

# AM03

## Notice of administrator's proposals



Companies House

For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 4 9 3 8 7 1 6

Company name in full Red Key Concepts Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Michael Colin John

Surname Sanders

### 3 Administrator's address

Building name/number 6th Floor

Street 2 London Wall Place

Post town London

County/Region

Postcode E C 2 Y 5 A U

Country

### 4 Administrator's name ①

Full forename(s) Georgina Marie

Surname Eason

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number 6th Floor

Street 2 London Wall Place

Post town London

County/Region

Postcode E C 2 Y 5 A U

Country

#### ② Other administrator

Use this section to tell us about  
another administrator.

# AM03

## Notice of Administrator's Proposals

**6**

### Statement of proposals

☒ I attach a copy of the statement of proposals**7**

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

☒ I attach a copy of the qualifying report☒ I attach a statement of disposal

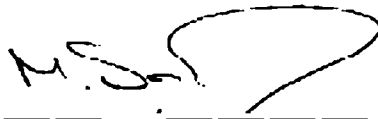
<sup>①</sup> As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)

**8**

### Sign and date

Administrator's  
Signature

Signature

**X****X**

Signature date

<sup>d</sup>0

<sup>d</sup>2

<sup>m</sup>0

<sup>m</sup>8

<sup>y</sup>2

<sup>y</sup>0

<sup>y</sup>2

<sup>y</sup>2

# AM03

## Notice of Administrator's Proposals



### Presenter information

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

Contact name

Harry Sanders

Company name

Macintyre Hudson LLP

Address

6th Floor

2 London Wall Place

Post town

London

County/Region

Postcode

E C 2 Y 5 A U

Country

DX

Telephone

0207 429 4100



### 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)

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**Private and Confidential  
TO ALL KNOWN CREDITORS**



Our ref CR400914/MCJS/GME/JM/KAR/HS

Your ref

Date 02 August 2022

Dear Sir/Madam

**Red Key Concepts Limited ("the Company") – In Administration  
In the High Court of Justice Number 001473 of 2022**

I refer to my appointment as Joint Administrator of the above Company on 16 June, 2022 and now enclose a copy of the Joint Administrators' proposals.

I am seeking decisions by correspondence from the creditors to approve the Administrators' proposals, approve the Administrators' pre-administration costs, fix the basis of the Administrators' remuneration and to approve certain expenses known as category 2 expenses. If you wish to vote on the decisions, you must complete and return the enclosed voting form to me by no later than 23.59 on 19 August 2022, the decision date. If you have not already submitted proof of your debt, please complete the enclosed form and return it to me, together with the relevant supporting documentation. Your vote on the decision (s) will not count unless you have lodged proof of your debt by no later than 23.59 on 19 August 2022.

You are also invited to determine whether to form a Creditors' Committee, and a notice of invitation to form a Creditors' committee and further instructions are enclosed. To enable you to make an informed decision as to whether you wish to either seek to form a Committee, or to nominate yourself to serve on a Committee, further information about the role of the Committee and what might be expected from its members has been prepared by R3 and can be found is available at the link: [R3 | Technical Library | England & Wales | Guidance | Creditor Guides](#)

The following documents are enclosed with this letter:

- Notice of decisions for which approval is sought;
- Proof of debt form;

The following documents can be found online at the creditor portal using the following log in details:

Website: IPS Creditor Portal ([ips-docs.com](http://ips-docs.com))

Case log in: CR400914

Password: R3DKEY

- Proposals;
- Notice of invitation to form a Creditors' Committee;

I would advise you that when considering the decisions regarding approval of my fees, if I only receive votes from creditors who I consider may be my associates under the provisions of Statement of Insolvency Practice 9, I will use their votes.

MHA Macintyre Hudson is the trading name of Macintyre Hudson LLP, a limited liability partnership, registered in England with registered number OC312313. A list of partners' names is open for inspection at its registered office, 201 Silbury Boulevard, Milton Keynes MK9 1LZ. Macintyre Hudson LLP is an independent member of MHA and an independent member of Baker Tilly International Limited, the members of which are separate and independent legal entities. Arrandco Investments Limited is the registered owner of the UK trade mark for the name Baker Tilly. The associated logo is used under licence from Baker Tilly International Limited. Further information can be found via our website <https://www.macintyreHUDSON.co.uk/legal-disclaimer>



As a result, this is a valid use of the personal data of individual creditors, and it is not a breach of the General Data Protection Regulations (GDPR).

is a valid use of the personal data of individual creditors, and it is not a breach of the General Data Protection Regulations (GDPR).

Should any creditor or group of creditors wish to request a physical meeting of creditors, they must do so within 5 business days of the delivery of the notice that accompanies this letter, such requests must be supported by valid proof of their debt if not already lodged. I will convene a meeting if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors."

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at Guides to Fees ([macintyreHUDSON.co.uk](http://macintyreHUDSON.co.uk)). There are different versions of these Guidance Notes, and in this case please refer to the most recent version. Please note that we have also provided further details in the practice fee recovery sheet.

Macintyre Hudson LLP uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how Macintyre Hudson LLP uses your personal information on our website at <https://www.macintyreHUDSON.co.uk-privacy-policy>.

If you have any queries regarding the conduct of the Administration, or if you want hard copies of any of the documents made available on-line, you should contact Kimberley Reid by email at [Kimberley.Reid@mhllp.co.uk](mailto:Kimberley.Reid@mhllp.co.uk), or by phone on 0207 429 4100.

Finally, please note that the affairs, business and property of the Company are being managed by the Joint Administrators, Michael Colin John Sanders and Georgina Marie Eason. The Joint Administrators act as agents of the Company and contract without personal liability.

Yours faithfully



**Michael Colin John Sanders**  
**JOINT ADMINISTRATOR**  
**AUTHORISED TO ACT BY THE INSOLVENCY PRACTITIONERS ASSOCIATION**

Enc.

**Joint Administrators' Proposals relating to  
Red Key Concepts Limited ("the Company") – In Administration**

**Issued on: 2 August 2022**

**Delivered to creditors on: 3 August 2022**

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- 1) A summary of the Company's Estimated Financial Position as at 16 June 2022
- 2) Proof of Debt Form
- 3) Receipts and Payments Account from 16 June 2022 to 2 August 2022
- 4) MHA MacIntyre Hudson LLP - Fee Recovery Policies
- 5) Analysis of Time Costs incurred from 16 June 2022 to 2 August 2022 and Pre appointment Time Analysis
- 6) Fee estimate
- 7) Work to be undertaken in the Administration
- 8) Estimate of expenses to be incurred in the Administration
- 9) Notice of Decision by Correspondence and Voting Form
- 10) Notice to Form a Creditors' Committee

Georgina Marie Eason and I are the Joint Administrators of the Company, and these are our statutory proposals relating to the Company.

## 1. STATUTORY INFORMATION

Company name: Red Key Concepts Limited  
Previous name: Christopher Stuart Limited  
Trading name: Red Key Concepts Limited  
Company number: 04938716  
Date of incorporation: 21 October 2003  
Trading address: Second Floor, Radio House, Harvey Dr, Chestfield, Whitstable CT5 3QX  
Current registered office: MHA Macintyre Hudson, 2 London Wall Place, London, EC2Y 5AU  
Former registered office: Delandale House, 37 Old Dover Road, Canterbury, Kent, CT1 3JF

Principal trading activity: Construction company

### Appointment Details

Joint Administrators: Michael Colin John Sanders and Georgina Marie Eason  
Joint Administrators' address: Macintyre Hudson LLP 6th Floor, 2 London Wall Place, London, EC2Y 5AU  
Date of appointment: 16 June 2022  
Court name and reference: In the High Court of Justice 001473 of 2022  
Appointment made by: Directors  
Actions of Administrators: Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.

### Officers of the Company

Directors	Name	Shareholding
	Christopher Stuart Gremo	0%
	Charlotte Gilham Gremo	0%

Company secretary	Name	Shareholding
	Lynn Gremo	0%



## Share capital

### Authorised

### Allotted, called up and fully paid

Red Key Holdings Limited - 100 ordinary 100 ordinary share of £1.00 each shares each

## Charges

The Registrar of Companies shows that there are 4 satisfied charges registered against the Company, details of which are as follows:

Name of Charge holder	Type of Charge	Date Created	Date Delivered
Metro Bank PLC	Fixed and Floating Charge	25 March 2020	25 March 2020
National Westminster Bank PLC	Legal Charge	8 November 2006	11 November 2006
Kent Reliance Building Society	Transfer Deed	5 November 2004	14 December 2004
National Westminster Bank PLC	Legal Charge	17 May 2004	19 May 2004

I am not aware of any outstanding charges in respect of the Company. Please note that Metro Bank PLC satisfied their charge prior to the appointment of Joint Administrators.

## 2. CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE ADMINISTRATORS

The Company was incorporated on 21 October 2003 under Company Number **04938716**.

The Company's registered office was at Delandale House, 37 Old Dover Road, Canterbury, Kent, CT1 3JF. The Company operated from a leasehold premises located at Second Floor, Radio House, Harvey Drive, Chesterfield, Whitstable, CT5 3QX. The 2 current Directors of the Company are Christopher Gremo and Charlotte Gremo-Gilham ("the Directors"). Both individuals are the instructing Directors and are also the appointed Directors of Red Key Design & Build Limited. ("RKDB and the Purchaser").

The Company is owned by Red Key Holdings Limited and mainly operates as a construction management and development business which specialises in the provision of labour, to oversee the planning, design, and construction of both commercial and residential building projects. The Company had 9 employees.

The Company traded profitably for the years 2020/2021 and developed a brand which was well known in the area. The Company saw themselves as market leaders within the field and worked hard to build the brand whilst delivering quality builds on each project.

In February 2021, the Company was awarded a £6.6million contract to build 54 apartments. At the site, works had already commenced by a previous unconnected contractor who the Company was later informed had entered into Administration and ceased to trade. It later transpired that there had been other contractors working at the site which further complicated matters for the Company.

The Joint Administrators confirm that the SIP16 disclosure and annexed Evaluator's report (the "Reports") were issued to all known creditors and the Insolvency Practitioners Association on 23 June 2022 as per our requirements. In preparing the Reports, the Administrators and the Evaluator relied on certain purported facts provided to them by individuals involved with the Company. Creditors will note

that the SIP16 disclosure and Evaluator's report were prepared immediately following and shortly before the appointment, respectively. Since issuing the Reports, the Joint Administrators have been contacted by the firm of solicitors representing a creditor of the company, namely the Developer involved in the adjudication which is referred to in the Reports. The Joint Administrators and the Evaluator are now aware that the Developer wholly rejects any perceived criticism of its dealings with the Company as well as the purported facts on which any such criticism is based. The Joint Administrators and the Evaluator also acknowledge that any such perceived criticism as may have been described in the Reports was based solely on SUCH purported facts and not based on any judicial or any other finding. The Joint Administrators and the Evaluator were not in a position to and did not and do not intend to suggest that any such perceived criticism was or is well founded as inferred by the Developer. The Joint Administrators have therefore redacted the copies of the Reports. The Sip16 Disclosure can be found on page 7 of these Proposals accordingly.

A summary of the financial position of the Company is detailed below:

	<b>Management Accounts to 31/03/2022</b>	<b>Statutory Accts Y/e 31/03/2021</b>	<b>Statutory Accts Y/e 31/03/2020</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>	8,065,318	6,459,129	5,355,467
<b>Cost of Sales</b>	(7,937,451)	(5,851,666)	(4,812,500)
<b>Gross Profit</b>	127,866	607,463	542,959
<b>Overheads/Administrative Expenses</b>	(584,761)	(476,934)	(313,269)
<b>Other Income</b>	-	12,665	-
<b>Operating Profit/Loss before taxation</b>	<b>(456,894)</b>	<b>143,194</b>	<b>229,690</b>

The initial Notice of Attention to Appoint Administrators ("NOI") was filed by the Directors on 20 May 2022 and Axia Valuation Services ("Axia") commenced marketing. The deadline for best and final offers was set by Axia as at 1 June 2022. Further details regarding the marketing process are detailed in this report. A second NOI was filed on 1 June 2022 which expired on 16 June 2022. This allowed sufficient time to finalise negotiations, prepare contracts and for the purchaser to approach an independent evaluator, all of which was completed by 16 June 2022. In the marketing period, one formal offer was received and later accepted.

