

AM03

Notice of administrator's proposals



Companies House

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24/07/2020

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COMPANIES HOUSE

refer to our guidance at

www.gov.uk/companieshouse

1 Company details

Company number 06899027

Company name in full OLIVER SWEENEY TRADING LIMITED

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

2 Administrator's name

Full forename(s) SIMON

Surname JAGGER

3 Administrator's address

Building name/number 22 YORK BUILDINGS

Street JOHN ADAM STREET

Post town LONDON

County/Region

Postcode WC2N6JU

Country

4 Administrator's name ①

Full forename(s) LEE

Surname MANNING

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

5 Administrator's address ②

Building name/number 22 YORK BUILDINGS

Street JOHN ADAM STREET

Post town LONDON

County/Region

Postcode WC2N6JU

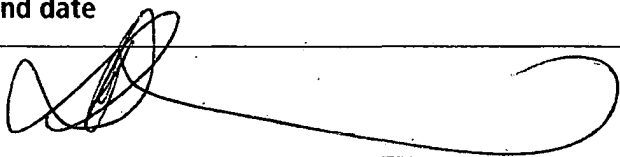
Country

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



AM03

Notice of Administrator's Proposals

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

AM03

Notice of Administrator's Proposals

**Presenter information**

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

Contact name OLIVER HICKLING

Company name RESOLVE ADVISORY LIMITED

Address 22 YORK BUILDINGS

JOHN ADAM STREET

Post town LONDON

County/Region

Postcode W C 2 N 6 J U

Country

DX

Telephone 020 7702 9775

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

**Important information**

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

**Where to send**

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

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

**Further information**

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

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



RE|SOLVE

Oliver Sweeney Trading Limited - in Administration

High Court of Justice Business and Property Courts, Chancery Division, London

Court no: CR-003049 of 2020

Joint Administrators' proposals for achieving the purpose of administration

Date: 21 July 2020

Deemed date of delivery to creditors: 22 July 2020



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1. Abbreviations and definitions

Abbreviations and terms that may be used in these proposals:

Abbreviation	Definition
Administrators/we/us/our	Lee Manning and Simon Jagger
BEIS	Department for Business, Energy and Industrial Strategy
BGF	Bgf Investment Management Limited (1st Secured creditor)
C&C	Capital and Counties Cg 9 Ltd (Secured creditor-rent deposit)
Crown	Crown Estate Commissioners (Secured creditor-rent deposit)
HMRC	HM Revenue & Customs
Hilco	Hilco Global
IA86	The Insolvency Act 1986 (e.g. s248 IA86: section 248 Insolvency Act 1986)
ICAEW	Institute of Chartered Accountants in England & Wales, regulatory authority
IR16	The Insolvency (England and Wales) Rules 2016 (e.g. r3.30 IR16: rule 3.30 Insolvency (England and Wales) Rules 2016)
Lloyds	Lloyds Bank PLC
McFL	McFL Holdings Limited (2nd Secured creditor)
Preferential creditor(s)	Mainly employee claims for unpaid wages earned in the 4 months preceding the administration, up to £800, holiday pay and in certain circumstances, unpaid pension contributions
Prescribed part	The amount set aside for creditors from floating charge funds in accordance with s176A IA86 and the IA86 Prescribed Part Order 2003
Purchaser	Oliver Sweeney Licensing Limited
Resolve / Firm	Resolve Advisory Limited
RoT	Retention of title: Claims made by suppliers that title of goods supplied to the Company remains with them after delivery to the Company but before payment made
RPS	Redundancy Payments Service, part of the Insolvency Service, an executive agency of BEIS. Authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
Sch B1 IA86	Schedule B1 to the Insolvency Act 1986
Secured creditor(s)	Creditors with security in respect of their debt, in accordance with s248 IA86
SAB	Shabir Ali Bhanji (Secured creditor- rent deposit)
SIP	Statement of Insolvency Practice. Issued to insolvency practitioners by regulatory authorities. SIPs set out the principles and key compliance standards by which insolvency practitioners are required to operate
SIP 9	This SIP deals specifically with payments to insolvency office holders and their associates
SoA	Statement of Affairs
TW	Taylor Wessing LLP
Unsecured creditor(s)	Creditors that are neither secured nor preferential



2. The purpose of this document

Please be advised that Lee Manning and Simon Jagger were appointed as Joint Administrators of the Company on 14 July 2020.

In this document we provide:

- a brief history of the Company;
- reasons why we were appointed; and
- our proposals for achieving the purpose of administration.

We also provide details of the Company's assets and liabilities and the likely outcome for each class of creditor.

The IA86 states the purpose of an administration is to achieve one of these three hierarchical objectives:

- (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 the Company's assets to pay a dividend to secured or preferential creditors.

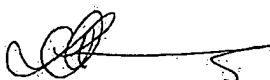
Objective (a) could not be achieved as no purchaser could be found for the shares of the Company and the nature of the Company's trading and its financial circumstances meant that a Company Voluntary Arrangement was not appropriate.

As a result, the Administrators will pursue objective (b) and seek to achieve a better outcome for creditors as a whole than would be likely if the Company were wound up. Completing the pre-pack sale and consequently being able to declare a distribution to unsecured creditors by way of the prescribed part will allow us to achieve this objective.

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 hold a meeting of creditors, in order to seek approval to extending the duration of the Administration.

We will manage the affairs of the Company until creditors agree our proposals for achieving the objective of this administration and they have been implemented as far as possible, after which the administration will end.

If you have any questions regarding the contents of this document, please contact Bethany Osmond on 020 7702 9775 or by email to bethany.osmond@resolvegroupuk.com



Lee Manning
Joint Administrator

The affairs, business and property of the Company are being managed by the administrator
Partners and staff acting as administrators, administrative receivers or supervisors act as agents of the company over which they are appointed at all times, and without personal liability
Cameron Gunn, Mark Supperstone, Lee Manning, Chris Farrington, Ben Woodthorpe and Simon Jagger are licensed to act as Insolvency Practitioners in the United Kingdom by the
Institute of Chartered Accountants in England and Wales
Please refer to the firm's privacy notice setting out your rights and explaining how your data will be used. The notice can be found on our website here
www.resolvegroupuk.com/policies2/.



