attended the offices of CHBR to meet with Jason Elliott and his colleague, and director of CHBR, Nick Brierley. It was at this meeting that the Administration process, the marketing campaign and DJR's interest in acquiring the business and assets of the Company was discussed in greater detail. CHBR were formally engaged by the Company at that meeting.

On 22 July 2019, RKA provided CHBR with a marketing document for forwarding only to those parties who had expressed an interest in the business and asset sale.

A Notice of intention to appoint an administrator (**NOI**) was subsequently filed in Court on 22 January 2019 with Craig Johns, Nick Brierley and Jason Elliott proposing to act as Joint Administrators. In filing the NOI, the Company was afforded protection from its creditors for a period of ten business days. The NOI was subsequently served on the Company and RBSIF/NatWest, in their capacity as Qualifying Floating Charge Holders. RBSIF/NatWest confirmed acceptance of electronic service on 23 July 2019.

It was agreed that the ongoing marketing campaign be extended, with all interested parties being asked to submit formal offers by 24 July 2019 with a view to RKA recommending an offer for acceptance by 26 July 2019.

On 23 July 2019, CHBR also undertook to circulate details of the business opportunity to all partners within Cowgill Holloway LLP (**CH**), with the aim of identifying any of its circa 1,000 clients who may be interested in acquiring a business in this industry. Further, the advertisement was uploaded on its website.

On 23 July 2019, a partner within CH notified CHBR of an interested party and contact was made with that party by RKA, who provided the interested party with a non-disclosure agreement. The party never returned a signed non-disclosure agreement and no further contact was received from this interested party.

#### First Non-Binding Offer - SD

On 24 July 2019, CHBR received an email from BW, which attached a non-binding offer on behalf of SD, which is a connected entity by way of common current and former directors.

The pertinent details of the offer were as follows:

- *Fixed assets to include goodwill, and*
- *Stock of materials, work in progress and finished goods.*

The offer price was £100,000, subject to the following adjustments:

- *(£32,800) - discount for liabilities taken across under the Transfer of Undertaking (Protection of Employment) Regulations (**TUPER**), and*
- *£4,076 - Add net intercompany loan account position involving the Company and ADW.*

Total adjusted offer price submitted by SD was therefore £71,276 and the consideration was to be paid as follows:

- *£23,276 on 31 July 2019, being the date SD wished to formalise the sale, and*
- *Six monthly payments of £8,000 commencing 31 August 2019 and ending on 31 January 2020.*

RKA established that the purchase price only included one of the Company's three Iveco box vans, and was to exclude a Hubtex side loading forklift truck. As the total forced sale values of the assets included amounted to £66k, RKA advised that even with the rejection of the net intercompany loan account adjustment, the offer would still represent a better return.

CHBR advised RKA that the intercompany loan account position could not be taken into consideration and further, advised RKA that the offer should be increased to bring it more in line with their going concern valuation.

On 24 July 2019, RKA reverted back to BW and DJR as follows:

- *The intercompany loan adjustment cannot form part of the sale,*
- *The net sale figure to be increased from £71,276 to at least £80,000,*
- *The initial sales consideration be increased from £23,276 to at least £30,000,*
- *How the workforce would be dealt with i.e. whether all staff will be taken across or a portion made redundant,*
- *Which out of the three Iveco box vans was required as one was subject to a rental agreement.*

#### Second Non-Binding Offer - SD

On 25 July 2019, CHBR and RKA received an email from BW which attached a second non-binding offer on behalf of SD. The pertinent details of the second offer were as follows:

- *Fixed assets to include goodwill, and*
- *Stock of materials, work in progress and finished goods.*

The offer price was £100,000 subject to a £24,600 discount for liabilities to be adopted under TUPER.

Therefore, the total adjusted offer price submitted was £75,400 and the consideration to be paid as follows:

- *£27,400 on 31 July 2019, being the sate SD wished to formalise the sale, and*
- *Six monthly payments of £8,000 commencing 31 August 2019 and ending on 31 January 2020.*

This offer however excluded the Hubtex side loading forklift truck and a significant piece of plant subject to finance, being a large Emmegi Quadra machining centre.