The Directors signed a Notice of Appointment ("NOA") to appoint Michael Colin John Sanders and Georgina Marie Eason of MHA MacIntyre Hudson ("MHA") as Joint Administrators on 16 June 2022 which was filed in Court on the same day. The Court acknowledged the filing, and the appointment was made at 2.56pm on 16 June 2022, per the date stamp on the document, which is the time and date of the appointment of the Joint Administrators.

Prior to the appointment, I understand that the Directors of the Company consulted with creditors to advise of the position.

Immediately post appointment, the sale of certain assets of the Company occurred, principally the contracts, goodwill, BIPR and fixtures and fittings, which is commonly known as a Pre-Packaged Administration. Please note that the Sale and Purchase Agreement ("SPA") was exchanged shortly following appointment and the existing 3 contracts were novated to RKDB as per the SPA. I can confirm that the SIP16 report was filed with the Insolvency Practitioners Association and circulated to creditors within 7 days of the appointment.

For information only, the business and assets of the Company had not previously been purchased from an Insolvency Practitioner within the last 24 months.

Prior to the commencement of the Administration, MHA acted as advisors to the Board as a whole acting on behalf of the Company. No advice was given to the individual directors regarding the impact of the insolvency of the company on their personal financial affairs. Whilst not formally in office at that time, MHA was still required to act in its dealings with the Company in accordance with the Insolvency Code of Ethics.

On 16 June, 2022, Georgina Marie Eason and I took over from the Board responsibility for the management of the affairs, business and property of the Company. The appointment permitted the Joint Administrators to take any actions required either jointly or alone, and I have been the Administrator primarily involved in dealing with the Company's affairs.

### **3. OBJECTIVES OF THE ADMINISTRATION AND THE ADMINISTRATORS' STRATEGY FOR ACHIEVING THEM**

As Administrators of the Company, Georgina Marie Eason and I are officers of the Court, and must perform our duties in the interests of the creditors as a whole in order to achieve the purpose of the Administration, which is to achieve one of the three objectives set out in the insolvency legislation, namely to:

- (a) rescue the Company as a going concern; or
- (b) achieve 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
- (c) realise property in order to make a distribution to one or more secured or preferential creditors.

These objectives form a hierarchy. The rescue of a Company is the priority. If this is not possible, then Administrators must seek to achieve a better result for creditors as a whole. In the event that this cannot be achieved, then the Administrators are permitted to realise assets for the benefit of the preferential or secured creditors.

Objective (a) could not be achieved as no purchaser could be found for the shares of the Company, it was also deemed impractical for the company to repay its debts even over a period of time through an insolvency procedure. The nature of the Company's trading and its financial circumstances meant that a Company Voluntary Arrangement was not appropriate.

There are also no secured creditors in respect of objective (c) and as a result, we are seeking to achieve objective (b) for the Company, and will do this by realising the Company's assets (forming part of the prepack sale), as detailed below, to facilitate a payment to the creditors. A detailed examination of the records will also be carried out to investigate the affairs of the Company to ensure any available assets are pursued and potentially realised for the benefit of the Company's creditors.

The insolvency legislation has set a 12-month maximum duration for Administrations, unless the duration is extended by the Court or the creditors. If we are unable to complete the Administration of the Company within 12 months, then we will either apply to the Court or seek a decision from the creditors to extend the duration of the Administration.

### **4. ACTIONS OF THE ADMINISTRATORS FOLLOWING APPOINTMENT**

Since the appointment of Joint Administrators we have carried out the following tasks:

- Contact was made with professional advisors for the purpose of obtaining further and detailed information about the Company's affairs;
- Secured electronic records held on accounting software;
- Instructed FWJ to assist with legal matters arising as a result of the Administration;

- Issued letters to all known creditors requesting information relating to their claim and also any information they may have to assist the Joint Administrators in their investigations;
- Dealt with creditor queries in relation to the Appointment and pre-pack sale;
- Instructed Axia to review and value the Company assets and assist with the company pre pack sale
- Arranged virtual meetings with the Directors to discuss the Company affairs and ongoing matters to be dealt with in the Administration;
- Instructed the tax team at Azets UK to file the pre-appointment VAT return and requested records and information to assist with the Administrators duties;
- Requested the return of funds held by Metro Bank PLC;
- Received the initial sale proceeds ;
- Obtained and reviewed information from creditors that should assist with investigations. (Each claim will be investigated on its own merit);
- Contacted HM Revenue & Customs to obtain information on the potential tax liabilities of the Company;
- Reviewed and dealt with correspondence received from a Developer;
- Requested copies of bank statements from all Company bankers;
- Confirmed the position in respect of the Company trading premises;
- Requested funds held by Red Key Holdings Limited.
- Requested information in relation to the retentions and additional consideration as set out in the Sales and Purchase Agreement.

The Joint Administrators have also undertaken routine statutory and compliance work, as follows:

- Set up the electronic files and updated case management systems;
- Completed an initial case review;
- Opened a case bank account;
- Filed the necessary notices in the London Gazette;
- Written to all Company creditors regarding the appointment of Administrators;
- Written to the Company's bank;
- Written to HM Revenue & Customs ("HMRC") confirming the appointment;
- Conducted a Company pension Search;
- Requested that the Director completes a Statement of Affairs as at 16 June 2022;
- Written to the Company's solicitors;
- Filed the necessary notices with Companies House;
- Written to all known Company Director's from within the last three years to request information on their conduct and the running of the Company.

I repeat below the disclosure I have previously made to creditors about the pre-pack sale. I was unable to issue my proposals at the time I made the SIP 16 disclosure because I was awaiting additional information from the Company and its Directors.

### **Sip16 Disclosure**

#### **Background to the Administration**

**This section has been redacted as detailed above.**

#### **Role of the Insolvency Practitioner**

*I was introduced to the Board of the Company by Meghan Andrews of Azets Restructuring and Recovery LLP on 12 May 2022. I first met with the Board on 13 May 2022 to discuss the financial affairs of the Company which included the circumstances surrounding the adjudication. I subsequently entered-into an engagement with the Company, per an engagement letter dated 13 May 2022 (Signed on 16 May 2022) whereby I reviewed financial information, introduced solicitors and agents, and made recommendations in terms of the options available.*

*Prior to the commencement of the Administration, I advised the Board as a whole, acting on behalf of the Company, about the Company's financial difficulties and provided advice about the options available to the Company to help determine an appropriate course of action to take. No advice was given to the individual directors regarding the impact of the insolvency of the Company on their personal financial affairs. Whilst not formally in office at that time, I was still required to act in my dealings with the Company in accordance with the Insolvency Code of Ethics. Please note during the Pre-Appointment period I acted in the capacity as an Advisor only and had no executive powers over the Company or its decision making. I was assisted by my colleagues at MHA as follows:*

*James Mackie – Senior Manager  
Kimberley Reid – Assistant Manager  
Harry Sanders – Administrator*

*Georgina Marie Eason and I have not had any prior professional relationship with the Company or the Board.*

*Once Administration had been agreed as the most appropriate course of action, Francis Wilks and Jones ("FWJ"), solicitors, were appointed to advise and assist with the drafting of the sales and purchase agreement, NOA and requisite filings. FWJ confirmed their independence. The Board of Directors appointed their own firm of solicitors. FWJ were chosen because of their extensive expertise and experience in insolvency and their ability to act promptly under the circumstances.*

*As Administrator, I am an officer of the Court and I have taken over the management of the Company from the Board. The purpose of the Administration is to achieve one of the hierarchy of statutory objectives, namely to:-*

- (a) rescue the Company as a going concern; or*
- (b) achieve 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*
- (c) realise property in order to make a distribution to one or more secured or preferential creditors.*

*In order to help me achieve the objective I have a wide range of powers, as set out in the insolvency legislation, and I must perform my functions as quickly and efficiently as is reasonably practicable. I must also act in the interests of the creditors of the Company as a whole other than where objective c) is being pursued I need only ensure that I do not unnecessarily harm the interests of the creditors of the Company as a whole.*

*I can confirm that I am seeking to achieve objective b), and this will be confirmed when the Administrators proposals are issued to creditors. I can confirm that the proposals will be issued before the eight-week statutory deadline following the appointment.*

### **Pre-appointment considerations**

*The pre-pack sale of the business enables me to achieve the objective b) set out above. The transfer of the employees to the Purchaser means that the Company has no preferential creditors in respect of claims by employees. I can also confirm that the outcome achieved as a result of the pre-pack sale was the best available outcome for creditors of the Company.*

*When reviewing the options available to the Company with the Board of Directors, several strategies were considered, namely:*

- *Seeking additional funding to avoid Administration;*
- *Ceasing to trade whilst seeking a sale as a going concern;*
- *A Company Voluntary Arrangement;*

- Creditors' Voluntary Liquidation;
- A Compulsory Winding-Up; and
- A pre-packaged sale of business in Administration.

#### **Seeking additional funding to avoid Administration**

*Having discussed this with the Board of Directors, it was apparent that there was no scope for any connected party to provide additional funding and the possibility of the Company being able to obtain any kind of third-party funding was minimal, given the nature of the business, the asset position, and the adjudication in relation to the Ballast Wharf contract.*

#### **Ceasing to trade whilst seeking a sale as a going concern**

*As continuing to trade the Company in Administration was not possible, it was considered whether ceasing to trade was an option whilst a buyer was sought. However, as per Axia's recommendation, based on the asset position of the Company it was unlikely that any third party would be interested in the transaction. In addition, relationships would be damaged as work on site would have to cease whilst a buyer was found which was of no certainty. The goodwill effectively would be lost.*

*Furthermore, even if trading were "suspended" whilst seeking a buyer, the Company would still incur overhead costs and employees would expect to be retained even if they were not actively working. There were insufficient funds in the Company to meet these costs and it was considered that trading could not be suspended for any period whilst a buyer was sought. Due to the nature of the business, it was apparent that the continued trading of the Company was essential to preserve the reputation and goodwill value of the business and it was concluded that ceasing to trade whilst seeking a buyer was not a viable option.*

#### **Company Voluntary Arrangement ("CVA")**

*Due to the Company's financial position, it was not possible to continue trading without some form of funding and dismissal of the adjudication on the Ballast Wharf contract as outlined in this report. The Board of Directors was not in a position to support trading for any period to allow for a CVA proposal. In addition, and as referred to above, an Administrator would not be in a position to continue to trade the business in Administration whilst proposals for a CVA were prepared and considered by creditors.*

#### **Creditors' Voluntary Liquidation**

*If the Company was placed into Creditors' Voluntary Liquidation, the reputation of the business would likely be damaged, thus eroding the prospect of a sale of the business in Liquidation and the value in the goodwill. In addition, it is likely that all employees would have been made redundant, thus increasing the creditor claims/ liabilities against the Company by circa £45,401.*

#### **A Compulsory Winding-Up**

*If the Company was placed into Compulsory Liquidation, the reputation of the business would likely be damaged, thus eroding the prospect of a sale of the business in Liquidation and the value in the goodwill. The contracts would be terminated, and no additional consideration would be received into the estate. The employees' contracts would have been terminated, thus increasing the creditor claims/ liabilities against the Company by circa £45,401 as advised above. In addition, there are set secretary of state costs involved with a compulsory liquidation which reduce any realisations which may be available to creditors.*

#### **Pre-packaged sale of business in Administration**

*In light of the Company's financial position and the loss of the value of the goodwill that would likely occur if the Company was to be placed into Liquidation, it is considered that placing the Company into Administration and conducting a pre-packaged sale of the business and assets of the Company will result in a better return to creditors.*

*As Administrator of the Company, the pre-pack sale of the business enables me to achieve the objective set out above as the realisations made will enable me to make a distribution to the preferential creditor ("HMRC"), whilst the transfer of the employees to the purchaser means that the Company has no preferential employee claims.*

### **Pre-packaged sale of the business in Administration**

#### **Reasons for Agreeing the Sale**

*The pre-packaged sale of certain assets of the business enables the Administrators to achieve the objective b), set out above for the following reasons:*