3. Summary of estimated recoveries for creditors

Estimated outcome for secured creditors

Secured creditors	Claims £	Recovery %	Forecast timing for repayment
McFL	3.72m	Uncertain	Uncertain
BGF	2.12m	Less than 10%	6-9 months
C&C	Uncertain	Uncertain	Uncertain
SAB	Uncertain	Uncertain	Uncertain
Crown	Uncertain	Uncertain	Uncertain
Lloyds	-	N/A	N/A

McFL holds a fixed and floating charge debenture over the assets of the Company created on 30 April 2010 and filed at Companies House on 5 May 2010. The debt to McFL is £3,728,652 subject to interest and charges and is subordinated to the debt owed to BGF. McFL is also owed circa £610,940 as an unsecured creditor by virtue of the debt owed by the Company for royalties.

The Company subsequently granted a fixed and floating charge to BGF on 19 December 2017 which was filed at Companies House on 3 January 2018. The debt to BGF relates to loan notes totalling £2,125,000 subject to interest and charges.

The Administrators will undertake a validity of security review for both secured creditors who hold fixed and floating charges but the only secured creditor who will receive a distribution is BGF.

C&C, SAB and Crown hold rent deposit deeds. The Administrators will liaise with each landlord in due course to establish the position as to the rent deposits and their recoverability.

Lloyds holds a charge over the Company's bank accounts against any indebtedness. It is understood that the Company was not using any overdraft facilities at the time of the Administration and accordingly, Lloyds have no secured claim.

Estimated dividend prospects for other creditors

Creditors	Claims £	Recovery %	Forecast timing for repayment
Preferential	20,400	100%	8-9 months
Unsecured	1,137,702	Less than 5%	Uncertain

Preferential Creditors

At the time of our appointment the Company employed 34 staff, of which 18 were on the government's Furlough Scheme. Regrettably, all staff were made redundant immediately on appointment as the Company had ceased to trade and had no prospect of resuming trade once the COVID-19 restrictions were eased.

For the purposes of this report, and in advance of receiving the RPS' claim, we have assumed employees will have an average claim of £600 each with respect to holiday accrued but not taken. We are advised there are no wage arrears.

Unsecured Creditors

Whilst we presently estimate unsecured creditors will receive a distribution of less than five per cent, this is based on the information available at the date of this report and is subject to change.



4. Brief history of the Company and events leading to its administration

Background and circumstances leading to our appointment

The Company was incorporated in May 2009 and traded from various retail stores in central London, Manchester and Leeds under the 'Oliver Sweeney' brand. The brand is well-known for producing high end men's footwear and accessories both via traditional retail stores, an online offering and wholesale.

A detailed summary of the Company's background and the circumstances leading to the Company's insolvency is provided at **Appendix VI**.

The table below shows the Company's recent financial performance:

Financial statements					
Profit and loss account	Year ended 31-May-20	Year ended 31-May-19	Balance sheet	As at 31-May-20	As at 31-May-19
All in £000s	Management	Management	All in £000s	Management	Management
Revenue	6,961	8,728	Fixed assets	245	362
Gross profit	3,615	4,641	Current assets		
EBITDA	(532)	(30)	Stocks	1,564	1,525
			Debtors	412	544
			Other debtors and prepayments	170	375
			Cash at bank and in hand	416	304
				<u>2,562</u>	<u>2,749</u>
			Creditors > one year	(1,477)	(1,310)
			Creditors < one year	(6,474)	(6,152)
				<u>(7,951)</u>	<u>(7,462)</u>
			Net assets	<u>(5,144)</u>	<u>(4,351)</u>
			Capital and reserves		
			Called up share capital	500	500
			Profit and loss account	(5,644)	(4,851)
				<u>(5,144)</u>	<u>(4,351)</u>
Source: Management accounts					

Please note that the management accounts have not been verified for accuracy and therefore may not reflect the Company's true trading position.

The directors engaged ReSolve in April 2020 to assess the Company's options and assist with planning for an insolvency process. The directors concluded there was no alternative but to appoint administrators.

A Notice of Intention to Appoint Administrators was filed on 13 July 2020 and subsequently served on the secured creditors.

The Company was placed into administration on 14 July 2020.

Prior professional relationships

Prior to our appointment as Administrators, ReSolve was introduced to the Company by Maurice Helfgott, Director of the Company, and undertook the following work for the Company:

- engaged on 14 April 2020 to assist the directors in planning for an insolvency process.

As part of our routine pre-appointment procedures, we gave careful consideration as to whether this prior work would result in any ethical threats, including conflicts of interest, as set out in the ICAEW's Code of Ethics for Insolvency Practitioners. Our prior work has not been linked to any of the causes of the Company's failure, accordingly we are not precluded from acting as the Company's Administrators. Details of the Code and internal policies relevant to this appointment can be found here www.resolvegroupuk.com/policies2/.



Pre-administration costs

These are costs incurred prior to the Company entering administration but with a view to it doing so. Our pre-administration costs total £31,012, of which we have been paid £10,000 by the Company. Full details of these costs are provided at **Appendix I**.

I am not seeking a decision from the creditors approving my proposals. As a result, I will both be seeking a decision to approve the pre-administration costs, and also separately seeking the approval of the charge-holders and preferential creditors.

If creditors elect a committee, that committee will have authority to approve the payment of these costs under r3.52 IR16.

5. Conduct of the administration to date and next steps if our proposals are approved

The objective of this Administration is to achieve a better outcome for creditors as a whole than would be possible if the Company were to be wound up. To achieve this, we have sought to maximize the value of the Company's assets and minimise costs and claims by way of a Pre-Pack sale of the Company's stock and other tangible assets. This will enable distributions to be made to the secured and preferential creditors and the unsecured creditors by way of the prescribed part.

By category, our principal actions on appointment were to:

- Complete the Pre-Pack Sale to the Purchaser
- Write to all employees of the Company with regards to their redundancy and entitlements
- Correspond with the Company's pre-appointment solicitors,
- Notify the Company's secured creditor of the Administrators' appointment
- Notify the Company of the Administrators' appointment
- Request the opening of an Administration bank account
- Notify the Company's pre-appointment bankers, Lloyds, of our appointment and requested the transfer of any credit balances held to be transferred to the Administrators' bank account
- Liaise with the Purchaser generally regarding post completion matters
- Liaise with the directors in relation to the submission of the Statement of Affairs and questionnaires
- Draft the Administrators' Statement of Insolvency Practice 16 (SIP 16) report to creditors
- Draft these Administrators' proposals, and
- Addressed statutory duties associated with the Administration.

Pre-Pack sale of assets

As detailed earlier in this report, on 14 July 2020 the Pre-Pack sale of the Company's stock and sundry chattel assets was completed to the Purchaser. The Administrators considered it appropriate to provide the disclosure required in accordance with SIP 16, which deals with sales either immediately on or shortly after the appointment of the Administrators. Please see **Appendix VI** for further information.