On 25 July 2019, RKA advised BW that whilst the quantum of the offer was at an acceptable level, the initial payment would not be acceptable in light of the fact that CHBR would be required to discharge the finance owing on a financed asset. It was suggested by RKA as an alternative that SD acquire the equity in the financed asset only, leaving SD in a position to potentially novate the agreement and continue maintaining the finance payments under the terms of the agreement.

On 25 July 2019, RKA reverted back to BW and DJR as follows:

- *How the workforce would be dealt with as this was still unresolved,*
- *What securities/guarantees can be provided to cover exposure in relation to the proposed deferred consideration, and*
- *Clarification as to whether SD wished to acquire all three Iveco box vans as previous contact expressed interest in only the one.*

RKA advised CHBR that subject to resolving the above, the offer could be recommended for acceptance.

Following a discussion involving Nick Brierley of CHBR and BW, it became clear that SD's offer was to include all three Iveco box vans and in light of this, the second offer could no longer be recommended for acceptance. RKA informed SD that should it wish to acquire all three Iveco box vans then the net sale price should be no less than £100,000.

During the course of various discussions involving BW and DJR on the date the second offer was received from SD, it transpired that SD was no longer interested in acquiring the aluminium division of the Company's business, including all of the contents of the aluminium factory. Furthermore, that SD would only require a transfer of those staff working in the PVCu division, totalling approximately 34 members of staff. The reason for this is that the aluminium business did not feature in SD's short-term business model.

#### Third Offer – SD (PVCu Business and assets only)

In light of the above development, SD submitted to RKA a third offer to acquire the PVCu business and its assets (excluding Emmegi Quadra machining centre and the aluminium plant and machinery) for £75,000 on 25 July 2019. Licenses for SD to occupy Units 1 & 7 Mottram Way, Macclesfield, SK10 2DH would be required.

Payment timescales were proposed as follows:

- *£75,000 paid as an initial sum of £23,000 on completion, followed by 8 monthly payments at £6,500 per month*

RKA advised that the £75,000 selling price would be acceptable if the equity in the Iveco box van was sold, together with the equity in the Hubtex side loading forklift truck and SD adopted the respective finance agreements.

On 26 July 2019, RKA positively recommended acceptance of the offer from SD in the amount of £75,000. Whilst the offer of £75,000 for the PVCu business and part of its assets was less than the going concern valuation provided by RKA, no other offers for this part of this business and this part of the assets were received during the marketing campaign. Furthermore, the going concern value assumed that a party could be identified who acquired the whole of the business and the entire workforce. In this case, only part of the business and part of the workforce were proposed to be purchased/transferred. As detailed above, the offer included the transfer of 34 members of the existing workforce that related to the PVCu business.

The offer was however significantly in excess of what would have been achieved via a forced sale and RKA advised that there was no foreseeable strategy that would produce a gross figure that was not at least £20,000 less than the headline figures in the offer received.

Should the assets not have been sold via a pre-packaged sale to SD, in the manner set out on the earlier page, the assets would have been sold by way of an in-situ auction, as the costs of uplifting the assets and relocating would have been prohibitive. An agreement would also have been required with the landlord, which would have included a provision to pay occupational rent and perhaps even a part payment against rent arrears. It would also have been a requirement for the Joint Administrators to deal with retention of title claims from suppliers, the costs of which could run into several thousands of pounds. There would then be the costs of the auction itself with charges potentially reaching £15,000-£20,000. RKA indicated that taking into account all of these costs, net realisations may have achieved as little as £30,000-£40,000 (including the aluminium plant and machinery).

Given the Company's business could not survive into the month of August 2019, RKA advised that it would not be possible to identify another buyer who would be in a position to complete at any price level within the short timeframe.

Therefore, CHBR agreed with RKA's recommendation that the offer be accepted from SD.