- 1. The proposed transaction will allow for the continuation of much of the Company's current business and will provide protection for the employees whose employment contracts will transfer to the Purchaser under TUPE. This will also have a benefit to the Company's creditors as claims for wage arrears, holiday pay, redundancy, pay in lieu of notice etc will be avoided. There is no secured creditor and therefore, a distribution should be able to be made to the preferential creditor ("HMRC") under the preferential element of their claim.*
- 2. The continuation of the business will provide economic stability and reduced disruption to the Company's customers.*
- 3. The cash at bank and debtors (including intercompany loan) are not part of the SPA. It is estimated that the pre-packaged sale will result in maximum realisations as a consideration was made for the Company goodwill and an additional consideration has been agreed in respect of funds received on the contracts novated following the sale, resulting in a better return to creditors.*

#### **Objectives of the Administration**

*It will not be possible to achieve statutory objective a) as I am not able to sell the shares in the Company as a going concern due to the reasons outlined in this report.*

*I am also not seeking to achieve objective c) as there is no secured creditor and before the costs and expenses of the Administration, it appears that a small distribution could be declared to unsecured creditors. The prescribed part provisions do not apply.*

*The pre-packaged sale of the assets clearly enables the Administration to achieve the objective b) set out above as the realisations made will enable the Administrators to make a distribution to preferential creditors. This achieves 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).*

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

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

*Axia, specialist and confirmed independent asset valuers, were engaged to provide a valuation on the market value of the Company and of its business and assets. These mainly comprise of office furniture and equipment, Vehicles, Contracts, Retentions, Stock and Business Intellectual Property ("BIPR").*

*Axia was instructed after considering the nature and complexity of the Company's affairs, their experience in dealing with pre-packaged sales and their ability to work within the required deadlines. Axia is a specialist valuation agent who carries adequate professional indemnity insurance. Axia has no previous connection with the Company and is entirely independent. Axia's valuation was undertaken in accordance with the NAVA Valuation Standards.*

*Axia provided a valuation of the assets on both a market value in-situ (willing purchaser) basis and market value ex-situ (forced sale) basis.*

Leslie Keats, a firm of quantity surveyors, was instructed to provide advice in relation to the Contracts and Retentions held by the Company. Leslie Keats confirmed their independence.

With regards the valuation of the goodwill, Axia considered the Company's BIPR. Axia report that the BIPR within the Company is comprised of; the business model itself, the business name, and the trading styles, domain names, goodwill, the website, URL Domains, rights in get up, rights in design, rights in databases, rights to use, confidential information and other intellectual property rights.

In the valuation of the BIPR, Axia analysed market participants to define the likely pool of buyers. The valuation noted that the fact the business has failed alongside the issues associated with Covid-19 creates uncertainty and presents significant risk to investors. Axia advised that the most likely buyers for the BIPR would be a connected party or a local competitor.

	<b>Market value In-Situ £</b>	<b>Market value Ex-Situ £</b>
<u>Encumbered Assets</u>		
Motor Vehicles	Nil	Nil
<u>Uncharged Assets</u>		
Office Furniture and Equipment	Nil	Nil
BIPR	10,000	Nil
Contracts/Goodwill	183,000	50,000
<b>Total</b>	<b>193,000</b>	<b>50,000</b>

#### Motor Vehicles

The Company had use of 4 vehicles on individual hire/rental agreements. The vehicles had covered average mileage for their age and were in average condition, taking into consideration the nature of the business. Axia carried out the appropriate checks against the HPI register and they do not perceive that there is any potential equity in any of the vehicles.

#### Office Furniture and Equipment

Axia was advised that the office furniture and equipment held at the Company's trading premises was owned by a third party, RKDB. This includes (but is not limited to), desks, computers, monitors, chairs, filing cabinets and telephone equipment. Axia was advised that these assets were sold in August 2021 and the sum received was used to offset part of an inter-company loan. This transaction will be reviewed by the Administrator in due course.

In addition, the Company held 2 large printers on a lease equipment which Axia do not believe have any realisable value.

#### BIPR

An outline of the BIPR definition is detailed above. Axia has advised that the Company does not hold any trademarks and the website domain and social media accounts are unlikely to have any value unless sold to a connected party. With all of the points considered, Axia recommended that offers in excess of £10,000 were sought. On an ex-situ basis, the BIPR will have no value.

#### Contracts, Retentions and Stock

As confirmed, a quantity surveyor who specialises in the insolvency and restructuring sector was instructed to review the position in respect of the four live contracts as follows:



1. Ballast Wharf, West Street, Erith ("Ballast Wharf")
2. Foxbury Farm, Stone Street, Seal Kent ("Foxbury")
3. Winscombe Nursing Home, Furze Hill, Kingswood, Surrey ("Winscombe")
4. The Retreat Hotel, London Road, Tunbridge Wells ("The Retreat").

As detailed in this report, the works on the Ballast Wharf project were suspended due to contamination on site. This later resulted in an adjudication against the Company.

The quantity surveyor perceived that there was no significant value in the Foxbury or Winscombe contract and in a best-case scenario the contracts would result in a realisation of £50,000 for each contract. They advised that this was primarily due to recent price increases in building materials. The perceived value of the applications/WIP in the The Retreat could be £75,000 in the best case. Additionally, the Company holds Retentions related to the live projects however the Company owes part of these retentions to sub-contractors and therefore the net balance of the retentions is considered to be c£40,000.

Axia identified a quantity of building materials located at two of the live sites. The internal stock inventory detailed that the stock had a value of £141,417 of which £121,315 has been paid for by the Company. The stock has been invoiced directly to clients and therefore is considered to form part of the WIP within the contracts. It is unlikely that the stock would have any value on an ex-situ basis and Axia would have difficulties accessing the site and retrieving the materials. The Administrators are not aware of any retention of title claims as at the date of this report.

The Company had not marketed the business for sale prior to and post my involvement.

An offer was made for the assets of the Company, to which Axia reported that:

1. On 25 May 2022, a 'teaser' setting out an overview of the business was circulated to Axia's database of trade contacts. A similar advertisement was also placed on the business for sale section of Axia's website as well as IP-Bid.com as per the recommendations of Statement of Insolvency Practice 16.
2. The recent marketing resulted in a total of seventeen enquiries being received, with seven parties returning signed non-disclosure agreements (NDAs). Upon receipt of a signed NDA access was provided to a data room containing financial information, a summary of the order book, work in progress, schedule of assets, stock list, summary payroll etc.
3. As agreed, a deadline for offers was set for 1 June 2022. Seven parties declined to bid, and one offer was received from a connected party.
4. The offer was in the sum of £150,000 (One Hundred and Fifty Thousand Pounds) plus Additional Consideration based on performance of the contracts. This offer excluded outstanding book debts and cash at bank. There were no requests for an extension to the sale deadline by any of the parties who expressed an interest.
5. The alternative to proceeding with the received offer in current circumstances would be closure. In this event, Axia recommend that the offer from the connected party be accepted. In addition, upon closure there would be significantly increased creditor claims arising from employees, customers with work in progress and suppliers.
6. In summary, all interested third parties declined to bid, advising that they did not perceive there was any salvageable or liquidation value. Given the position in relation to the assets, there was little to market to potential third-party purchasers. Any value in the Company's goodwill would have been eroded with a prolonged marketing campaign as the employees, suppliers and clients became aware of the Company's impending failure.

As detailed above this offer will produce a higher recovery than any other option as well as mitigating creditor claims as far as possible. Accordingly having regard to the options available and the fact that the Company can no longer continue to trade, the offer received was accepted.

### **Details of the pre-pack sale**

The purchaser, Red Key Concepts Design & Build Limited is a company incorporated in England on 22 May 2019 under the company registration number **12010329**. The purchaser trades from the company address and I understand that a new lease was entered into by the Purchaser in May 2022. The two directors are Christopher Gremo and Charlotte Gremo-Gilham. The shareholder of the Purchaser is Red Key Holdings Limited. These two individuals are therefore connected to the Company by way of common directorship and ultimate beneficiary. The Purchaser was not part of a Group.

The SPA was executed on 16 June 2022, the day that the Company entered into Administration and Georgina Marie Eason and I were appointed as Joint Administrators the same day.

Under the terms of the SPA, the Purchaser shall buy whatever right, title or interest (if any) that the Company may have in the following:

- a) the Goodwill & Intellectual Property Rights
- b) the Contracts
- c) the Digital Assets
- d) the Fixed Assets
- e) the Vehicles

As detailed in the report, the Debtors (excluding any within the contracts) and cash at bank did not form part of the SPA.

Payment of the Purchase Price is to be structured as follows:

#### **Purchase Price - £150,000**

The terms of the SPA required the payment of £50,000 to be paid upon completion, followed by 10 consecutive monthly payments of £10,000 payable on the last business day of each month. It was agreed between the Purchaser and the Administrators that the first payment would be due on or before 31 July 2022. I confirm that FWJ is currently holding the initial payment of £50,000 and these funds will be transferred to the estate imminently.

#### **Additional Consideration**

The terms of the SPA also detail that in addition to the Initial Consideration the Buyer will also pay Additional Consideration of:

- a) In respect of novation of the Foxbury Farm: Additional Consideration of 25% is paid on any recovered current Retentions over and above £80,000;
- b) In respect of novation of The Retreat Hotel: there is staggered Additional Consideration based on the collection of the Applications/WIP (not Retentions). The additional consideration being: 10% up to £100,000; plus, 20% between £100,000 and £200,000; plus, 35% of anything over £200,000.

#### **Other terms**

It was also agreed that the Purchaser would deliver accounting records to the Joint Administrators for quarterly periods of three months during the relevant term. Any additional consideration due under the SPA will be paid no later than twenty business days after the end of each period. The purchaser will also make available to the Administrators any records relating to the contracts if required.

I can confirm that personal guarantees were obtained from the Directors of RKDB. There are no buy-back arrangements or similar options/conditions attached to the SPA.

*Please note that the Directors of the Company signed personal guarantees in respect of the charge held by Metro Bank PLC. However, as advised Metro Bank PLC withdrew their overdraft facility prior to appointment and there is no liability due. The charge has since been satisfied on Companies House. In addition, Metro Bank PLC agreed not to enforce their cross guarantee in respect of the connected Company, RKDB.*

### **Evaluator's Report**

*A pre-pack sale to a connected person can only take place if they obtain a qualifying report on the proposed transaction from an independent person known as an evaluator. I can confirm that I have received a report in this case and enclose a copy for your information.*

*I am satisfied that the report was made by a suitably qualified and experienced independent person who holds appropriate professional indemnity insurance and who is not excluded by the insolvency legislation from acting as an evaluator. I have reviewed the report and am satisfied that it contains the information required by the insolvency legislation, such that it is a qualifying report.*

*The evaluator concluded that the consideration for the pre-pack sale and the grounds for the pre-pack sale are reasonable in the circumstances. Consequently, I proceeded with the pre-pack sale of the assets of the Company on the terms considered and reported on by the evaluator and set out above.*

*Purchasers who are connected persons are also encouraged to, but are not required to, prepare a viability statement indicating how their business will survive for at least 12 months from the date of the purchase, and detailing what they will do differently from the Company in Administration in order that the business will not fail. In this instance, it is my understanding that one has not been prepared.*

### **Conclusion**

*This SIP 16 disclosure has been issued as a stand-alone document, prior to the issues of my proposals as Joint Administrator. In the circumstances of my appointment being made, I felt it important to issue this information to the Company's creditors shortly following my appointment and sale of the Company's assets in order that there was a clear understanding of what had occurred and the reasoning behind it. I am unable to issue my proposals immediately due to the time it takes to prepare the proposals and the fact that there is likely to be outstanding information that I am waiting for in respect of the Company that is required to finalise the proposals. I did not want to delay the issuing of the SIP 16 disclosure pending receipt of this information and finalisation of the proposals. I anticipate that I will be in a position to issue my proposals as Administrator within the next few weeks and in any case within the eight-week time limit as set out in the Insolvency rules.*

*I confirm that the pre-pack sale achieves the statutory purpose of the Administration that I am seeking to achieve in respect of the Company.*

## **5. FINANCIAL POSITION OF THE COMPANY**

I have asked the directors to prepare a summary of the Company's estimated financial position as at 16 June, 2022, which is known as a Statement of Affairs. The Directors have now submitted a signed Statement of Affairs, this will be filed at Companies House as per my requirements.