A brief summary of the assets sold and the consideration received is detailed below:

Asset Category	Consideration (£)
Chattels	4,052
Stock	195,942
Databases	1
Commercial Records	1



Customer Lists	1
Social Media Accounts	1
Intellectual Property & Domain Name	1
Sale Contracts	1
Total	200,000

Please note, the sale was completed by way of a credit bid as Oliver Sweeney Licensing Limited, a consortium of the Secured Creditor and directors, has purchased the assets subject to the Pre-Pack sale, with the consideration being a reduction in the debt owed to the consortium.

Property

The Company operated from the following leasehold premises:

Property	Status at the date of these proposals
5 Conduit Street, London, W1S 2XD	The Company vacated the site and the Administrators will contact the landlord shortly
10 Henrietta Street, London, WC2E 8PS	The Company vacated the site and the Administrators will contact the landlord shortly
41-42 Bull's Head Passage, London, EC3V 1LT	The Company vacated the site and the Administrators will contact the landlord shortly
The Avenue, Spinningfields, Manchester, M3 3HF	The Company vacated the site and the Administrators will contact the landlord shortly
38-40 County Arcade, Leeds, LS1 6BH	The Company vacated the site and the Administrators will contact the landlord shortly
Block B, Imperial Works, Perren Street, London, NW5 3ED	The Purchaser was granted a license to occupy under the pre-pack sale agreement

The Administrators will shortly contact the landlords of the retail stores to offer formal surrenders of the leaseholds and assess the recoverability of the rent deposits (if any).

It is understood that the Purchaser has already begun negotiations with the landlord of the Head Office premises to conclude an assignment of the lease. Creditors will be kept updated as to the progress in this regard.

Assets Excluded from the Pre-Pack Sale

Debtors

The Company's records indicate it has wholesale debtors totalling circa £230k. The Administrators will, in due course take steps to assess the recoverability of these debts and begin the collections process.

Cash at Bank

The Company's pre-appointment bankers, Lloyds, have been notified of the Administrators' appointment. The Company currently holds funds of circa £326k and has no indebtedness to Lloyds.

Employees

The Company employed 34 people, all of whom were made redundant on 14 July 2020.

Redundant employees are being supported in making their statutory claims to the RPS.

Connected party transactions

We are not aware of any connected party transactions having taken place prior to our appointment.

Further detail regarding the connection between the Purchaser and the Company is provided at **Section 9 of Appendix VI**.



Directors' conduct and investigations

We have a duty to investigate the conduct of those who have been directors of the Company at any time in the three years before the Administration. We have to submit our findings to BEIS within three months of our appointment.

We will also investigate the affairs of the Company and decide whether any civil proceedings should be taken against anyone to recover or contribute to the Company's assets.

We should be pleased to receive from you any information you consider will assist us in these investigations. This is part of our normal work as Administrators and does not imply criticism of the directors' conduct.

Objectives of the Administration

We are pursuing objective 3(1)(b) of Schedule B1 IA86.

Outcome for creditors

▪ Secured creditors

The Company granted the following charges:

McFL and BGF hold fixed and floating charges over the Company's assets in respect of lending totalling £3,728,652 and £2,125,000 respectively, excluding interest and costs, as at 14 July 2020.

As Secured Creditors, McFL and BGF are also entitled to rank as unsecured creditors for the balance of their indebtedness in respect of those assets not caught by their debentures.

The estimated outcome for each of the Secured Creditors is currently expected to be as follows:

Secured creditor	Fixed Charge Distribution (£)	Floating Charge Distribution (£)	Unsecured Distribution (£)	Total (£)
McFL	-	-	-	-
BGF	-	425,724	Uncertain	425,724

▪ Preferential creditors (employees' claims)

At the time of our appointment the Company employed 34 staff, of which 18 were on the government's Furlough Scheme. All staff were made redundant upon appointment as the business will not continue trading.

For the purposes of this report, and in advance of receiving the RPS' claim, we have assumed employees will have an average claim of £600 each with respect to holiday accrued but not taken. We are advised there are no wage arrears.

▪ Unsecured creditors

Where a company gave a floating charge over its assets to a lender on or after 15 September 2003, there are provisions in the insolvency legislation that require the Administrators to set aside a percentage of a Company's assets for the benefit of the unsecured creditors. This is known as the prescribed part of a company's net property.

A company's net property is the amount left after paying the preferential creditors, but before paying the lender who holds the floating charge. Administrators have to set aside 50 per cent of the first £10,000 of the net property and 20 per cent of the remaining net property up to a maximum of £600,000.

The Secured creditors were granted floating charges over the Company's assets on as per the table above, so the prescribed part applies in this case.



We presently estimate the Company's net property will be £485,905 which means the estimated value of the prescribed part is £101,181. Please note, this figure does not take account of the costs of distributing the prescribed part and as such is subject to change.

If the distribution does exceed the prescribed part we may (but will not have to) agree the claims of unsecured creditors whilst the Company is in Administration.

If we do agree unsecured claims, we may ask the Court for permission to allow us to pay dividends to unsecured creditors. If we do not request permission from the Court, a subsequent liquidator will formally adjudicate on claims and pay any dividends to unsecured creditors.

The Company's financial position means there are insufficient assets to enable me to pay a dividend to non-preferential unsecured creditors, although it is likely that I will be able to make a distribution of the prescribed part of the net property.

Fees and disbursements

According to insolvency legislation, our fees can be calculated in the following ways:

1. As a percentage of the value of the property that we deal with ("percentage basis"); or
2. By reference to the time properly given by us and our staff attending to matters arising ("time cost basis"); or
3. A set amount ("fixed fee").

In this case we are proposing our fees for the Administration be charged on the time cost basis.

Details of our time costs and disbursements to date are provided at **Appendix III**. In the period from 14 July 2020 to 20 July 2020 we have spent 22 hours which equates to £5,571 dealing with this report and the matters described in it.

I am not seeking a decision from the creditors on whether or not to approve these proposals as the Company's financial position means there are insufficient assets to pay a dividend to non-preferential unsecured creditors (other than by way of the prescribed part of the net property).

As a result, it will be for the chargeholder(s) and preferential creditors to approve my remuneration and category 2 expenses.

When we seek time cost approval we have to set out a fee estimate, which acts as a cap on time costs so we cannot draw fees of more than the estimate without further approval. The fees estimate can be found at **Appendix II**.

This shows the estimated time costs, hours charged and average hourly rates split into various categories and by grade of staff. We estimate the total time costs we will incur in undertaking these tasks in the Administration and any subsequent liquidation will be £103,955.