On 25 July 2019, CHBR instructed solicitors, Shoosmiths, to draft a sale contract, together with the appropriate documentation to appoint administrators.

Separately to the offer received, it was understood that SD had been making arrangements with Bibby Financial Services LTD (**Bibby**) with a view to providing an invoice finance facility for it post completion. As part of these discussions, and in order to secure the requisite continuity with customers and to prevent any cross over issues following the purchase, Bibby also agreed to acquire RBSIF's interest in the Company's existing debtor ledger.

This transaction required a small period of verification, which delayed completion slightly; however, RBSIF were repaid in full on 2 August 2019.

As part of this process, the Joint Administrators have satisfied themselves that creditors will not be prejudiced by this transaction.

#### Additional Non-Binding Offer – ADW (Aluminium asset sale only)

On 26 July 2019, RKA received a separate offer from an associated company, Ayrshire Doors & Windows Limited (defined as ADW throughout this disclosure) to acquire the contents of the aluminium factory in the amount of £25,000 plus VAT. Payment timescales were proposed as follows:

- *£25,000 plus VAT paid as an initial sum of £5,000 plus VAT followed by 8 monthly payments at £2,500 plus VAT.*

The offer would not include the transfer of any staff and would not include any license to occupy in respect of the aluminium factory. The remaining 28 employees relating to the aluminium division of the business would be required to be made redundant by the Joint Administrators. However, we note that 4 employees voluntarily resigned shortly prior to the redundancies being made.

ADW is a connected company by way of common directors, DJR and Evelyn Sheridan (ES).

On 26 July 2019, RKA positively recommended acceptance of the offer and confirmed that it was in excess of what could have been achieved via a forced sale. Should the aluminium plant and machinery assets not have been sold to ADW, in the manner set out on the earlier page, the assets would have been sold by way of an in-situ auction as the costs of uplifting the assets and relocating would have been prohibitive. An agreement would also have been required with the landlord, which would have included a provision to pay occupational rent, perhaps even a part payment against rent arrears. There would then be the costs of the auction itself. RKA indicated that taking into account all of these costs, net realisations would be significantly less than the offer received from ADW.

Given the Company's business could not survive into the month of August 2019, together with the fact that the aluminium supplier had successfully claimed all aluminium profile from the factory preventing the manufacturing process, RKA advised that it would not be possible to identify another buyer who would be in a position to complete at any price level within the short timeframe.

Therefore, CHBR agreed with RKA's recommendation that the offer be accepted from ADW and CHBR instructed Shoosmiths to draft the relevant security documentation and RKA the relevant invoice.

Post agreeing sales to SD and ADW, on 29 July 2019 CHBR were contacted by a new interested party, who in turn referred the party to RKA. On 30 July 2019, RKA contacted the party by telephone and it appeared that the party had access to suitable funding; however, as the sale had been agreed in principle to SD and ADW, and further, the sale to SD was expected to complete the following day, the party was in no position to complete a sale within such a short timescale and as such, only wished to be kept appraised in the event the sale did not complete.

#### Completion of sale to SD and Appointment

On 2 August 2019, a final contract was agreed and the director, DJR, executed a Notice of appointment, which was electronically filed at Court.

Craig Johns, Jason Elliott and Nick Brierley were appointed Joint Administrators and immediately after, the sale agreement was executed at 2.26PM, resulting in a sale in part of the business and part of its assets to SD.

#### Completion of sale to ADW

On 9 August 2019, final terms were agreed, resulting in a sale of the aluminium plant and machinery assets only.

## **Initial introduction**

The Company was referred to CHBR by LBW Chartered Accountants (**LBW**) following a meeting involving LBW and former director, BW. LBW did not act as the Company's accountants or auditors.

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

As previously confirmed, CHBR were formally engaged by the Company on 22 July 2019.