I have prepared an estimate of the financial position of the Company as at 16 June, 2022 from the information available at the time of my appointment. I attach a copy of the estimate at Appendix 1.

## 5.1 Assets

I refer creditors to the SIP16 report in respect of the asset position however a summary is provided in this section of the report as follows:

	Market value <i>In-Situ</i> £	Market value <i>Ex-Situ</i> £
<u>Encumbered Assets</u>		
Motor Vehicles	Nil	Nil
<u>Uncharged Assets</u>		
Office Furniture and Equipment	Nil	Nil
BIPR	10,000	Nil
Contracts/Goodwill	183,000	50,000
<b>Total</b>	<b>193,000</b>	<b>50,000</b>

As advised, Axia was instructed after considering the nature and complexity of the Company's affairs, their experience in dealing with pre-packaged sales and their ability to work within the required deadlines. Axia is a specialist valuation agent who carries adequate professional indemnity insurance. Axia has no previous connection with the Company and is entirely independent. Axia's valuation was undertaken in accordance with the NAVA Valuation Standards.

Leslie Keats, a firm of quantity surveyors, was instructed to provide advice in relation to the Contracts and Retentions held by the Company. Leslie Keats confirmed their independence.

### Assets excluded from the pre-pack sale

#### Cash at bank

Following appointment, I requested that Metro transfer the cash at bank held to the estate account. I have been advised that there is a small balance held in both of the Company bank accounts and the estimated to realise value is under £500. The funds should be received shortly and a further update will be provided in the next report to creditors.

#### Inter-Company Loan

The Company books and records detail an Inter-Company loan of £147,235. I note that the Directors are carrying out a reconciliation of the loan account. Upon completion, I will request these funds are repaid to the estate, and it is expected that a full realisation will be recovered. A further update will be provided to creditors in the next report to creditors.

### 5.1. Preferential creditors

There are no expected claims in respect of former employees of the Company as the employees were transferred across under TUPE regulations.

HMRC are secondary preferential creditors for certain specified debts, such as VAT, PAYE, employee National Insurance Contributions, student loan deductions and Construction Industry Scheme deductions. Secondary preferential debts are payable after all ordinary preferential debts have been paid in full, and before non-preferential unsecured debts. It is estimated that HMRC are owed £204,809 however a claim has not been received as at the date of these proposals.

## **5.2. Secured Creditors/ Prescribed part**

There are provisions of the insolvency legislation that require an Administrator to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company gave a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property." A Company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge. An Administrator has to set aside:

- 50% of the first £10,000 of the net property; and
- 20% of the remaining net property;

up to a maximum of £800,000

The Company has not created any floating charges, so the prescribed part provisions will not apply.

## **5.3. Unsecured Creditors**

The summary of the Company's Estimated Financial Position includes unsecured non-preferential creditors' claims totalling £2,382,477.

Should any creditor wish to submit a claim and hasn't done so to date, please complete the enclosed proof of debt/statement of claim form attached at Appendix 2 and return it to the Administrators.

If you believe you are not a creditor of the Company, or do not wish to receive any further correspondence in relation to the Company, please confirm this and your details will be removed from the mailing list.

As at the date of these proposals, the Joint Administrators have received claims of £2,593,692 from creditors. Please note that these claims have not yet been adjudicated on and the Joint Administrators will not complete this process, unless in a position to distribute a dividend to this class of creditor, as it is not cost effective to do so.

## **6. ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**

I attach at Appendix 3 a receipts and payments account covering the period since the date the Company entered into Administration, which I have reconciled to the financial records that I am required to maintain.

### **Receipts**

I can confirm that £50,000 in respect of the sale has been received from FWJ as detailed on the enclosed receipts and payments account.

### **Payments**

There have been no payments to date.

## **7. PROPOSED FUTURE ACTIONS OF THE ADMINISTRATORS TO ACHIEVE THE OBJECTIVE OF THE ADMINISTRATION**

In order to achieve the objective of the Administration of the Company I propose to

- Conduct a review of the banking information to establish if further investigations are required in respect of potential antecedent transactions;
- Conduct a review of the of the Company books and records, and any information obtained by HM revenue & customs and other third parties;
- Realise the remaining assets and consideration due under the SPA;
- Continue to deal with the Administrators' statutory duties.

Based on current known information about the Company's financial position, and after taking into account the anticipated office holders' fees and expenses, I think that a small dividend will be paid to secondary preferential creditors, as shown by the enclosed estimated outcome statement at Appendix 1.

I also think that it is unlikely that any dividend will be paid to unsecured creditors, as shown by the enclosed estimated outcome statement at Appendix 1.

## **8. JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES**

I attach a copy of my practice fee recovery policy at Appendix 5. In this case I am seeking to fix the basis of my remuneration on a time cost basis as detailed below:

### Time costs:

Some work cannot be identified with enough certainty for me to seek remuneration on a fixed or percentage basis. For these tasks, I propose to seek approval on a time cost basis. i.e. by reference to time properly spent by me and members of staff of the practice at our standard charge out rates. When I seek approval for my fees on a time cost basis I have to provide a fees estimate. That estimate acts as a cap on my time costs so that I cannot draw fees of more than the total estimated time costs without further approval from those who approved the fees. I attach at Appendix 6 a "Fees estimate summary" that sets out the work that I intend to undertake, the hourly rates I intend to charge for each part of the work, and the time that I think each part of the work will take. It includes a summary of that information in an average or "blended" rate for all of the work being carried out within the estimate. In summary, I am seeking to be remunerated on a time cost in respect of the work my staff and I undertake in respect of the following categories of work.

**Administration:** This represents the work that my staff and I have to undertake in respect of the routine administrative functions of the case, including preparing, reviewing and issuing statutory reports. It also includes my control and supervision of the work done by my staff on the case together with the supervisory functions of my managers). Such work does not give direct financial benefit to the creditors, but I have to undertake it in order to meet my obligations under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that I must follow.

**Realisation of assets:** This represents the work I will undertake to protect and then realise the Company's assets. It also includes work in connection with supervising the professional advisors that I intend to instruct to assist me in realising the Company's assets. More details about those professional advisors is set out below.) If the Company's assets are recovered, I will first use the proceeds to meet the costs and expenses of the case and then distribute any balance to the creditors in the statutory order of priority.

### **Creditors:**

**Claims of creditors** – I need to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of my management of the case, and to ensure that I have accurate information about who to send notices and reports to. I will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. I am required to undertake this work as part of my statutory functions.

**Dividends** – I have to undertake certain statutory formalities in order that I can pay a dividend to creditors. This includes writing to all creditors who have not lodged proofs of debt and reviewing the claims and supporting documentation lodged by creditors in order to formally agree their claims, which may involve requesting additional information and documentation from the creditors.

**Investigations:** The insolvency legislation gives me powers to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure and also in respect of matters such as misfeasance and wrongful trading. I

am required by the Statements of Insolvency Practice to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of creditors.

If I identify potential recoveries, or matters for further investigation, then I will need to undertake additional work to investigate them in detail and attempt recovery where necessary. I cannot fix the basis of my remuneration for dealing with such unknown or uncertain assets at present, and if such assets are identified I will seek approval for an appropriate fee basis.

I am also required by legislation to report to the Secretary of State on the conduct of the directors. I have to undertake this work to enable me to comply with this statutory obligation, which is of no direct benefit to the creditors, although it may identify potential recovery actions.

Case specific matters:

More details of the tasks included in these categories are included in the fees estimate. I estimate that the total time costs that I will incur in undertaking these tasks in this case will be £127,679.50 at a "blended" rate of £436.31 per hour.

To date a total of 118.60 hours have been spent undertaking tasks in respect of these categories of work, and total time costs to date are £48,583.50 charged at an average charge out rate of £409.64. Details of the time units used and current charge-out rates are provided in our practice fee recovery sheet, a copy of which is enclosed. I also attach an analysis of time costs incurred to date by reference to grade of staff and tasks undertaken by reference to the different categories of work.

This fees estimate has been provided to creditors at an early stage in my administration of the case and before I have full knowledge of the case. While all possible steps have been taken to make this estimate as accurate as possible, it is based on my current knowledge of the case and my knowledge and experience of acting as office holder in respect of cases of a similar size and apparent complexity. As a result, the fees estimate does not take into account any currently unknown complexities or difficulties that may arise during my administration of the case.

If my time costs incurred on the case exceed the estimate, or are likely to exceed the estimate, I will provide an explanation as to why that is the case in the next progress report I send to creditors. Since I cannot draw remuneration in excess of my fees estimate without first obtaining approval to do so, then where I consider it appropriate in the context of the case, I will seek a resolution to increase the fee estimate so that I will then be able to draw additional remuneration over and above this fees estimate.

I only anticipate needing to seek approval to draw fees in excess of the estimate if any currently unknown complexities or difficulties arise during my administration of the case; or if my initial investigations identify further areas of investigation, potential further asset recoveries and any associated recovery actions; or if the realisation of assets gives rise to the need to participate in arbitration or legal proceedings.

Based on the value of the known assets of the Company I anticipate being able to draw my fees estimate in full.

Expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Expenses are split into:

- category 1 expenses, which are payments to persons providing the service to which the expense relates who are not an associate of the office holder; and
- category 2 expenses, which are payments to associates or which have an element of shared costs. Before being paid category 2 expenses require approval in the same manner as an office holder's remuneration.

The following professional advisors have undertaken work on this case to date:

Professional Advisor	Nature of Work	Fee Arrangement
FWJ	Solicitors	Time Costs
AXIA	Valuation Agents	Time Costs

My choice of professional advisors was based on my perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. I also confirmed that they hold appropriate regulatory authorisations. I consider that the basis on which they will charge their fees represents value for money.

My category 1 expenses incurred to date amount to £2,600 in total, and are made up as follows:

Nature of category 1 expense	Amount incurred/ accrued to date £	Amount still to be paid £
FWJ	2,088	2,088
Statutory Advertising	102	102
Specific Bond	410	410
<b>Total</b>	<b>2,600</b>	<b>2,600</b>

I have not paid any category 1 expenses to date.

Please note that Axia will have further work to complete in relation to the additional consideration and retentions. I estimate their costs to be £10,000 plus VAT but this will be confirmed in future reports to creditors.

I anticipate that category 1 expenses totalling £26,512 will arise in this case, (together with any subsequent Liquidation, (if applicable) as detailed in Appendix 6. I am able to pay expenses without needing to obtain approval, but when I issue statutory reports in the Administration or any subsequent Liquidation, I will compare the actual expenses incurred with the original estimate provided and will explain any material differences.

I am required to seek approval before I can pay any expenses to associates, or pay expenses where there is an element of shared costs, which are known as category 2 expenses. I have not incurred any category 2 expenses as at the date of this report.

I have already commented in this report about the likelihood of a return being made to each class of creditor of the Company and refer to the estimate of the financial position. This sets out in numerical form the anticipated realisations that will be made, based on the estimated value of the Company's assets as detailed earlier in my report, together with the estimated payments to be made, based on my proposed remuneration and estimated expenses as detailed above. While every effort has been taken to make this as accurate as possible, creditors will appreciate that it will be affected by any differences between the amounts actually realised compared with the estimated value of assets, and by any differences between actual expenses incurred and those included in my estimate.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at <https://www.macintyreHUDSON.co.uk-guide-to-fees>. There are different versions of these Guidance Notes, and in this case please refer to the most recent version. Please note that we have also provided further information about an office holder's remuneration and expenses in our practice fee recovery sheet, which is enclosed at Appendix 4.



## **9. PRE-ADMINISTRATION COSTS**

The Board of Directors and members of the Company instructed me to assist them in placing the Company in Administration on 16 May 2022. They agreed that I should be paid my pre-administration costs on a time cost basis estimated at £25,000 plus VAT and disbursements. I attach at Appendix 5 a detailed time cost table showing the pre-appointment time costs incurred by category and staff grade at my firm.

In addition to my own time costs, I can confirm that FWJ incurred costs of £32,223 plus disbursements of £100 for assisting in placing the Company into Administration and dealing with the pre-pack sale. I can advise that Axia incurred costs of £21,439 for the valuation of the Company assets. Leslie Keats have incurred costs of £5,680 for valuing contract debts / retentions and advising on potential contract novations. These costs are subject to VAT.