This estimate has been provided at an early stage in the administration and before we have full knowledge of the case. Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on our current knowledge of the case and our knowledge and experience of acting as administrators in respect of cases of a similar size and apparent complexity. As a result, the estimate does not account for any currently unknown complexities or difficulties that may arise during the Administration of the case.

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

Further information regarding administrators' fees can be found here:

<http://www.resolvegroupuk.com/resources>



There are different versions of the guide so please ensure that you refer to the latest version. A hard copy can be obtained on request, free of charge, from this office.

6. Statement of affairs

As is standard practice, we have requested the Company's directors to provide us with a Statement of Affairs however these are not yet due to be submitted. In the absence of a SoA we have therefore estimated, as at 14 July 2020, the financial position of the Company and this is attached at **Appendix V**.

As required by law, the names and addresses of employees have been omitted, along with the personal email addresses of the shareholders.

Please note that:

- The estimate does not make provisions for the costs of realising Company assets or the costs of the Administration.
- The information in the estimated financial position has not been audited.
- The value of creditors' claims is taken from the Company's records and could therefore change following receipt of creditors' completed statement of claim.



7. Receipts and payments account

	Estimated Financial Position £	For the period 14 July 2020 to 20 July 2020 £	Total Receipts/ Payments to date £
Floating charge receipts			
Stock	195,942.00	195,942.00	195,942.00
Chattels	4,052.00	4,052.00	4,052.00
Databases	1.00	1.00	1.00
Commercial Records	1.00	1.00	1.00
Customer Lists	1.00	1.00	1.00
Sale Contracts	1.00	1.00	1.00
Social Media Accounts	1.00	1.00	1.00
Intellectual Property & Domain Name	1.00	1.00	1.00
Cash at Bank	326,305.10	326,305.10	326,305.10
Debtors	Uncertain	-	-
	<u>526,305.10</u>	<u>526,305.10</u>	<u>526,305.10</u>
Floating charge payments			
Distribution to Secured Creditor		(200,000.00)	(200,000.00)
		<u>(200,000.00)</u>	<u>(200,000.00)</u>
Balance (receipts less payments)		<u>326,305.10</u>	<u>326,305.10</u>
REPRESENTED BY			
Current account - non interest bearing			366,305.10
VAT Payable			<u>(40,000.00)</u>
Total			<u><u>326,305.10</u></u>

Lee Manning
Joint Administrator



8. Administrators' proposals

In order to achieve the objective set out at section 3 above, Lee Manning 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) sell the Company's assets at such time(s) on such terms as we consider appropriate;
 - (ii) 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
 - (iii) 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 Lee Manning and Simon Jagger are appointed Joint Liquidators of the Company by the Court.
- (d) the Administration of the Company will end by making an application to Court for an order that the Administration ceases.
- (e) 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.

Approval of proposals

I am seeking a decision from the creditors to approve my proposals using the deemed consent procedure.

If a creditor agrees with the proposed decision to approve my proposals, then they do not need to do anything. Unless 10 per cent of creditors, who would be entitled to vote at a qualifying decision procedure, object to the decision to approve my proposals they will automatically be approved on 3 August 2020.

If a creditor wishes to object to the decision, they must complete and return the enclosed notice of objection so that it is received by me by no later than 23.59 hours on 3 August 2020. If a creditor has not already submitted proof of their debt, they should complete the enclosed form and return it to me. Objections by a creditor will not count unless they have lodged a proof of debt by no later than 23.59 on 3 August 2020.

It is my responsibility to determine whether any objections received are sufficient for this Deemed Consent Procedure to end without a decision being made. If sufficient objections are received, then I will write to creditors to seek approval for this decision using a qualifying decision process.

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

The financial position of the Company means that it has insufficient assets to enable a dividend to be paid to non-preferential unsecured creditors (other than by way of the prescribed part). As a result, I am prohibited by the insolvency legislation from seeking a decision from the creditors to consider these proposals.)



Since the purpose of the Administration is to achieve objective (c), that is to realise property in order to make a distribution to one or more secured or preferential creditors of the Company, I am prohibited by the insolvency legislation from seeking a decision from the creditors to consider these proposals.

However, a creditor, or creditors, whose debts amount to at least 10 per cent of the total debts of the Company can require me to hold a decision procedure to enable creditors to consider whether or not to approve these proposals and/or to consider such other decision as they see fit. Such a request must be received by me within eight business days from the date these proposals are delivered to the creditors. If creditors do not require me hold a decision procedure within that time period, then these proposals will be deemed to have been approved.

Creditors should note that I need not initiate the decision procedure unless the creditor, or creditors, requisitioning the decision procedure provides me with such amount that I request from them to meet the expenses of the requisitioned decision procedure.

Extending the Administration

We may seek the consent of the appropriate class(es) of creditors, or an order of the Court, to extend the period of the Administration beyond the statutory period of 12 months, if we believe it is required to achieve the objective of the Administration and to finish our work.

Discharge from liability

We will be discharged from liability in respect of our actions as Administrators at a time set by the creditors or the Court.



9. Statutory and other information

Statutory and other information	
Court details:	High Court of Justice, Business and Property Courts of England & Wales Court no: 3049 of 2020
Full name:	Oliver Sweeney Trading Limited
Trading name(s):	Oliver Sweeney
Registered number:	06899027
Registered office:	Block B, Imperial Works, Perren Street, London, NW5 3ED
Appointors:	Directors
Company directors:	Maurice Bennett Michael Bennett Alistair Brew Timothy Cooper Maurice Helfgott Adam Leigh Thomas Thomson
Company secretary:	-
Shares held by directors:	-
Date of the Administrators' appointment	14 July 2020
Division of the Administrators' responsibilities:	For the purpose of paragraph 100(2) of Schedule B1, the administrators may exercise any of the powers conferred on them by IA86 jointly or individually
Objective being pursued by the Administrators:	(b)
Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on Insolvency Proceedings (recast):	The regulation applies to this administration and these proceedings are main proceedings

If you have any queries regarding the proposals or the conduct of the Administration in general, please contact Bethany Osmond on 020 7702 9775.

Should you have any comments or complaints regarding the Administration, please contact Lee Manning in the first instance. If you consider that we have not dealt with your comment or complaint appropriately, you may request we perform an internal independent review of your complaint. This review would be undertaken by a person within ReSolve not involved in the administration. A request for a review can be made in writing to the Compliance Manager, ReSolve Advisory Limited, 22 York Buildings, John Adam Street, London, WC2N 6JU or by email to mark.supperstone@resolvegroupuk.com.