## **Pre-appointment considerations**

The following courses of action were considered with management prior to the Joint Administrators' appointment and the pre-packaged sale:

- *Consultation with major creditors,*
- *Continued trade both with or outside of a formal Company Voluntary Arrangement,*
- *Distressed sale of the business and assets as a going concern by management,*
- *Sale of the business and assets as a going concern by the Administrator,*
- *Sale of assets by the Administrator after a period of marketing to third parties, and*
- *Liquidation and subsequent forced sale of the Company's assets.*

## **Consultation with major creditors**

Following a review of the Company's management accounting information, it was established that the Company's largest creditors are as shown overleaf.

- *RBSIF (subsequently replaced by Bibby) – £598,000*
- *NatWest - £112,000*
- *Lombard – £276,000*
- *Veka PLC – £256,000*
- *Kawneer UK Limited - £240,000*
- *SD - £100,000*

RBSIF/NatWest have been provided with a formal strategy report, and regular updates throughout the course of CHBR's engagement and have been kept fully informed of the strategy with no major concerns being reported.

Due to the time constraints, together with the wish to preserve the Company's business and assets, we were unable to consult with any other major creditor.

***Continued trade either with or outside a formal Company Voluntary Arrangement (CVA)***

In accordance with a board meeting held in July 2019, this option was discussed; however, it was accepted that £100,000 of monthly costs would have to be stripped out of the business and this would take some time to implement.

The Company's revenue stream was also in decline, with no strong indication that it would be significantly improved in the very short term. Further, at the board meeting, it was established that the income stream was unlikely to increase by the required (projected) 36%, with the directors citing a decline in bringing in new business and hard credit limits making it difficult to achieve.

Further, there was an imminent threat that the landlord would instigate recoveries under Commercial Rent Arrears Recovery if payment was not made by 19 July 2019. Any action taken would be detrimental to the ongoing trading operations.

Additionally, an extensive review of the Company's short term cashflow forecasts was undertaken, to establish whether the business' projected short term performance would support a period of trading in Administration, to allow either an extended marketing campaign to be carried out, or a suitable CVA proposal to be formulated.

Upon review, it was apparent that there were a number of significant business critical payments that were required immediately, in order to allow trading to continue. Following further investigation, it was apparent that these payments could not be recommended to NatWest for payment, as it was not considered that these payments would enhance the value of the opportunity, or the projected return to creditors.

Given all of the above reasons, continued trade with or without a formal CVA was not considered a viable option.

***Distressed sale of the business and assets as a going concern by management***

This was not considered appropriate due to the Company's immediate requirement for additional funding. Without any investment, the Company had no working capital to continue trading for the month of August 2019 onwards.

Furthermore, the directors were not aware of any parties that would be willing to purchase the business and assets outside of a formal insolvency process. In addition, and as previously touched on, the Company was under pressure from the landlord who intended to commence enforcement action.

Additionally, previous attempts to conduct a sale of the Company's business in 2018 had proved unsuccessful.

As such, a distressed sale of the business and assets as a going concern by management was not a viable option.

### ***Sale of the business and assets by an Administrator after an extended period of marketing to third parties***

The Joint Administrators considered a pre-packaged sale to be necessary in order to maximise the value of the Company's intangible assets and to provide continuity of employment for part the Company's workforce.

Prior to the Joint Administrators' appointment, RKA had been instructed to commence an accelerated marketing campaign and circulated a mail shot to its database of contacts on 19 July 2019.

CHBR also placed the business opportunity on its website, <http://www.cowgills.co.uk/services/business-recovery/current-ops/> and circulated an email enclosing the business opportunity advert to the Partners of CH. This marketing resulted in interest from the Audit and Advisory, Property and Construction division; however, this interest did not generate a formal offer.

Upon CHBR becoming engaged, it was agreed between them and RKA that the marketing period should be extended, with a view to generating interest in the opportunity. The marketing campaign was limited to 24 July 2019, largely due to funding constraints and further, the monthly paid staff wages would have fallen due on 31 July 2019. The Company would not have held sufficient funds in the bank account to meet critical trading payments, including the employee wages and there was the inherent risk of the erosion of the value of the Company's business and assets, with it unable to continue further trading.