I also assisted the Board take the appropriate steps to place the Company into Administration. This task, together with some of the other tasks mentioned above are required by statute or regulatory guidance, and whilst they do not produce any direct benefit for creditors, they still have to be carried out.

As detailed in the enclosed notice, I am seeking approval of the pre-appointment Administration costs that have been incurred.

## **10. ADMINISTRATORS' INVESTIGATIONS**

I have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration. I am also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf. I should be pleased to receive from you any information you have that you consider will assist me in this duty. I would stress that this request for information forms part of my normal investigation procedure.

## **11. EU REGULATION ON INSOLVENCY PROCEEDINGS**

I consider that these are "COMI proceedings" since the Company's registered office and its trading address are in the United Kingdom, such that its centre of main interest is in the United Kingdom.

## **12. ADMINISTRATORS' PROPOSALS**

In order to achieve the objective set out at section 3 above, Georgina Marie Eason and I formally propose to creditors that:

- (a) We continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that we:
  - (i) Conduct a review of the banking information to establish if further investigations are required in respect of potential antecedent transactions;
  - (ii) Conduct a review of the of the Company books and records, and any information obtained by HM revenue & customs and other third parties;
  - (iii) Realise the remaining assets and consideration due under the SPA;
  - (iv) Continue to deal with the Administrators' statutory duties.
  - (v) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company; and
  - (vi) do all such things and generally exercise all their powers as Administrators as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals.

- (b) the Administration of the Company will end by filing notice of dissolution with the Registrar of companies. The Company will then automatically be dissolved by the registrar of companies three months after the notice is registered.
- (c) the Administration will end by the presentation of a winding up petition to the Court for the compulsory liquidation of the Company, and propose that Michael Colin John Sanders and Georgina Eason are appointed Joint Liquidators of the Company by the Court.
- (d) the Administration of the Company will end by giving notice to the Court, creditors and Registrar of Companies that the objective of the Administration has been achieved.

### **13. APPROVAL OF PROPOSALS**

I am seeking decisions by correspondence from the creditors to approve my proposals, approve my pre-administration costs, fix the basis of my remuneration, and to approve my category 2 expenses. If a creditor wishes to vote on the decisions, they must complete and return the enclosed voting form to me by no later than 23.59 on 19th August 2022, the decision date. If a creditor has not already submitted proof of their debt, they should complete the enclosed form and return it to me, together with the relevant supporting documentation. A vote on the decisions by a creditor will not count unless they have lodged proof of their debt by no later than 23.59 on 19th August 2022.

Creditors are also invited to determine whether to form a Creditors' Committee, and a notice of invitation to form a Creditors' Committee and further instructions are enclosed. To enable the creditors to make an informed decision as to whether they wish to either seek to form a Committee, or to nominate themselves to serve on a Committee, further information about the role of the Committee and what might be expected from its members has been prepared by R3 and can be found is available at the link <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

**Please note that I must receive at least one vote by the decision date or the decisions will not be made. I would therefore urge creditors to respond promptly.**

### **14. FURTHER INFORMATION**

To comply with the Provision of Services Regulations, some general information about Macintyre Hudson LLP, including about our complaints policy and Professional Indemnity Insurance, can be found at <https://www.macintyrehudson.co.uk-legal-disclaimer>.

If creditors have any queries regarding these proposals or the conduct of the Administration in general, or if they want hard copies of any of the documents made available on-line, they should contact Harry Sanders on the above telephone number, or by email at [Harry.Sanders@mhlip.co.uk](mailto:Harry.Sanders@mhlip.co.uk).



**Michael Colin John Sanders**  
**Joint Administrator**

**Authorised to act in the UK by the**  
**Insolvency Practitioners Association**

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

**Red Key Concepts Limited**  
**ESTIMATED OUTCOME STATEMENT**  
as at 16 June 2022

	<b>Book Value £</b>	<b>Compulsory Liquidation £</b>	<b>Administration £</b>
<b>Assets</b>			
Cash at bank	-	Uncertain	Uncertain
Tangible Assets	-	-	2
Goodwill/BIPR	10,000	-	8,998
Contracts/Retentions	183,000	50,000	140,000
Additional Consideration	-	-	Uncertain
Digital Assets	-	-	1,000
Inter-Company Loan	147,235	Uncertain	147,235
		<u>50,000</u>	<u>297,235</u>
	<b>340,235</b>		
<b>Costs</b>			
Pre appointment Administration Fee			(25,000)
Office Holders Fees (Administrator/Liquidator)		-	(125,000)
Official Receiver - Liquidator fee (15%)		(7,500)	-
Official Receiver - Deposit		(1,600)	-
Official Receiver - General Fee		(6,000)	-
Office holders' Disbursements		(500)	(500)
Agents Fees		(10,000)	(20,000)
Legal Fees -Pre Appointment		-	(30,000)
Legal Fees		(5,000)	(10,000)
Statutory Advertising		(170)	(340)
Storage		(500)	(500)
		<u>(31,270)</u>	<u>(211,340)</u>
<b>Assets available for Preferential Creditors</b>		<u>18,730</u>	<u>85,895</u>
Preferential Creditor 1- Employees		(14,535)	-
Preferential Creditor 2- HMRC (VAT and PAYE)		(204,849)	(204,849)
<b>Assets available for Unsecured Creditors</b>		<u>(200,654)</u>	<u>(118,954)</u>
<b>Unsecured Creditors</b>			
Trade and Expense Creditors		(2,382,477)	(2,382,477)
Employees (Redundancy and PILN)		(30,866)	-
		<u>(2,413,343)</u>	<u>(2,382,477)</u>
Estimated Deficiency to Creditors		<u><u>(2,613,997)</u></u>	<u><u>(2,501,431)</u></u>
<b>Estimated return to Unsecured Creditors (p / £)</b>		-	-

**Rule 14.4 The Insolvency (England and Wales) Rules 2016**

**Proof of Debt – General Form**

**IN THE**

**HIGH COURT OF JUSTICE**

**Number:**

**001473 of 2022**

**Name of Company in Administration:**

**Red Key Concepts Limited**

**Company Registration Number:**

**04938716**

**Date of Administration:**

**16 June, 2022**

**1 Name of creditor**

(If a company, please also provide the company registration number).

**2 Correspondence address of creditor (including any email address)**

**3 Total amount of claim (£)**  
(include any Value Added Tax)

**4 If amount in 3 above includes (£)**  
outstanding uncapitalised interest, state amount.

**5 Details of how and when the debt was incurred.**  
(If you need more space, attach a continuation sheet to this form)

**6 Details of any security held, the value of the security and the date it was given.**

**7 Details of any reservation of title claimed in respect of goods supplied to which the debt relates.**

**8 Details of any document by reference to which the debt can be substantiated**

9 Signature of creditor  
(or person authorised to act on the creditor's  
behalf)

10 Address of person signing if different from 2  
above

11 Name in BLOCK LETTERS:

12 Position with, or relation to, creditor

13 Date of signature

Admitted to vote for

Amount (£)

Date

Admitted for dividend for

Amount (£)

Date

Michael Colin John Sanders  
JOINT ADMINISTRATOR

Michael Colin John Sanders  
JOINT ADMINISTRATOR

Notes:

1. There is no need to attach them now but the office holder may ask you to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the chairman or convenor of any qualifying decision procedure.

2. This form can be authenticated for submission by email by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office holder. If completing on behalf of a company, please state your relationship to the company.

**Red Key Concepts Limited**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts and Payments**

	Statement of affairs £	From 16/06/2022 To 02/08/2022 £	From 16/06/2022 To 02/08/2022 £
<b>RECEIPTS</b>			
Tangible Assets	2.00	2.00	2.00
Digital Assets	1,000.00	1,000.00	1,000.00
Goodwill/BIPR	8,998.00	8,998.00	8,998.00
Contracts/Retentions	140,000.00	40,000.00	40,000.00
InterCompany Loan	147,235.00	0.00	0.00
Additional Consideration	Uncertain	0.00	0.00
Cash at bank	Uncertain	0.00	0.00
		<u>50,000.00</u>	<u>50,000.00</u>
<b>PAYMENTS</b>			
		<u>0.00</u>	<u>0.00</u>
<b>BALANCE - 02 August 2022</b>		<u><b>50,000.00</b></u>	<u><b>50,000.00</b></u>
<b>MADE UP AS FOLLOWS</b>			
Bank - Barclays - IB		50,000.00	50,000.00
		<u>50,000.00</u>	<u>50,000.00</u>

FOCUS ON

# Restructuring and Recovery

## - CHARGE OUT RATES

The below information is to assist creditors in making an informed decision on any resolution seeking approval of the office holder's remuneration.

MHA MacIntyre Hudson's Restructuring and Recovery charge out rates (exclusive of VAT).

Our current charge-out rates which may be amended from time to time are as follows:

Position	Rates from 1 April 2021 – 31 March 2022	1 April 2022 – 31 March 2023
Partner	565	565
Director	475-565	475 - 565
Manager	350-450	350 - 450
<b>Administrators</b>		
Senior Administrator	235 - 330	235 - 330
Administrator	250 - 310	250 - 310
Assistant	190 - 195	190 - 195
Cashier	205	205

It is the firm's policy to recharge all disbursements properly incurred to the relevant insolvency case where there is identifiable specific expenditure. Any costs which may involve an element of shared or allocated costs or are for services provided by the firm, are detailed in the firm's receipts and payments accounts as 'Category 2 Disbursements'.

MHA MacIntyre Hudson's Restructuring and Recovery disbursements charges (exclusive of VAT).

Our current disbursement charges which may be amended from time to time are as follows:

Disbursement	Charge £
Photocopying	15p per copy
Postage	per current postal charges
Travel	As per cost
Car Mileage	48p per mile
Document storage (internal)	70p per box per month
Storage	£5 per box per month
Room Suite 1 & 2 half day/evening hire	£150
Room Suite 1 & 2 full day	£300
Room Suite 1, 2 & 3 half day/evening	£200
Room Suite 1, 2 & 3 full day	£400

Please note that no charge is made relating to the recovery of the firm's overhead costs.

### Contact

Should you require clarification on any of the above, do not hesitate to contact us on **+44(0)20 7429 4100** or email: [MHARestructuringRecovery@mhllp.co.uk](mailto:MHARestructuringRecovery@mhllp.co.uk)

[macintyreHUDSON.co.uk](http://macintyreHUDSON.co.uk)

# Red Key Concepts Limited (In Administration)

## Analysis of time costs for the pre appointment period

Classification of Work	Partner		Director		Manager		Administrator		Assistant		Cashier		Total Hours	Time Cost £	Average Hourly Fee £	
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)				
Pre Appointment	58.97	33,316.17	0.00	0.00	35.95	16,177.50	27.70	10,290.00	0.00	0.00	0.00	0.00	122.62	59,783.67		
Administration and Planning	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Case Accounts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Case Review and Case Diary Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Cashiering	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Communicating with Creditors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Corresponding with Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Fixed Charge Realisations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
IPS Setup & Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Meetings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Realisation of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Secured Creditors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Statutory Reporting Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Total	58.97	33,316.17	0.00	0.00	35.95	16,177.50	27.70	10,290.00	0.00	0.00	0.00	0.00	122.62	59,783.67		487.55
Average Hourly Rate, £		564.97		0.00		450.00		371.48		0.00		0.00				