If you still feel that you have not received a satisfactory response then you may be able to make a complaint to the Complaints Gateway operated by the Insolvency Service. Details of this procedure and other regulatory policies can be found on ReSolve's website at www.resolvegroupuk.com/policies2/.



Pre-appointment time costs and disbursements

The Board of the Company instructed us to assist them in placing the Company in administration on 14 July 2020. They agreed that we should be paid our pre-appointment fees and expenses on a time cost basis. We provide below a detailed time cost table showing the pre-appointment time costs incurred by category and staff grade at my firm:

	PARTNER / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£)
Pre Appointment	28.60	18,914.00	7.50	3,236.50	35.30	8,861.00	71.40	31,011.50	434.33
	28.60	18,914.00	7.50	3,236.50	35.30	8,861.00	71.40	31,011.50	434.33

The following work was undertaken:

- Liaised with the Purchaser on the terms of the asset sale and price for inventory being sold
- Liaised with Hilco regarding preparation of a valuation of the Company's assets and providing a recommendation of acceptance on the offers received, taking into account the available alternatives and their limitations
- Considering the valuation and comments provided by Hilco and held discussions with secured lenders representatives regarding their preferred disposal assets strategy
- Corresponded with the Company's directors regarding appointment documentation
- Instructed solicitors to prepare appointment documentation
- Planned internally for the appointment, and
- Liaised with solicitors regarding the appointment and Pre-Pack asset sale.

The following statement sets out the time costs and expenses that were incurred and paid prior to the Administration and those where approval is being sought to pay them from administration funds.

Description	Amount £	Paid pre- appointment £	To be paid £
Pre-appointment time-costs	31,012	10,000	21,012
Pre-appointment expenses	40,000	-	40,000

ReSolve has been paid £10,000 plus VAT in respect of pre-appointment fees. This was paid by the Board signing of the engagement letter.

Of the £40,000 in pre-administration expenses, £13,000 is payable to Hilco for their assistance in valuing the Company's assets and confirming the appropriateness of the sale. The remaining £27,000 is payable to solicitors Taylor Wessing for their assistance in negotiating the pre-pack sale and the drafting of the relevant sale particulars.

Approval of pre-appointment fees and expenses

The Administrators will seek the creditors' approval to draw the balance of these fees in due course.



Administrators' charge out rates, disbursement policy, narrative and fee estimate

Our charge out rates

We are seeking to be remunerated on a time cost basis.

Charge out rates used are appropriate to the skills and experience of a member of staff and the work that they perform. Time is recorded in six minute units. Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work.

This document provides an estimate as to how much time the Administrators and their staff will spend undertaking specific tasks, and the costs of undertaking such work. The estimated time that will be spent undertaking the work in each category of work has been multiplied by the applicable charge out rate for each member of staff that it is anticipated will undertake work in that category to arrive at the estimated total time costs attributable to that category of work.

The estimated costs have been divided by the estimated hours required to arrive at an average hourly charge out rate for that category of work. The hourly charge-out rates used on this case are as follows:

Staff grade	Rate per hour (£)
Partner	550-755
Director	515
Senior Manager	395
Manager	350
Assistant Manager	305
Senior Administrator	255
Administrator	220
Junior Administrator	175

Secretarial and support staff are not charged to the cases concerned, being accounted for as an overhead of ReSolve Advisory Limited. The Partner charge out rate for Lee Manning, the lead IP on this case, is £685 per hour.

Disbursement policy

In accordance with SIP 9, the basis of disbursement allocation must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1

Directly referable to an invoice from a third party, which is either in the name of the estate or ReSolve Advisory Limited; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and Company search fees.

Category 2

Incurred by the firm and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, internal storage and mileage.



It is proposed that the following Category 2 disbursements are recovered:

- Photocopying 20 pence per sheet
- Mileage 45 pence per mile

No expenses have been incurred to date.

I anticipate future expenses of £1,000 will be incurred.

Professional costs

These are charged at cost based upon the charge made by the professional instructed. The term professional commonly includes:

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

The following professionals have been utilised in this matter and the costs of these also comprise Administration expenses:

Professional Advisor	Nature of Work	Fee Arrangement	Fees incurred to date /£	Paid	Estimated future fees
Taylor Wessing	Solicitors	Time Costs	-	-	5,000
Hilco	Agents / Valuers	Time Costs	-	-	5,000

The choice of professionals was based on our perception of their experience and ability to perform the type of work assigned to them, the complexity and nature of the assignment and the basis of my fee arrangement with them. The fees charged have been reviewed and we are satisfied they are reasonable in the circumstances of this case.

Narrative for each of the above

Taylor Wessing

Taylor Wessing were engaged prior to the Administration to assist with the Pre-Pack sale particulars, draft the appointment documentation and to provide some ad hoc employment advice. They have been further engaged post-appointment to deal with any further matters pertaining to the Pre-Pack sale and the proposed lease assignment to the Purchaser. They will also undertake a validity of security review.

Hilco

Hilco were engaged prior to the Administration to assist with valuing the Company's assets ahead of the Pre-Pack sale. They have been further engaged post-appointment to deal with any further matters pertaining to the Company's leaseholds.



Appendix III

Schedule of post appointment time costs for the period from 14 July 2020 to 20 July 2020

	PARTNER / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£)
Administration & Planning	1.80	1,215.00	2.20	957.00	1.90	289.50	5.90	2,461.50	417.20
Creditors	-	-	-	-	5.30	766.50	5.30	766.50	144.62
Realisation of Assets	-	-	-	-	0.40	102.00	0.40	102.00	255.00
Statutory	-	-	0.30	130.50	9.60	2,110.00	9.90	2,240.50	226.31
	1.80	1,215.00	2.50	1,087.50	17.20	3,268.00	21.50	5,570.50	259.09

Narrative of work carried out:

Administration and Planning

This represents the routine administrative work that is required of the office holders and their staff, together with the control and supervision of the work done on the case by the office holders and their staff. It does not give direct financial benefit to the creditors, but has to be undertaken by the office holders to meet their requirements under the insolvency legislation and the SIP, which set out required practices that office holders must follow:

Case planning

- Preparing the documentation and dealing with the formalities of appointment.
- Liaising with the directors throughout the appointment process.
- Assisting the directors with the formalities required to place the Company into administration.
- Considering the employee position of the Company.
- Case planning and administration.

Cashiering

- Dealing with the day to day management of the internal cash book.
- Making payments and dealing with receipts.
- Reconciling the Company's bank account.

General administration

- Statutory notifications and advertising.
- Case bordereau.
- Preparing the documentation required.
- Dealing with routine correspondence.
- Liaising with insurers regarding initial cover.
- Maintaining physical case files and electronic case details.
- Liaising with the Company's directors regarding provision of information.