When taking into account the cost of running a protracted marketing campaign, a quick sale was imperative to protect the value of the intangible assets as a break in trading would have resulted in the loss of the value of the customer relationships and associated book debts which is by far the Company's largest asset.

In this case, despite efforts to achieve a sale of the whole of the business, its assets and a transfer of the entire workforce, the Joint Administrators have achieved a sale of the PVCu business and part of its assets to SD. This sale also included the transfer of the PVCu staff. In addition, a late buyer was identified who purchased the Company's aluminium assets only. A transfer of the aluminium business, including its workforce, could not unfortunately be achieved.

As such, continued marketing following appointment was not necessary or appropriate.

### ***Liquidation and Subsequent Forced Sale of the Company's Assets***

Following receipt of the offer from SD, and then subsequently a separate offer from ADW, this process was not considered to be appropriate as the formal offers was received to acquire the PVCu business and part of its assets and separately, the aluminium assets, was on an 'in-situ' basis and exceeded what would have been achieved should the assets have sold on a 'forced sale' basis when taking into account the costs of uplift and sale via auction which were expected to reduce net sales consideration.

It also provides continuity for the PVCu workforce which have been transferred to the PVCu purchaser, SD, thereby significantly reducing employee claims in respect to wages, holiday pay, redundancy pay and payment in lieu of notice.

A pre-packaged sale of the PVCu business and part of its assets, and the separate asset sale of the aluminium assets in Administration has ensured significantly greater realisations for the benefit of the Company's creditors as a whole.

### Comparative outcome

The below table provides a comparative outcome of the going-concern valuation of the Company's PVCu business and part of its assets against the outcome obtained via the pre-packaged sale to SD and compares this with the likely realisations that would have been made via a sale of the Company's assets in a Liquidation scenario or through a restricted marketing period post Administration.

#### Sale of PVCu business and its assets to SD

Details of Assets	Going concern valuation £	Value achieved through the pre-packaged sale in Administration £	Anticipated value in Liquidation, or under a restricted marketing period post Administration £
<i>Business Information</i>	10,000-50,000	1,000	Nil
<i>Customer Contracts and Work-in-Progress</i>		7,000	Nil
<i>Goodwill and Intellectual Property</i>		7,000	Nil
<i>Stock-in-Trade, Equipment - PVCu and Motor Vehicles</i>	103,800	60,000	57,000
<b>Totals</b>	<b>£113,800 - £153,800</b>	<b>£75,000</b>	<b>£57,000</b>

The above table is exclusive of the goodwill value attributed to the aluminium business and also the contents of the aluminium factory, which have been sold separately and outside of the pre-packaged sale to SD.

In relation to the value attributed to the goodwill, order book and work-in-progress, it is noted that there was no guaranteed work or long-term order book, with PVCu orders being typically turned around in circa two weeks. Many of the Company's sales were based on long standing relationships with sales staff or the business owners and any purchaser would need to use the same profile suppliers to ensure continuity.

It was therefore difficult for RKA to place a value on these asset classes.

As a result, the only real significant value in the Company's intangible assets would be in the context of a pre-packaged sale and the going concern valuation provided is speculative.

### Sale of Aluminium assets to ADW

The table overleaf provides a comparative outcome of the going-concern valuation of the Company's aluminium assets only against the outcome obtained via the asset sale to ADW and compares this with the likely realisations that would have been made via a sale of the Company's assets in a Liquidation scenario or through a restricted marketing period post Administration.

Details of Assets	Going concern valuation	Value achieved through the pre-packaged sale in Administration	Anticipated value in Liquidation, or under a restricted marketing period post Administration
	£	£	£
Equipment – Aluminium	36,000	25,000	22,000
<b>Totals</b>	<b>£36,000</b>	<b>£25,000</b>	<b>£22,000</b>

The following charges are registered against the Company:

Charge in favour of	Date of Creation	Date of Delivery	Particulars
Bibby	2 August 2019	2 August 2019	First legal mortgage
RBSIF	26 May 2017	2 June 2017	Fixed and floating charge
NatWest	7 October 2002	10 October 2002	Fixed and floating charge

RBSIF's facility has been uplifted by a new funder. Following a period of due diligence undertaken by Bibby, a new facility was granted and RSBIF were repaid in full on 2 August 2019.