# Red Key Concepts Limited (In Administration)

Analysis of time costs for the period 16 June 2022 to 02 August 2022

Classification of Work	Partner		Director		Manager		Administrator		Assistant		Cashier		Total Hours	Time Cost		ge Hourl
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)		£	£	
Administration and Planning	3.00	1695.00	0.00	0.00	9.30	3938.50	14.00	4340.00	0.40	90.00	0.00	0.00	26.70	10063.50	376.91	
Case Review and Case Diary Management	0.00	0.00	0.00	0.00	0.60	240.00	0.60	220.00	0.80	160.00	0.00	0.00	2.00	620.00	310.00	
Cashiering	0.00	0.00	0.00	0.00	0.00	0.00	0.20	80.00	0.90	202.50	1.40	315.00	2.50	597.50	239.00	
Communicating with Creditors	3.30	1,864.50	0.00	0.00	2.70	1,110.00	5.80	1,820.00	0.10	25.00	0.00	0.00	11.90	4,819.50	405.00	
Employees	0.00	0.00	0.00	0.00	0.00	0.00	1.40	420.00	0.00	0.00	0.00	0.00	1.40	420.00	300.00	
Investigations	1.10	621.50	0.00	0.00	5.35	2,407.50	3.60	1,180.00	0.00	0.00	0.00	0.00	10.05	4,209.00	418.61	
IPS Setup & Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.30	660.00	0.00	0.00	3.30	660.00	200.00	
Realisation of Assets	10.70	6,036.50	0.00	0.00	1.10	440.00	0.90	270.00	0.00	0.00	0.00	0.00	12.70	6,746.50	531.22	
Statutory Reporting Matters	6.80	3,842.00	0.00	0.00	19.75	8,342.50	17.30	6,120.00	0.00	0.00	0.00	0.00	43.85	18,304.50	417.43	
Strategy Case Planning	2.20	1,243.00	0.00	0.00	2.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00	4.20	2,143.00	510.24	
Total	24.10	13,607.50	0.00	0.00	31.50	13,440.00	29.80	10,110.00	5.10	1,047.50	1.40	315.00	118.60	48,583.50	409.64	
Average Hourly Rate, £		564.63		0.00		426.67		339.26		205.39		225.00				



Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.	15.00	5,000.00	
Setting up physical/electronic case files (as applicable).	1.00	356.00	
Setting up the case on the practice's electronic case management system and entering data.	2.00	550.00	
Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment (as applicable).	7.00	2,000.00	
Obtaining a specific penalty bond.	1.10	346.50	
Seeking decisions from creditors	5.00	2,000.00	
Dealing with all routine correspondence and emails relating to the case.	8.00	2,000.00	
Opening, maintaining and managing the office holder's estate bank account	1.00	350.00	
Creating, maintaining and managing the office holder's cashbook.	3.00	650.00	
Undertaking regular bank reconciliations of the bank account containing estate funds.	7.00	1,600.00	
Reviewing the adequacy of the specific penalty bond on a quarterly basis.	4.60	1,228.00	
Undertaking periodic reviews of the progress of the case.	14.00	5,454.00	
Overseeing and controlling the work done on the case by case administrators.	6.00	2,750.00	
Preparing, reviewing and issuing annual progress reports to creditors and members (as applicable).	8.00	2,000.00	
Filing returns at Companies House and/or Court (as applicable).	3.00	1,090.00	
Preparing and filing VAT returns .	3.00	1,090.00	
Preparing and filing Corporation Tax returns .	2.00	680.00	
Seeking closure clearance from HMRC and other relevant parties.	2.00	580.00	
Preparing, reviewing and issuing final reports to creditors and members (as applicable).	4.00	1,885.00	
Filing final returns at Companies House and/or Court (as applicable).	1.50	1,020.00	

[illegible]

Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Arranging suitable insurance over assets.	2.00	500.00	
Regularly monitoring the suitability and appropriateness of the insurance cover in place.	1.50	350.00	
Liaising with the bank regarding the closure of the account.	6.00	2,000.00	
Instructing agents to value known assets.	3.00	1,200.00	
Liaising with agents to realise known assets.	7.50	3,000.00	
Instructing solicitors to assist in the realisation of assets.	15.00	6,000.00	
Liaising with Axia in relation to the assets and recovery of assets under the Pre-Pack Sale and additional consideration	25.00	25,000.00	
<b>Total:</b>	60.00	£38,050.00	£634.17
<b>CREDITORS</b>			
Description of the tasks to be undertaken in this category of work	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work £	Blended charge out rate to undertake the work £
Dealing with creditor/investor correspondence, emails and telephone conversations regarding their claims.	30.00	12,000.00	
Maintaining up to date creditor information on the case management system.	10.00	2,000.00	
Issuing a notice of intended dividend and placing an appropriate gazette notice.	1.50	750.00	
Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.	10.00	5,000.00	
Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.	15.00	1,000.00	

Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend.	10.00	6,000.00	
Total:	76.50	£26,750.00	£349.67
GRAND TOTAL FOR ALL CATEGORIES OF WORK	292.70	£127,679.50	£436.21

## **Appendix 7: Details of work to be undertaken in the Administration**

### **A. Work for which the Administrator is seeking to be remunerated on a time basis:**

#### Administration:

Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.  
Setting up physical/electronic case files (as applicable).  
Setting up the case on the practice's electronic case management system and entering data.  
Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment (as applicable).  
Obtaining a specific penalty bond (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate).  
Preparing, reviewing and issuing proposals to the creditors and members.  
Filing the proposals at Companies House.  
Seeking approval of the proposals by way of a decision by correspondence.  
Reporting on the outcome of the approval of the proposals to the creditors, Companies House and the Court.  
Supervising the work of advisors instructed on the case to assist in dealing with pension schemes; obtaining reports and updates from them on the work done; and checking the adequacy of the work done.  
Dealing with all routine correspondence and emails relating to the case.  
Opening, maintaining and managing the office holder's estate bank account.  
Creating, maintaining and managing the office holder's cashbook.  
Undertaking regular reconciliations of the bank account containing estate funds.  
Reviewing the adequacy of the specific penalty bond on a quarterly basis.  
Undertaking periodic reviews of the progress of the case.  
Overseeing and controlling the work done on the case by case administrators.  
Preparing, reviewing and issuing 6 month progress reports to creditors and members.  
Filing progress reports at Companies House.  
Preparing and filing VAT returns.  
Preparing and filing Corporation Tax returns.  
Seeking closure clearance from HMRC and other relevant parties.  
Preparing, reviewing and issuing final reports to creditors and members.  
Filing final reports at Companies House.

#### Realisation of assets:

Arranging suitable insurance over assets.  
Corresponding with debtors and attempting to collect outstanding book debts.  
Liaising with the bank regarding the closure of the account.  
Instructing agents to value known assets.  
Liaising with agents to realise known assets.  
Instructing solicitors to assist in the realisation of assets.

#### Creditors:

Dealing with creditor correspondence, emails and telephone conversations regarding their claims.  
Maintaining up to date creditor information on the case management system.  
Issuing a notice of intended dividend and placing an appropriate gazette notice.  
Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.  
Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.  
Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend.

Investigations:

Recovering the books and records for the case.

Listing the books and records recovered.

Submitting an online return on the conduct of the directors as required by the Company Directors Disqualification Act.

Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.

Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors.



**Appendix 8 - Estimate of expenses to be incurred in the Administration**

<b>Type of category 1 expense</b>	<b>Estimated Amount £</b>
Bonding - this is insurance required by statute that every officeholder has to obtain for the protection of each estate, with the premium being based on the value of the company's assets.	410
Gazetting – various notices relating to the company have to be placed in the London Gazette.	102
Storage of accounting records – the company's accounting records have to be stored by the officeholder until 12 months after the dissolution of the company.	500
AADD, Agents	1,000
FWJ - Solicitors	15,000
Axia - Valuation agents	10,000
<b>Total estimated category 1 expenses</b>	<b>26,512</b>

## **Notice of decisions by correspondence**

**Red Key Concepts Limited – In Administration  
In the High Court of Justice Number 001473 of 2022**

**Trading as: Red Key**

**(Company Number 04938716)**

Notice is given by Michael Colin John Sanders and Georgina Marie Eason to the creditors of Red Key Concepts Limited that set out below are decisions for your consideration under paragraph 51 of Schedule B1 of the Insolvency Act 1986. Please complete the voting section below indicating whether you are in favour or against the following decisions:

- i). That the Administrators' proposals be approved.
- ii). That the Administrators' pre-Administration costs, the details of which are set out in the Administrators' proposals and issued with the notice of the decision procedure, be approved.
- iii). That the Administrators' fees will be charged by reference to the time properly spent by them and their staff in dealing with the matters relating to the Administration, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time the work is undertaken and subject to the fees estimate set out in the Administrators' proposals and issued with the notice of the decision procedure.
- iv). That the Administrators be authorised to recover category 2 expenses as set out in the practice fee recovery policy.

**The final date for votes is 19<sup>th</sup> August 2022, the decision date.**

1. In order for their votes to be counted creditors must submit to me their completed voting form so that it is received at Macintyre Hudson LLP, 6th Floor, 2 London Wall Place, London, EC2Y 5AU by no later than 23.59 hours on 19th August 2022. It must be accompanied by proof of their debt, (if not already lodged). Failure to do so will lead to their vote(s) being disregarded.
2. Creditors must lodge proof of their debt (if not already lodged) at the offices of Michael Colin John Sanders or Georgina Marie Eason by no later than 23.59 on 19th August 2022, without which their vote will be invalid.
3. Creditors with claims of £1,000 or less must have lodged proof of their debt for their vote to be valid.
4. Any creditors who have previously opted out from receiving documents in respect of the insolvency proceedings are entitled to vote on the decision(s) provided they have lodged proof of their debt.
5. Creditors may, within 5 business days of delivery of this notice to them, request a physical meeting of creditors be held to determine the outcome of the decision(s) above. Any request for a physical meeting must be accompanied by valid proof of their debt (if not already lodged). A meeting will be convened if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors."
6. Creditors have the right to appeal a decision of the convener made under Chapter 8 of Part 15 of The Insolvency (England and Wales) Rules 2016 about Creditors' Voting Rights and Majorities, by applying to Court under Rule 15.35 of The Insolvency (England and Wales) Rules 2016 within 21 days of 19th August 2022, the Decision Date.

If you have any queries regarding the conduct of the Administration, or if you want hard copies of any of the documents made available on-line, you should contact Kimberley Reid by email at Kimberley.Reid@mhllp.co.uk, or by phone on 0207 429 4100.

DATED THIS: 02 AUGUST 2022

A handwritten signature in black ink, appearing to read 'M.C.J.S.', followed by a large, stylized loop.

**Michael Colin John Sanders**

**JOINT ADMINISTRATOR**

**AUTHORISED TO ACT BY THE INSOLVENCY PRACTITIONERS ASSOCIATION**

**RED KEY CONCEPTS LIMITED - In Administration**  
**Trading as:**

**(Company Number 04938716)**

**Voting on Decisions**

- i). That the Administrators' proposals be approved.
- For / Against
- ii). That the Administrators' pre-Administration costs, the details of which are set out in the Administrators' proposals and issued with the notice of the decision procedure, be approved.
- For / Against
- iii). That the Administrators' fees will be charged by reference to the time properly spent by them and their staff in dealing with the matters relating to the Administration, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time the work is undertaken and subject to the fees estimate set out in the Administrators' proposals and issued with the notice of the decision procedure.
- For / Against
- iv). That the Administrators be authorised to recover category 2 expenses as set out in the practice fee recovery policy.
- For / Against

**TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:**

Name of  
creditor: \_\_\_\_\_

Signature of  
creditor: \_\_\_\_\_

(Complete the following if signing on behalf of creditor, e.g. director/solicitor)

Capacity in which  
signing document: \_\_\_\_\_

Dated \_\_\_\_\_

**Notice of invitation to form a Creditors' Committee  
Red Key Concepts Limited – In Administration  
In the High Court of Justice Number 001473 of 2022  
(Company Number 04938716)**

**NOTICE IS GIVEN** by Michael Colin John Sanders and Georgina Marie Eason to the creditors of Red Key Concepts Limited of an invitation to establish a Creditors' Committee under rule 3.39 of The Insolvency (England and Wales) Rules 2016.

1. In addition to seeking a decision on the matters set out in the accompanying notice, creditors are also invited to determine by correspondence, at the same time, whether a Creditors' Committee should be established.
2. A Committee may be formed if a minimum of 3 and a maximum of 5 creditors are willing to become members.
3. Nominations can only be accepted for a creditor to become a member of the Committee if they are an unsecured creditor and have lodged a proof of their debt that has not been disallowed for voting or dividend purposes.
4. The specified date for receipt of nominations for creditors to act as a member of the Committee under rule 3.39 of The Insolvency (England and Wales) Rules 2016 is 19th August 2022, the Decision Date.
5. Please complete the form sent with this notice and include the name and address of any person you wish to nominate to act as a member of the Committee. The completed document should be returned to Macintyre Hudson LLP of 6th Floor, 2 London Wall Place, London, EC2Y 5AU so that it is received by no later than 23.59 hours on 19th August 2022, the decision date.