Creditors

Work involved in dealing with all classes of creditors.

The office holder needs to deal with the ex-employees in order to ensure that their claims are processed appropriately by the RPS. That work will include dealing with queries received from both the ex-employees and the RPS to facilitate the processing of the claims. The office holders are required to undertake this work as part of his statutory functions.

The office holders need maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holders will also have to deal with correspondence and queries received from



creditors regarding their claims and dividend prospects as they are received. The office holders are required to undertake this work as part of their statutory obligations.

Secured

- Liaising with McFL and BGF with respect to sums due to these secured creditors.

Unsecured

- Dealing with creditor correspondence, emails and telephone conversations.
- Maintaining up to date creditor information on the case management system.

Employees

- Liaising with employees with respect to their redundancy.
- Obtaining information from the case records about employee claims.
- Liaising with the RPS regarding employee claims.

Investigations

Insolvency legislation gives the office holders 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. The office holders are required by the SIP to undertake an initial investigation to determine whether there are potential recovery actions for the benefit of creditors and any time costs recorded represent the costs of undertaking such an initial investigation. If potential recoveries or matters for further investigation are identified then the office holders will need to incur additional time costs to investigate them in detail and to bring recovery actions where necessary, and further information will be provided to creditors. Any approval for an increase in fees will be sought as necessary. Such recovery actions will be for the benefit of the creditors and the office holders will provide an estimate of that benefit if an increase in fees is necessary.

The office holders are also required by legislation to report to the BEIS on the conduct of the directors and the work to enable them to comply with this statutory obligation is of no direct benefit to the creditors, although it may identify potential recovery actions.

- General investigation into the Company's affairs.
- Statutory investigation into the directors' conduct, including preparation and submission of required reports.

Realisation of Assets

This is the work that needs to be undertaken to protect and then realise the known assets, which should directly benefit creditors.

Sale of business / assets

- Finalising any post sale matters with the Purchaser.
- Internal correspondence and meetings regarding assets.

Book debts

- Liaising with the directors in relation to the Company's book debts and the collection methodology.

Leasehold property

- Liaising with the landlords in respect of the assignment, surrender and forfeit of leases.
- Supervision of site clearance.

Retention of title and third-party assets



- Dealing with retention of title claims and third-party assets (if any) and where appropriate, coordinating the return of such assets.

Statutory

These activities involve complying with legislation including but not limited to; The IA86, The IR16, The Companies Act 2006, The Bribery Act 2010, the Money Laundering Regulations 2017, SIPs and Pension Regulations. These activities do not add any direct benefit to creditors and they form part of the statutory obligations of the Administration.

- Preparation and delivery of all statutory documentation.
- Informing Companies House of the Administration.
- Liaising with solicitors regarding appointment documentation.
- Internal discussions in relation to the timings of the appointment and preparing for the appointment.
- Dealing with statutory issues required under IA86, IR 2016 and the Statements of Insolvency Practice.



Administrators' fee estimate

	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work (£)	Average charge out rate (£)
ADMINISTRATION AND PLANNING (Note 2)			
Description of the tasks to be undertaken in this category of work			
Case planning and monitoring			
Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.	12.00	5,940.00	
Setting up physical/electronic case files (as applicable).	1.00	220.00	
Setting up the case on the practice's electronic case management system and entering data.	1.00	220.00	
Undertaking periodic reviews of the progress of the case.	12.00	3,910.00	
Overseeing and controlling the work done on the case by case administrators.	4.00	1,740.00	
Reporting to creditors			
Preparation of SIP16	19.00	7,645.00	
Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment (as applicable).	14.00	3,855.00	
Preparation of proposals	10.00	3,540.00	
Preparing, reviewing and issuing annual progress reports to creditors and members (as applicable).	26.00	9,320.00	
Preparing, reviewing and issuing final reports to creditors and members (as applicable).	9.00	3,000.00	
Compliance matters			
Obtaining a specific penalty bond.	1.50	657.50	
Reviewing the adequacy of the specific penalty bond on a quarterly basis.	3.00	990.00	
Correspondence with creditors			
Dealing with all routine correspondence and emails relating to the case.	23.00	8,745.00	
Cashiering			
Opening, maintaining and managing the office holder's estate bank account.	1.00	220.00	
Creating, maintaining and managing the office holder's cashbook.	4.00	1,310.00	
Undertaking regular bank reconciliations of the bank account containing estate funds.			
General administration			
Arranging suitable insurance over assets.	2.50	912.50	
Regularly monitoring the suitability and appropriateness of the insurance cover in place.	2.00	655.00	
Preparing and filing VAT returns.	4.00	1,425.00	
Preparing and filing Corporation Tax returns.	2.00	690.00	
Seeking closure clearance from HMRC and other relevant parties.	2.00	475.00	
Total	153.00	55,470.00	362.55
INVESTIGATIONS (Note 3)			
Description of the tasks to be undertaken in this category of work			
D return preparation			
Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act	13.00	4,060.00	
General investigation			
Recovering the books and records for the case.	2.00	475.00	
Listing the books and records recovered.	1.00	220.00	
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.	10.00	3,400.00	
Other investigation			
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	4.00	1,425.00	
Total	30.00	9,580.00	319.33

REALISATION OF ASSETS (Note 4)**Description of the tasks to be undertaken in this category of work****Book debt recoveries**

Corresponding with debtors and attempting to collect outstanding book debts.	10.00	4,210.00
Liaising with the bank regarding the closure of the account.	3.50	1,407.50

Sale of business / assets

Instructing agents to value business assets.	8.00	4,100.00
Liaising with agents to realise assets.	14.00	7,480.00
Instructing solicitors to assist in the realisation of assets.	11.00	5,975.00

Property - freehold and leasehold

Obtaining details from mortgagees about debts secured over the debtor's/company's freehold/leasehold property (where applicable).	6.00	2,330.00
Instructing solicitors to assist in the realisation of the freehold/leasehold property (where applicable).	6.00	3,080.00
Liaising with the secured creditors over the realisation of the assets subject to a mortgagee or other charge.	2.00	1,030.00
Assignment of contracts, liaising with all parties concerned	12.00	5,150.00

Total	72.50	34,762.50	479.48
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CREDITORS (note 5)**Description of the tasks to be undertaken in this category of work****Employees**

Obtaining information from the case records about employee claims.	6.00	1,820.00
Completing documentation for submission to the Redundancy Payments Office.	13.00	3,360.00
Corresponding with employees regarding their claims.	7.00	1,610.00
Liaising with the Redundancy Payments Office regarding employee claims.	3.00	660.00