### **Marketing of the business and assets**

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

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

Immediately prior to our engagement, on 19 July 2019, RKA circulated a mail shot of the business sale to 17,427 contacts in their database, which included a link to their website where further information could be found.

The email was opened by 3,381 contacts a total of 4,898 times whilst 96 emails were returned undelivered representing just 0.006% of the total number of emails. 421 unique contacts opened the email 563 times resulting in nine interested parties requesting further information. RKA invited the nine interested parties to sign and return a non-disclosure agreement together with proof of funding.

Four parties responded; however, one was only interested in buying the machinery, and one was only interested in buying the limited company.

Two parties returned the non-disclosure agreement, one of which was a North West based double glazing company who also provided proof of funding in the form of a bank statement. The other party is an experienced buyer of insolvent businesses who at first refused to send proof of funding; however, RKA were satisfied of their experience in this sector and further details were provided regardless of the lack of proof of funding. One of the parties advised that they would not be in a position to complete a sale within the required timescale and made no further enquiries. The other party continued to refuse to provide evidence of funding and retracted their interest.

Upon CHBR becoming engaged on 22 July 2019, CHBR instructed RKA to circulate marketing documents to those parties who had provided funding and had returned a signed non-disclosure agreement.

On 23 July 2019, CHBR circulated details of the business sale to all Partners within CH to ascertain whether any of its clients would be interested in this opportunity, and also uploaded this in the business opportunity section of its website. The marketing generated interest from a client of CH's Audit and Advisory, Property & Construction division; however, this interest did not generate a formal offer.

In light of the lack of working capital, and the impending threat of Commercial Rent Arrears Recovery action from the Company's landlord, RKA confirmed that in such circumstances, it would not be appropriate to undertake an extensive marketing campaign. Therefore, RKA requested offers to be received by no later than 24 July 2019 leaving a short period of time to negotiate/agree a deal/instruct solicitors by 26 July 2019.

As a result, the only remaining party expressing an interest in the business and assets was the Company's director, DJR, via an established incorporated limited company.

On 24 July 2019, CHBR received a formal offer from SD, a connected entity, to acquire the Company's business and certain assets in-situ. The terms of the offer was that SD would pay the sum of £71,276 on deferred terms. However, this was not the final offer accepted as following a period of further discussions, a revised offer was received from SD on 25 July 2019 to acquire the PVCu business only and part of the assets for £75,000 on deferred terms, including the transfer of 34 members of staff.

On 26 July 2019, further interest was received from a party who had not previously raised an interest. This interest resulted in an additional formal offer being submitted to RKA by ADW, a connected entity. The interest was in relation to the acquisition of the aluminium plant and machinery assets only.

Post agreeing the sale to SD and ADW in principle, CHBR were contacted by another interested party on 29 July 2019. RKA contacted the party on 30 July 2019 to confirm that sales had been agreed and the party requested to be notified in the event the sales did not complete.

The Joint Administrators believe that they have conducted an appropriate marketing strategy which has generated the best possible outcome for creditors. The marketing undertaken has resulted in a number of expressions of interest and has resulted in the pre-packaged sale of the PVCu business and part of its assets to SD and a separate asset sale of the aluminium assets to ADW.

Had the sales not have completed to SD and ADW in this way, the Joint Administrators would have been required to shut down both the PVCu and aluminium divisions which would have resulted in a potential net realisation of between £35,000-£40,000 less than the price the pre-packaged sale to SD and the aluminium asset sale ADW achieved overall.

### **Valuation of the business and assets**

The Company's assets were valued on 11 July 2019 by Jonathan Kay MNAVA of RKA who is a member of the National Association of Valuers and Auctioneers and is suitably experienced to carry out valuations of this type. RKA have confirmed their independence and that they carry adequate professional indemnity insurance.