Note: Further information on the rights, duties and the functions of a committee is available in a booklet published by the Association of Business Recovery Professionals (R3). This booklet can be accessed at [R3 | Technical Library | England & Wales | Guidance | Creditor Guides](#). If you require a hard copy of the booklet, please contact Harry Sanders of Macintyre Hudson LLP by email at [Harry.Sanders@mhlip.co.uk](mailto:Harry.Sanders@mhlip.co.uk), or by phone on 0207 429 4100.

**The final date for votes to establish a committee is 19th August 2022, the decision date.**

1. In order for their votes to be counted creditors must submit to me their completed voting form so that it is received at Macintyre Hudson LLP, 6th Floor, 2 London Wall Place, London, EC2Y 5AU by no later than 23.59 hours on 19th August 2022. It must be accompanied by proof of their debt, (if not already lodged). Failure to do so will lead to their vote(s) being disregarded.
2. Creditors must lodge proof of their debt (if not already lodged) at the offices of Michael Colin John Sanders or Georgina Marie Eason by no later than 23.59 on 19th August 2022, without which their vote will be invalid.
3. Creditors with small debts, that is claims of £1,000 or less must have lodged proof of their debt for their vote to be valid.
4. Any creditors who have previously opted out from receiving documents in respect of the insolvency proceedings are entitled to vote on the decision provided they have lodged proof of their debt.
5. Creditors may, within 5 business days of delivery of this notice to them, request a physical meeting of creditors be held to determine the outcome of the decision above. Any request for a physical meeting must be accompanied by valid proof of their debt (if not already lodged). A meeting will be convened if creditors requesting a meeting represent a minimum of 10% in

**RED KEY CONCEPTS LIMITED - In Administration  
In the High Court of Justice Number 001473 of 2022**

**(Company Number 04938716)**

**Decision**

1. That a Creditors' Committee should be established.

For/Against

**Please note that if creditors vote to establish a committee, then unless at least 3 nominations for creditors to act as Committee members are received at the same time, it will be necessary to convene a further decision procedure to decide which creditors are to act as Committee members. That will involve incurring additional costs, so if you intend to vote to establish a committee, please also nominate either yourself or another creditor to act as a Committee member.**

I wish to nominate the following creditor to act as a member of the Committee:

Name of nominated creditor \_\_\_\_\_

**TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:**

Name of creditor: \_\_\_\_\_

Signature of creditor: \_\_\_\_\_

(Complete the following if signing on behalf of creditor, e.g., director/solicitor)

Capacity in which signing document: \_\_\_\_\_

Dated: \_\_\_\_\_

Note: The completed form should be delivered to Michael Colin John Sanders and Georgina Marie Eason either by posting it to Macintyre Hudson LLP of 6th Floor, 2 London Wall Place, London, EC2Y 5AU, or by emailing it to Kimberley.Reid@mhllp.co.uk.

**Strictly Private & Confidential**

This report is addressed to the Connected Person (as defined) for the purposes of complying with The Administration (Restrictions on Disposals etc to Connected Persons) Regulations 2021 and should not be disclosed to nor may it be relied upon by any third party. Otherwise than required by law, no part of this report may be reproduced without the express permission of the Evaluator.

**The Administration (Restrictions on Disposal etc to Connected Persons) Regulations 2021**

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**QUALIFYING REPORT**  
Relating to Red Key Concepts Limited

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46 New Broad Street  
London EC2M 1JH  
Tel : 020 3651 5646  
[office@amblaw.co.uk](mailto:office@amblaw.co.uk)

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## **1 INTRODUCTION**

- 1.1 The Administration (Restrictions on Disposal etc to Connected Persons) Regulations 2021 came into force on 30 April 2021 and imposed certain requirements in relation to the proposed disposal, hiring out or sale of a company's property ("disposal") by an administrator where such disposal is to a connected person within eight weeks of the administrator's appointment.
- 1.2 For the purposes of the Regulations, 'connected person' is defined in paragraph 60A(3) of Schedule B1 to the Act as being a person connected with the company or an associate of such a person or any company controlled by such a person. In short a connected person will usually be an officer or employee of the company or another company of which such officer or employee is also an officer or employee.
- 1.3 An administrator cannot, within eight weeks of the administration, effect a disposal of any substantial property of the company without either obtaining the prior approval of the company's creditors or ensuring that the proposed purchaser has first obtained a qualifying report under the Regulations.
- 1.4 This report is, accordingly, a 'qualifying report' within the meaning of regulation 3(1) of the Regulations.
- 1.5 In preparing this report I have relied upon the information provided to me by Red Key Concepts Design & Build Limited, the Valuers and, where applicable, the Administrators. I have taken all valuations and assumptions at face value and have not independently verified either. As required by the Regulations, this report has been prepared at the instruction of the Purchaser (being the connected person) to whom it is addressed and it has been prepared solely for the purposes of complying with the Regulations. This report may not be relied upon by any third party other than the Purchaser but it may be given to the Administrators for the purposes of regulation 6(1)(a)(iii) of the Regulations and I am happy for it to be published by the Administrators in compliance with their professional obligations.

## **2 INTERPRETATION**

- 2.1 In this qualifying report, unless the context otherwise requires, the following words and expressions shall bear the following meanings:

"Act" means the Insolvency Act 1986.

"Administrators" means Michael Saunders and Georgina Eason both of MacIntyre Hudson LLP, 2 London Wall Place, London, EC2Y 5AU.

"Company" means Red Key Concepts Limited (Co No: 4938716) whose registered office is at Delandale House, 37 Old Dover Road, Canterbury, CT1 3JF.

"Purchaser" means Red Key Concepts Design & Build Limited (Co No: 12010329) whose registered office is at Delandale House, 37 Old Dover Road, Canterbury, CT1 3JF.

"Evaluator" means Alistair Martin Bacon of AMB Law Limited, 46 New Broad Street, London EC2M 1JH.

"Regulations" means The Administration (Restrictions on Disposal etc to Connected Persons) Regulations 2021.

"Report" means a valuation report and marketing strategy prepared by the Valuers for the purpose of advising the Company on the best outcome for its creditors.

"Valuers" means Axia Valuation Services Limited of 23 Tallon Road, Hutton CM13 1TE.

- 2.2 Regulations 7, 12 and 13 of the Regulations stipulate certain prescribed information that must be included within a qualifying report and this information is contained at Schedule 1 below.

### **3 BACKGROUND**

- 3.1 The Company was established in 2003 and operates in the construction business.
- 3.2 On 17 February 2021 the Company was awarded a £6.6 million contract to build 54 apartments at Ballast Wharf, Erith. It would now appear that the developer under the contract had deliberately misled the Company and that it had dishonestly concealed substantial asbestos and hydrocarbon contamination at the site which caused the development to grind to a halt. It appears that the same developer had already played the same trick on a predecessor builder.
- 3.3 In around May 2021, the developer managed to obtain an adjudication award against the Company in respect of unpaid LADs. The Company considered that it was impractical and financially unviable to challenge the award and that it had no option but to seek an insolvency procedure.
- 3.4 The Company is currently insolvent within the meaning in section 123 of the Act and is shortly expected to go into administration. The directors of the Company have been advised by the Administrators and their firm, MacIntyre Hudson, in respect of the various options that might be available to the Company with a view to seeking the best possible outcome for the Company and its creditors.

#### Valuation

- 3.5 It is common practice in the valuation of a company's business to seek to calculate a present value of the company's future income stream over a period of time and this is often achieved by applying a multiple of years to the company's EBITDA or net profit. Such an approach in respect of an insolvent company is invariably not possible as it will inevitably return a negative value if the future business is loss-making.
- 3.6 Accordingly, the Company has instructed the Valuers to consider the financial impact of the various alternative strategies available and to compare the possible outcomes of either disposing of some or all of the Company's business and assets as a going concern or of selling them on a forced sale basis.
- 3.7 The Valuers' opinion was that the business and assets of the Company as a whole should achieve a value of £193,000 in situ and £50,000 on an ex situ (forced sale) basis with tangible assets and vehicles being valued at nil in either case.

#### Marketing

- 3.8 The Valuers have also conducted a marketing exercise on behalf of the Administrators with an invitation to treat having been sent to a number of targeted parties in the industry and details of the sale being advertised on IP-Bid.com.
- 3.9 The Company has a number of current contracts but is knee-capped by a serious crisis of cashflow. The various contracts carry no right of assignment or novation and the Company holds no tangible assets with realisable value; so there was little to market to potential third party purchasers. The Valuers recommended a short marketing campaign to establish if there was any third party interest. Any value in the Company's goodwill would have been eroded with a prolonged marketing campaign as the employees, suppliers and clients became aware of the Company's impending failure.

- 3.10 The Valuers received seventeen initial expressions of interest which led to seven parties signing Non-Disclosure Agreements and requesting further information. No third party bids were received other than that from the Purchaser which is the subject of this report.

#### Connected Person

- 3.11 Mr Chris Gremo and Ms Charlotte Gremo-Gilham are directors of the Company and are also directors of the Purchaser which is the proposed purchaser of the business and assets of the Company. By dint of the dual roles of Mr Gremo and Ms Gremo-Gilham, the Purchaser either is or could be perceived to be a connected person within the meaning of section 60A of the Act and, accordingly, the parties consider it either necessary or prudent to obtain this qualifying report in accordance with regulation 3 of the Regulations.

### **4 PROPOSED DISPOSAL**

In short, the proposed transaction to which this qualifying reports relates is as follows:

- 4.1 The Purchaser will purchase the following assets of the Company:
- (a) Goodwill & IPR;
  - (b) ongoing contracts;
  - (c) Digital Assets (ie domain names etc);
  - (d) fixed assets and vehicles.
- 4.2 The consideration payable will be £150,000 which will be paid by way of £50,000 payable on completion together with ten monthly instalments each in the sum of £10,000.
- 4.3 Additional consideration, may become payable as follows:
- (a) If the Company's development project at Foxbury Farm shall be novated to the Purchaser, additional consideration shall be paid of 25% of any recovered current retentions above £80,000;
  - (b) In respect of novation of The Retreat Hotel development, there shall be staggered additional consideration based on the collection of the Applications/WIP (not Retentions). The additional consideration being: 10% up to £100,000, plus 20% between £100,000 and £200,000 and 35% of anything over £200k.
- 4.4 I note that it is a condition of the offer that the sale contract will contain the usual safeguards for the Company (and therefore its creditors) including anti-embarrassment provisions and personal guarantees from the directors of the Purchaser in relation to the payment of the deferred element of the consideration.

#### Alternative Courses of Action

- 4.5 The only realistic alternative to the proposed transaction would be the liquidation of the Company which would inevitably result in the immediate closure of its business resulting potentially in damaging disruption for its clients and the termination of all contracts of employment for its workforce.
- 4.6 The Valuers' professional recommendation to the Administrators is the Purchaser's offer outlined above should be accepted as providing the best outcome for the Company's creditors as a whole.

#### Advantages of the Proposed Transaction

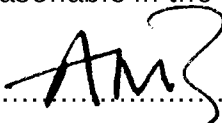
- 4.7 The proposed transaction will allow for the continuation of much of the Company's current business and will provide protection for the employees whose employment contracts will transfer to the Purchaser under TUPE. This will also have a benefit to the Company's creditors as claims for wage arrears, holiday pay, redundancy, pay in lieu of notice etc will be avoided.
- 4.8 Continuation of the business will provide economic stability and reduced disruption to the Company's customers.
- 4.9 I note that the consideration to be paid is well in excess of the Valuers' forced sale valuation and commensurate with its going concern valuation – although I do not know what the value of the Additional Consideration is but I understand that the Valuers anticipate a return to the Company in the region of around £40,000-£100,000.