Unsecured creditors

Dealing with creditor correspondence, emails and telephone conversations regarding their claims.	13.00	3,845.00
Maintaining up to date creditor information on the case management system.	1.00	220.00

Secured creditors

Liaising with secured creditors	15.00	7,065.00
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Claim agreement and distributions

Issuing a notice of intended dividend and placing an appropriate gazette notice.	4.00	1,130.00
Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.	15.00	4,345.00
Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.	2.00	440.00
Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend.	12.00	3,840.00
Paying tax deducted from the dividends paid to employees.	2.00	655.00

Total	93.00	28,990.00	311.72
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STATUTORY (Note 6)**Description of the tasks to be undertaken in this category of work****Filing documents with Companies House / Court**

Filing returns at Companies House and/or Court (as applicable).	1.00	220.00
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Total	1.00	220.00	£220.00
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Total time costs and hours	349.50	129,022.50	£369.16
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Notes to the Administrators' fee estimate

Note 1 – Administration and planning

This represents the work that is involved in the routine administrative functions of the case by the Administrators and their staff.

Note 2 – Investigations

The insolvency legislation gives us 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. An initial investigation determines whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation.

If potential recoveries or matters for further investigation are identified then we will incur additional time costs to investigate them in detail and to bring recovery actions where necessary. We are unable to quantify the benefit to creditors of these investigations at present but will include such information in our statutory report to creditors once the position is clear. We are also required by legislation to report to BEIS on the conduct of the directors and the work to enable us to comply with these statutory obligations is of no direct benefit to the creditors, although it may identify potential recovery actions.

Note 3 – Realisation of assets

This is the work that needs to be undertaken to realise the known assets in the case.

Note 4 – Creditors

Employees: We need to deal with the ex-employees in order to ensure that their claims are processed appropriately by the RPS. That work will include dealing with queries received from both the ex-employees and the RPS to facilitate the processing of the claims. We are required to undertake this work as part of their statutory functions.

Creditors: We need to maintain records of the names and addresses of creditors, together with the amounts of their claims to ensure notices and reports can be issued to the creditors. We will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. We are required to undertake this work as part of their statutory functions.

Dividends: We have to undertake certain statutory formalities in order to enable us to pay a dividend to creditors. This include 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.

Note 5 – Statutory

Statutory - preparation of reports and compliance with statutory matters pertaining to the IA86, IR16, together with compliance with SIPs.



Proof of debt

OLIVER SWEENEY TRADING LIMITED - IN ADMINISTRATION	
Date of administration: 14 July 2020	
1.	Name of creditor (If a company please also give company registration number).
2.	Address of creditor for correspondence.
3.	Total amount of claim, including any Value Added Tax and outstanding un-capitalised interest as at the date the company went into administration.
4.	Details of any documents by reference to which the debt can be substantiated. (Note: There is no need to attach them now but the administrators may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting).
5.	If amount in 3 above includes outstanding un-capitalised interest please state amount. £
6.	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form).
7.	Particulars of any security held, the value of the security, and the date it was given.
8.	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.
9.	Signature of creditor or person authorised to act on his behalf
	Name in BLOCK LETTERS
	Position with or in relation to creditor Address of person signing (if different from 2 above)
For Administrators' Use only	
Admitted to vote for	Admitted for dividend for
£	£
Date	Date
Joint Administrator	Joint Administrator



Estimated Financial Position

Oliver Sweeney Trading Limited - in Administration

Estimated outcome statement as at 20 July 2020

	Book Value	Estimated to realise
Summary	£	£
Floating charge assets		
Stock	1,563,916	195,942
Chattels	4,052	4,052
Databases	1	1
Commercial Records	1	1
Customer Lists	1	1
Sale Contracts	1	1
Social Media Accounts	1	1
Intellectual Property & Domain Name	1	1
Cash at Bank	326,305	326,305
Debtors	457,872	100,000
	2,352,151	626,305
Administrators' Fees and Professional Costs		(120,000)
Available for preferential creditors		506,305
Preferential Creditors - estimated		(20,400)
Net property		485,905
Prescribed part of net property		(100,181)
Available for floating charge creditors		385,724
Secured creditors		(5,853,652)
Deficiency to secured creditors		(5,467,928)
Prescribed part of net property		100,181
Unsecured creditors		(1,137,702)
Deficiency to unsecured creditors		(1,037,521)



Statement of Insolvency Practice 16

Pre-packaged sales in Administrations

Background

Oliver Sweeney Trading Limited operated the well-known Menswear brand 'Oliver Sweeney' specialising in high end men's footwear and accessories. The Company operated from prominent stores in central London as well as Leeds and Manchester. The Company's designs are timeless and the brand is renowned globally as a flagship British retailer of high quality goods.

The Company operated a successful online business alongside traditional bricks and mortar stores and had branched out to offer products wholesale to large department stores and other retailers.

With an annual turnover of £7m the brand was well established; however, the Company had seen a steady decline in the performance of its stores in recent years. The onset of the COVID-19 crisis meant that those stores had to be temporarily closed and the Company focussed on its online offerings. All retail staff were placed on the Government's Furlough Scheme with a view to re-opening as soon as possible.

During this period however, concerns grew over the perceived reluctance of the public returning to physical stores and a brief test in the reopening of one prominent store in June 2020 after the lockdown restrictions were eased evidenced the reduced appetite for a physical shop experience. It was therefore unfortunately concluded that the accumulated losses and ongoing costs of running the physical stores were prohibitive to a full re-opening.

A summary of the Company's recent financial performance is as follows:

Financial statements					
Profit and loss account	Year ended 31-May-20	Year ended 31-May-19	Balance sheet	As at 31-May-20	As at 31-May-19
All in £000s	Management	Management	All in £000s	Management	Management
Revenue	6,961	8,728	Fixed assets	245	362
Gross profit	3,615	4,641	Current assets		
EBITDA	(532)	(30)	Stocks	1,564	1,525
			Debtors	412	544
			Other debtors and prepayments	170	375
			Cash at bank and in hand	416	304
				2,562	2,749
			Creditors > one year	(1,477)	(1,310)
			Creditors < one year	(6,474)	(6,152)
				(7,951)	(7,462)
			Net assets	(5,144)	(4,351)
			Capital and reserves		
			Called up share capital	500	500
			Profit and loss account	(5,644)	(4,851)
				(5,144)	(4,351)

Source: Management accounts

Initial Introduction

I was introduced to the Board of the Company by Maurice Helfgott of MCFL in late March 2020. I first met with the directors by conference call on 27 March to discuss the financial affairs of the Company and the impact that the lockdown and store closures was having on their restructuring plans. 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.