The Company's assets were valued on the following bases:

- *Estimated Restricted Realisation Value – before deducting costs of sale, and*
- *Open Market Value – assuming a reasonable period of proper marketing and before selling costs.*

As we believed there was a strong prospect that we would be able to sell the business, we sought a market value to compare offers. In the event that offers may have been lower than these values, we also sought individual valuations so that we could assess whether any offer merited acceptance, or if we should sell the assets on a piecemeal basis.

A valuation was obtained on two bases, one being that a willing buyer would purchase the business and assets, as this is what was hoped for by conducting a pre-packaged sale. However, if this value proved to be unachievable, then a valuation was also obtained on a forced sale basis to act as a guide when considering any alternative offers received.

The summary of the valuation opinion, to be regarded in the context of the full valuation report can be summarised overleaf.

#### Sale of PVCu business and its assets to SD

Assets Summary Description	Estimated Restricted Realisation Value £	Value to the Ongoing Business £
<i>Plant &amp; Machinery – Unit 1 PVCu Factory</i>	20,000	35,000
<i>Plant &amp; Machinery – Unit 1 the Mixed Use Factory</i>	8,500	16,500
<i>Encumbered Machinery (equity)</i>	-	-
<i>Assets at Head Office</i>	1,500	2,800
<i>Third Party Assets (net of finance)</i>	-	-
<i>Stock-in-Trade</i>	2,000	10,000
<i>Goodwill/Order Book/Work-in-Progress</i>	-	10,000-50,000
<i>Encumbered Vehicles (net of finance)</i>	5,000	16,000
<i>Unencumbered Vehicles</i>	20,000	23,500
<b>Total</b>	<b>£57,000</b>	<b>£113,800 - £153,800</b>

#### Sale of Aluminium assets to ADW

Assets Summary Description	Estimated Restricted Realisation Value £	Value to the Ongoing Business £
<i>Plant &amp; Machinery – Unit 1 Aluminium Factory</i>	22,000	36,000
<b>Total</b>	<b>£22,000</b>	<b>£36,000</b>

#### **Details of the assets sold and the nature of the transaction**

##### Sale of PVCu business and its assets to SD

The Company's PVCu business and part of its assets were sold to SD on 2 August 2019 in the amount of £75,000. SD is a connected entity by way of common directors, DJR and ES and former directors BW and Christopher Powell (CP). The completion of the sale agreement occurred on 2 August 2019.

The consideration paid was apportioned as follows:

Details of Assets	Asset Class	Value achieved through the pre-packaged sale in Administration £
Business Information	Fixed Charge	1,000
Goodwill and Intellectual Property	Fixed Charge	7,000
Customer Contracts and Work-in-Progress	Fixed Charge	7,000
Stock-in-Trade, Equipment (PVCu) and Motor Vehicles	Floating Charge	60,000
<b>Total</b>		<b>£75,000</b>

A common director, being DJR, has guaranteed the obligations of SD under the Sale Agreement, and further a debenture over the assets of SD has been granted as further security for the deferred consideration.

There are no buy back arrangements and the sale was not part of a wider transaction.

#### Sale of Aluminium assets to ADW

The contents of the aluminium factory were sold to ADW on 9 August 2019 in the amount of £25,000 plus VAT. ADW is a connected entity by way of common directors, DJR and ES and former directors BW and CP.

The consideration paid was apportioned as follows:

Details of Assets	Asset Class	Value achieved through the pre-packaged sale in Administration £
Plant and Machinery – Aluminium	Floating Charge	25,000
<b>Total</b>		<b>£25,000</b>

A common director, being DJR, has guaranteed the obligations of ADW under the Sale Agreement, and further a debenture over the assets of ADW has been granted as further security for the deferred consideration. The security granted has been limited to the sum of the sale price, being £25,000 plus VAT.

There are no buy back arrangements and the sale was not part of a wider transaction.