#### Disadvantages of the Proposed Transaction

- 4.10 There are clearly downsides to any proposed sale of a business that proceeds without a full marketing process. There may be a perception that there is little or no opportunity properly to test the market and it is only a matter of a valuers' expert opinion that the proposed disposal actually represents the best outcome for creditors. It is clear, however, that the Valuers have carried out a fairly extensive marketing process with a nil take up so this is not really a concern in this case.
- 4.11 Similarly, in any 'pre-pack' process there is little opportunity for creditors to test the assertions made as they are invariably presented with a fait accompli.
- 4.12 In addition to the lack of certainty as to the price to be paid by the Purchaser, there is a general lack of transparency which may cause concern to some creditors given the connection or perceived connection between the Company and the Purchaser and the Purchaser's being a connected person. I have seen no evidence to cause me concern in this regard.

### **5 CONCLUSION**

- 5.1 The Report sets out a comparison of the alternatives which are the recommended disposal of the business and assets in accordance with clause 4.2 above or a piecemeal disposal of those assets on a forced sale basis.
- 5.2 I have considered the Valuers' recommendations and their valuations from which it seems clear that the proposed disposal outlined above will give the best outcome for creditors and I agree that the Purchaser's offer should be accepted by the Company.
- 5.3 For the reasons set out above, I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

  
.....

Alistair Bacon LLB, LL.M, Solicitor  
Evaluator  
14 June 2022

## SCHEDULE 1 : REQUIRED CONTENT

### 1 THE EVALUATOR

1.1 Reg 7(a) I, Alistair Bacon, am an evaluator within the meaning set out in Part 3 of the Regulations.

1.2 Reg 7(b) I qualified as a solicitor in 1992 and as a licensed insolvency practitioner in 2000 (although I no longer maintain an insolvency licence as I do not take insolvency appointments). I was educated at Marlborough College, University of Westminster (LLB (Hons)), University College London (LLM) and the College of Law, Guildford. I passed the Joint Insolvency Examination Board exams in 1999.

I have worked in insolvency and restructuring since qualifying as a solicitor and have nearly thirty years' experience advising officeholders, banks, debtors, creditors, landlords and others. Some of the matters on which I have previously advised include Daewoo UK, Harland & Wolff, Saab GB, Barceló Hotels, Titan Outdoor and, more recently, Thomas Cook.

I have been involved in a great many pre-packs and insolvency sales and have experience of acting for all sides including the officeholder, the purchaser and other parties.

1.3 Reg 7(c) I am covered by my firm's (AMB Law Limited) professional indemnity insurance the details of which are as follows:

Insurer : Travelers Insurance Company Limited  
Broker : Arthur J Gallagher Insurance Brokers Limited  
Policy No : UC SOL 3959727  
Limit : £5,000,000  
Risks : "... civil liability to the extent that it arises from Private Legal Practice in connection with the Insured Firm's Practice ..."  
Exclusions : None

1.4 Reg 12 In accordance with regulation 12 of the Regulations, neither I nor my firm nor any associate of me or my firm,

- (a) is in any way connected with or an associate of the Company or the Connected Person;
- (b) has any conflict of interest in relation to the subject matter of this report;
- (c) has given any professional advice either to the Company or the Purchaser or any other party whatsoever in relation to the insolvency, rescue or restructuring of the Company; and
- (d) does not fall into any of the restricted categories set out in regulation 13 of the Regulations.

### 2 THE DISPOSAL

2.1 Reg 7(d) The relevant property to which this report relates is covered in more detail in paragraph 0 above.

- 2.2 Reg 7(e) I am not aware that the Connected Person has commissioned any prior qualifying report and I have been informed by the Connected Person that no such report exists. Accordingly, regulation 8 of the Regulations does not apply.
- 2.3 Reg 7(f) The consideration to be received by the Company in respect of the proposed disposal is the sum of £150,000 which will be paid as set out in paragraph 4.2 together with additional consideration in accordance with paragraph 4.3.
- 2.4 Reg 7(g) The Connected Person (as defined in paragraph 60A(3) of Schedule B1 to the Act) is the Purchaser. I have carried identity checks on the Connected Person and no adverse or concerning issues are raised. The Connected Person's connection with the Company arises by virtue of the common directorships of Christopher Gremo and Charlotte Gremo-Gilham.

-oOo-

**Strictly Private & Confidential**

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**The Administration (Restrictions on Disposal etc to Connected Persons) Regulations 2021**

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**QUALIFYING REPORT**  
Relating to Red Key Concepts Limited

---



46 New Broad Street  
London EC2M 1JH  
Tel : 020 3651 5646  
[office@amblaw.co.uk](mailto:office@amblaw.co.uk)

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## **1 INTRODUCTION**

- 1.1 The Administration (Restrictions on Disposal etc to Connected Persons) Regulations 2021 came into force on 30 April 2021 and imposed certain requirements in relation to the proposed disposal, hiring out or sale of a company's property ("disposal") by an administrator where such disposal is to a connected person within eight weeks of the administrator's appointment.
- 1.2 For the purposes of the Regulations, 'connected person' is defined in paragraph 60A(3) of Schedule B1 to the Act as being a person connected with the company or an associate of such a person or any company controlled by such a person. In short a connected person will usually be an officer or employee of the company or another company of which such officer or employee is also an officer or employee.
- 1.3 An administrator cannot, within eight weeks of the administration, effect a disposal of any substantial property of the company without either obtaining the prior approval of the company's creditors or ensuring that the proposed purchaser has first obtained a qualifying report under the Regulations.
- 1.4 This report is, accordingly, a 'qualifying report' within the meaning of regulation 3(1) of the Regulations.
- 1.5 In preparing this report I have relied upon the information provided to me by Red Key Concepts Design & Build Limited, the Valuers and, where applicable, the Administrators. I have taken all valuations and assumptions at face value and have not independently verified either. As required by the Regulations, this report has been prepared at the instruction of the Purchaser (being the connected person) to whom it is addressed and it has been prepared solely for the purposes of complying with the Regulations. This report may not be relied upon by any third party other than the Purchaser but it may be given to the Administrators for the purposes of regulation 6(1)(a)(iii) of the Regulations and I am happy for it to be published by the Administrators in compliance with their professional obligations.

## **2 INTERPRETATION**

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- 2.2 Regulations 7, 12 and 13 of the Regulations stipulate certain prescribed information that must be included within a qualifying report and this information is contained at Schedule 1 below.

### **3 BACKGROUND**

- 3.1 The Company was established in 2003 and operates in the construction business.
- 3.2 On 17 February 2021 the Company was awarded a £6.6 million contract to build 54 apartments at Ballast Wharf, Erith. It would now appear that the developer under the contract had deliberately misled the Company and that it had dishonestly concealed substantial asbestos and hydrocarbon contamination at the site which caused the development to grind to a halt. It appears that the same developer had already played the same trick on a predecessor builder.
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#### Valuation

- 3.5 It is common practice in the valuation of a company's business to seek to calculate a present value of the company's future income stream over a period of time and this is often achieved by applying a multiple of years to the company's EBITDA or net profit. Such an approach in respect of an insolvent company is invariably not possible as it will inevitably return a negative value if the future business is loss-making.
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#### Connected Person

- 3.11 Mr Chris Gremo and Ms Charlotte Gremo-Gilham are directors of the Company and are also directors of the Purchaser which is the proposed purchaser of the business and assets of the Company. By dint of the dual roles of Mr Gremo and Ms Gremo-Gilham, the Purchaser either is or could be perceived to be a connected person within the meaning of section 60A of the Act and, accordingly, the parties consider it either necessary or prudent to obtain this qualifying report in accordance with regulation 3 of the Regulations.

### **4 PROPOSED DISPOSAL**

In short, the proposed transaction to which this qualifying reports relates is as follows:

- 4.1 The Purchaser will purchase the following assets of the Company:
- (a) Goodwill & IPR;
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#### Alternative Courses of Action

- 4.5 The only realistic alternative to the proposed transaction would be the liquidation of the Company which would inevitably result in the immediate closure of its business resulting potentially in damaging disruption for its clients and the termination of all contracts of employment for its workforce.
- 4.6 The Valuers' professional recommendation to the Administrators is the Purchaser's offer outlined above should be accepted as providing the best outcome for the Company's creditors as a whole.

#### Advantages of the Proposed Transaction

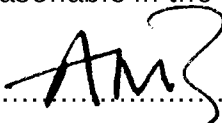
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#### Disadvantages of the Proposed Transaction

- 4.10 There are clearly downsides to any proposed sale of a business that proceeds without a full marketing process. There may be a perception that there is little or no opportunity properly to test the market and it is only a matter of a valuers' expert opinion that the proposed disposal actually represents the best outcome for creditors. It is clear, however, that the Valuers have carried out a fairly extensive marketing process with a nil take up so this is not really a concern in this case.
- 4.11 Similarly, in any 'pre-pack' process there is little opportunity for creditors to test the assertions made as they are invariably presented with a fait accompli.
- 4.12 In addition to the lack of certainty as to the price to be paid by the Purchaser, there is a general lack of transparency which may cause concern to some creditors given the connection or perceived connection between the Company and the Purchaser and the Purchaser's being a connected person. I have seen no evidence to cause me concern in this regard.

### **5 CONCLUSION**

- 5.1 The Report sets out a comparison of the alternatives which are the recommended disposal of the business and assets in accordance with clause 4.2 above or a piecemeal disposal of those assets on a forced sale basis.
- 5.2 I have considered the Valuers' recommendations and their valuations from which it seems clear that the proposed disposal outlined above will give the best outcome for creditors and I agree that the Purchaser's offer should be accepted by the Company.
- 5.3 For the reasons set out above, I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

  
.....

Alistair Bacon LLB, LL.M, Solicitor  
Evaluator  
14 June 2022

## SCHEDULE 1 : REQUIRED CONTENT

### 1 THE EVALUATOR

1.1 Reg 7(a) I, Alistair Bacon, am an evaluator within the meaning set out in Part 3 of the Regulations.

1.2 Reg 7(b) I qualified as a solicitor in 1992 and as a licensed insolvency practitioner in 2000 (although I no longer maintain an insolvency licence as I do not take insolvency appointments). I was educated at Marlborough College, University of Westminster (LLB (Hons)), University College London (LLM) and the College of Law, Guildford. I passed the Joint Insolvency Examination Board exams in 1999.

I have worked in insolvency and restructuring since qualifying as a solicitor and have nearly thirty years' experience advising officeholders, banks, debtors, creditors, landlords and others. Some of the matters on which I have previously advised include Daewoo UK, Harland & Wolff, Saab GB, Barcélo Hotels, Titan Outdoor and, more recently, Thomas Cook.

I have been involved in a great many pre-packs and insolvency sales and have experience of acting for all sides including the officeholder, the purchaser and other parties.

1.3 Reg 7(c) I am covered by my firm's (AMB Law Limited) professional indemnity insurance the details of which are as follows:

Insurer : Travelers Insurance Company Limited  
 Broker : Arthur J Gallagher Insurance Brokers Limited  
 Policy No : UC SOL 3959727  
 Limit : £5,000,000  
 Risks : "... civil liability to the extent that it arises from Private Legal Practice in connection with the Insured Firm's Practice ..."  
 Exclusions : None

1.4 Reg 12 In accordance with regulation 12 of the Regulations, neither I nor my firm nor any associate of me or my firm,

- (a) is in any way connected with or an associate of the Company or the Connected Person;
- (b) has any conflict of interest in relation to the subject matter of this report;
- (c) has given any professional advice either to the Company or the Purchaser or any other party whatsoever in relation to the insolvency, rescue or restructuring of the Company; and
- (d) does not fall into any of the restricted categories set out in regulation 13 of the Regulations.

### 2 THE DISPOSAL

2.1 Reg 7(d) The relevant property to which this report relates is covered in more detail in paragraph 0 above.

- 2.2 Reg 7(e) I am not aware that the Connected Person has commissioned any prior qualifying report and I have been informed by the Connected Person that no such report exists. Accordingly, regulation 8 of the Regulations does not apply.
- 2.3 Reg 7(f) The consideration to be received by the Company in respect of the proposed disposal is the sum of £150,000 which will be paid as set out in paragraph 4.2 together with additional consideration in accordance with paragraph 4.3.
- 2.4 Reg 7(g) The Connected Person (as defined in paragraph 60A(3) of Schedule B1 to the Act) is the Purchaser. I have carried identity checks on the Connected Person and no adverse or concerning issues are raised. The Connected Person's connection with the Company arises by virtue of the common directorships of Christopher Gremo and Charlotte Gremo-Gilham.

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