The Board initially wanted to consider the option of placing the Company into a Company Voluntary Arrangement (CVA) in order to help manage cashflow and enable the Company to trade on once the COVID restrictions were fully lifted. However, the change in customer shopping patterns following the pandemic have subsequently made it clear to the directors and senior management that trading from city centre stores is no longer a viable strategy. Accordingly, the initially contemplated CVA (which might have led to a few stores being retained) was now considered unviable and was therefore abandoned as a strategy. The Board felt that a restructuring via an Administration process and a sale of the business and assets was the best option to ensure the business was able to continue with a new, online and wholesale only strategy.

Ultimately the Company was placed into Administration and I was appointed Administrator. 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.

More information about the objective I am seeking to achieve in respect of the Company is set out below.

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.

Pre-appointment considerations

As noted above, I was engaged by the Board to advise on the Company's options and assist with the pre-insolvency planning. The board carefully considered a number of options, however for the reasons outlined below, felt that the only viable solution was to place the Company into Administration and complete a pre-pack sale of the assets.

Of the options open to the Company, it was felt that a CVA, as noted above, would be inappropriate and the addition of further funding would only prolong the Company's difficulties given the change in market conditions and substantial arrears position with trade creditors and landlords.

The rationale for pursuing an administration rather than a Creditors Voluntary Liquidation was twofold:

1. Whilst this was a sale of stock only, the purchaser, which indirectly controlled the businesses' brand, wanted an immediate transfer of the trade and the ability to immediately contact customers to ensure that the business was not disrupted (which is why the purchase paid appreciably more than the liquidation value for the stock).
2. The Company was indebted to a consortium of secured lenders and it was their wish that an administration took place.

It was not possible, in the circumstances to seek to trade the business in Administration or achieve a going concern sale to an independent third party because the Company did not own the 'Oliver Sweeney' brand nor did it have a license to trade using the name. The brand and IP is owned by Oliver Sweeney Holdings Limited and was subject to a fixed and floating charge in favour of a consortium of lenders, the largest of which was the British Growth Fund (BGF) who were, as a consortium, owed over £2.5 million. That company was not insolvent, and we have no jurisdiction over it.

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 secured and preferential creditors. 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 as a whole in all the circumstances of the case and that it did not unnecessarily harm the interests of the creditors of the Company as a whole.



Marketing of the assets and Valuation

As noted above, the Company was unable to continue trading and had no right to do so given the lack of a license to use the brand. We were therefore left with the prospect of having to find a willing buyer for stock of c£1.1m at cost for a business with no operating stores and no licence to sell its branded stock.

We sought a professional valuation from Hilco Appraisal as to the value of the stock if it could be sold to a party who was willing to acquire it without a brand licence. Hilco advised that, stock with such impediments to its sale would be worth about 8 pence in the pound and was possibly worthless, as especially when it came to the stock of shoes, because having to remove the branding where the logo was stitched into the leather and formed part of the overall shoe design, it would render the shoes uneconomic to de brand and hence worthless.

Hilco advised that the value of the stock if sold with the brand, given its age and profile, was worth in the order of 30 pence in the pound.

As a precautionary step, we also asked Hilco to undertake a valuation of the Oliver Sweeney brand and their valuation range was between £99,000 and £160,000.

We approached Torque Brands, a fund which sets out to buy distressed retail brands and Torque told us that they did not value the Oliver Sweeney brand at anywhere near the £2.5 m debt due to the secured lenders and that they were not interested in acquiring the stock without a licence.

We were aware that the directors in conjunction with the secured lenders were interested in acquiring the stock from the Company, through a newco and we used this to leverage up the price they were willing to pay for the stock from 8 pence in the pound to 19 pence in the pound.

The reality was, that because we were not in control of the brand, we were effectively at the mercy of the only party who would be able to sell the stock in future, that being the directors and lenders consortium.

Consequently, the offer to sell the Company's stock and other tangible assets, to the Newco, Oliver Sweeney Licensing Limited, was the only viable option that would see any sort of meaningful return to creditors. To put matters into perspective, the secured lender was owed over £2.5 million.

The pre-pack sale did not include the Company's cash at bank or debtors which, once recovered, will be available to preferential and unsecured creditors by way of a prescribed part distribution.

The transaction

The pre-pack sale was completed on 14 July 2020 after my appointment as Administrator, later on the same day.

The sale price was based on the value of stock in trade, as per the Company's records, at the close of business on Friday 11 th July. The chattels comprised 5 lpad's, 3 laptop computers and the tills from the 5 stores. The Company did not own its office furniture which was rented from the landlord.

The purchaser, Oliver Sweeney Licensing Limited is an entity funded by a consortium of the secured lenders and is run by the directors of the Company. This is therefore a connected party sale.

The assets sold and consideration received is as follows:

Asset Category	Consideration (£)
Chattels	4,052
Stock	195,942
Databases	1
Commercial Records	1
Customer Lists	1
Social Media Accounts	1
Intellectual Property & Domain Name	1
Total	200,000



Please note, the sale was completed by way of a credit bid, namely that Oliver Sweeney Licensing Limited as a consortium of the Secured Creditor and directors has purchased the assets subject to the Pre-Pack sale with the consideration being a reduction in the debt owed to them. This reduction in the overall creditor position of the Company improves the outcome for preferential and unsecured creditors (by way of the Prescribed Part).

Connected Party Transactions

As indicated above, the purchaser of the business and assets of the Company is a connected party. Connected party purchasers are encouraged to, but are not required to, approach what is known as the pre-pack pool, an independent group of suitably qualified and experienced individual, in order to obtain their opinion on the pre-pack transaction.

In this instance I understand that the connected purchaser has not approached the pre-pack pool for their opinion as it is not a going concern sale.

Connected party purchasers 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, I did not consider it appropriate to require a viability statement be prepared because the sale is an asset only sale.

Conclusion

In conclusion, the pre-pack sale was considered to be the best option available for the following reasons:

- The sale achieved a higher than expected value for the stock given the restrictions on re-sale without a license to use the brand;
- Hilco provided a valuation for the stock and confirmed that the sale was the best outcome achievable in the circumstances; and
- The sale reduced the amount due to the secured creditors, allowing for a greater return for the preferential and unsecured creditors.

I confirm that the sale price achieved, and also the outcome, was the best available outcome for creditors of the Company as a whole in all the circumstances of the case and that the pre-pack sale achieves the statutory purpose of the Administration that I am seeking to achieve in respect of the Company.