#### **Assets**

##### Sale of PVCu business and its assets to SD

The assets of the Company comprising, the Business Information, the Customer Contracts, the Work-in-Progress, the Equipment (including PVCu stock-in-trade), the Motor Vehicles, the Goodwill and Intellectual Property Rights, relating to the PVCu business only, were acquired by SD, a connected company by way of common directors and former directors.

SD has acquired whatever right, title and interest the Company held in the above detailed assets.

##### Sale of Aluminium assets to ADW

The assets of the Company comprising of the contents of the aluminium factory were acquired by ADW, a connected company by way of common directors and former directors.

ADW has acquired whatever right, title and interest the Company held in these assets.

## ***Sale consideration***

### **Sale of PVCu business and its assets to SD**

The assets sold to SD and the breakdown of the apportionment of the sale consideration against the categories of assets are provided below:

- *the Business Information - £1,000*
- *the Customer Contracts and Work-in-Progress - £7,000*
- *the Equipment and Motor Vehicles - £60,000*
- *the Goodwill and Intellectual Property Rights - £7,000*

An initial payment of £23,000 was paid into Shoosmiths client account on 2 August 2019, with the balance to be paid on deferred terms in accordance with eight monthly payments of £6,500 with the first payment being due on 2 September 2019.

The sale is exclusive of VAT as it is treated as a transfer of a going concern.

In consideration of the Company entering into the deferred consideration payment terms, the Agreement for the sale of the business and assets has been personally guaranteed by DJR. The Agreement is further secured by way of a debenture involving the Company, the Joint Administrators and the purchaser, SD.

### **Sale of Aluminium assets to ADW**

The assets sold to ADW and the breakdown of the apportionment of the sale consideration against the categories of assets are provided below:

- *plant and machinery at the aluminium factory - £25,000 plus VAT*

An initial payment of £5,000 plus VAT was paid into RKA's client account on 9 August 2019 with the balance to be paid on deferred terms with eight monthly payments of £2,500 plus VAT with the first payment being due on 30 August 2019.

The sale to ADW is not being treated as a going concern sale and VAT has therefore been applied.

In consideration of the Company entering into the deferred consideration payment terms, the Agreement for the sale of the assets has been personally guaranteed by DJR. The Agreement is further secured by way of a debenture involving the Company, the Joint Administrators and the purchaser, ADW. All security documents reflect that the security is limited to the sum of the sale price, being £25,000 plus VAT.

## **Connected Party transactions**

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

As the transaction meets the definition of a connected party sale, the transaction is eligible for review by the Pre-Pack Pool (**the Pool**). The pool is an independent body of experienced business people and has been set up in response to a series of recommendations contained in an independent review of pre-packaged sales in administrations. A Pool member will offer an opinion on the purchase of a business and/or its assets by a party connected to a company where a pre-packaged sale is proposed by an Administrator.

The Pool, through its members, operates only to review and opine on applications made voluntarily by connected parties. Further information on the work of the Pool can be found in the ‘Questions and Answers about the Pre-Pack Pool’ document on the Pool’s website at [www.prepackpool.co.uk](http://www.prepackpool.co.uk).

DJR was made aware of his ability to approach the Pool and the potential for enhanced stakeholder confidence from the connected party approaching the Pool and preparing a viability statement for the purchasing entity.

In this case, we are not aware if the Pool has been approached by the connected party.

## ***Viability statement***

A viability review can be drawn up by a connected party wishing to make a pre-packaged purchase. The review should cover the greater of 12 months or the period over which any consideration is to be deferred in order to demonstrate how the purchasing entity will survive for this period from the date of the proposed purchase.

We are not aware if a viability statement has been drawn up as one has not been forthcoming.

# 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	Gill Leigh
Company name	Cowgill Holloway Business Recovery LLP
Address	Regency House 45-53 Chorley New Road
Post town	Bolton
County/Region	
Postcode	B L 1 4 Q R
Country	
DX	
Telephone	0161 827 1200



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



### Important information

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



### Where to send

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

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



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)