

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company Kayboo Limited	Company number 07394929
In the High Court of Justice Chancery Division, Manchester District Registry (full name of court)	Court case number No: 2897 of 2016

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

We,
Stuart P Kelly & Stephen A Clark of
HBG Corporate Ltd
34-36 Church Road
Tarleton
PR4 6UR

*Delete as
applicable

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

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

(b) 16 November 2016

Signed



Joint Administrator

Dated

16 November 2016

Contact Details:

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

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

Stuart P Kelly & Stephen A Clark
HBG Corporate Ltd
34-36 Church Road
Tarleton
PR4 6UR

DX Number

01257 452021

DX Exchange

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

TUESDAY



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COMPANIES HOUSE



HARBOUR BUSINESS GROUP
Financial guidance when you need it most

34-36 Church Road
Tarleton, PR4 6UR
T: 01772 439 500
www.hbg.uk.com

East Marsh Operational Co. Limited ("East Marsh")
In the High Court of Justice, Chancery Division, Manchester District Registry
Case No. 2898 of 2016

Kayboo Limited ("Kayboo")
In the High Court of Justice, Chancery Division, Manchester District Registry
Case No. 2897 of 2016

Both in Administration (together "the Companies")

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

East Marsh Operational Co. Limited ("East Marsh")
In the High Court of Justice, Chancery Division, Manchester District Registry
Case No. 2898 of 2016

Kayboo Limited ("Kayboo")
In the High Court of Justice, Chancery Division, Manchester District Registry
Case No. 2897 of 2016

Both in Administration (together "the Companies")

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

15 November 2016

Stuart P Kelly and Stephen A Clark,
Joint Administrators of the Companies - In Administration
HBG Corporate Ltd
34-36 Church Road, Tarleton, PR4 6UR

Stuart P Kelly and Stephen A Clark were appointed as Joint Administrators of the Companies on 18 October 2016. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liability.

Disclaimer Notice

- This Statement of Proposals ("Proposal" or "Proposals") has been prepared by Stuart P Kelly and Stephen A Clark, the Joint Administrators of the Companies, solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 (as amended) to lay before creditors a statement of their Proposals for achieving the purposes of the Administrations, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.
 - This Proposal has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Companies.
 - Any estimated outcomes for creditors included in this Proposal are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.
 - Any person that chooses to rely on this Proposal for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 (as amended) does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Proposal.
 - The Joint Administrators act as agent for the Companies and contract without personal liability. The appointment of the Joint Administrators are personal to them and, to the fullest extent permitted by law, HBG Corporate Ltd does not assume any responsibility and will not accept any liability to any person in respect of these Proposals or the conduct of the Administrations.
 - All licensed Insolvency Practitioners of HBG Corporate Ltd are licensed in the UK to act as Insolvency Practitioners.
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APPENDICES

The following appendices are attached to the Proposals:

- 1. Statutory information**
 - 2. The Joint Administrators' receipts and payments accounts as at 11 November 2016**
 - 3. The Joint Administrators' Estimated financial statements as at 18 October 2016**
 - 4. Statement of Pre-Administration Costs**
 - 5. The Joint Administrators' time costs for the period from 18 October 2016 to 11 November 2016**
 - 6. The charge-out rates and bases of disbursements for HBG Corporate Ltd**
 - 7. The Joint Administrators' estimated fees and expenses**
 - 8. Proof of debt – Form 4.25**
 - 9. Estimated outcome statements**
 - 10. Form 2.20B (Notice of Meeting)**
 - 11. Proxy form – 8.2**
 - 12. Pre-pack disclosure**
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1. BACKGROUND

1.1. Introduction

This report is addressed to the creditors of the Companies and is prepared pursuant to Paragraph 49 of Schedule B1 of the Act, which requires the Joint Administrators to provide creditors with details of their proposals to achieve the purposes of the Administrations

To assist the creditors and enable them to decide on whether or not to vote for the adoption of the Proposals, the following information is included in the report

- background of the Companies, and
- the circumstances giving rise to the appointments of the Joint Administrators

The Joint Administrators are inviting creditors to vote on the Proposals, as listed in Section 8 below, as well as on the Joint Administrators' Pre-Administration Costs

Based on information presently available, the Joint Administrators' main proposal is that the Companies exit Administration by way of dissolution, following an application to court for the Joint Administrators to pay any available dividend to unsecured creditors. However, the Proposals contain alternatives should the Administrations not proceed as currently anticipated

1.2. Background

East Marsh and Kayboo were incorporated on 22 February 2012 and 4 October 2010 respectively

The Companies traded as the Corran Resort and Spa, trading from Marsh Road, Laugharne SA33 4RS. Kayboo acted as the property-owning company, whilst East Marsh acted as the operating company for the day to day trading of the business

The Companies were incorporated in order to develop and trade the hotel and spa over a three-phase project. The three phases were the building and development of three separate areas of hotel accommodation with guests utilising central hotel and spa facilities. The business model was to complete each phase in order. Funds were to be raised for the development of each phase by entering into investor lease arrangements for each bedroom built in each respective phase. Returns were to be paid to investors from the trading profits generated from that phase.

However, the trading performance of the hotel through the development of phase one failed to achieve management's expectations due to lower than anticipated occupancy rates resulting in lower than projected turnover.

Despite the hotel's performance improving to near capacity in the peak season summer months, there was still insufficient revenue to cover accrued expenditure, trade profitably and progress the phase two development.

The negative cash flow position and extensive creditor pressure led to the Companies' directors seeking the professional advice of HBG Corporate Limited

1.3. Overview of Financial Information

Extracts from the financial statements of East Marsh for the 12 months to 28 February 2014, 12 months to 28 February 2015, and management accounts (restricted to profit and loss account) to 29 February 2016 are shown below

Extracts from the balance sheets of Kayboo for the 12 months to 31 March 2014 and 12 months to 31 March 2015 are shown below

Please note that this information has not been verified by the Joint Administrators or by HBG Corporate Ltd

Summary Profit and Loss Account – East Marsh

	Draft Management Accounts for year to 29 Feb 2016 £m	Audited Statutory Accounts for year to 28 Feb 2015 £m	Audited Statutory Accounts for year to 28 Feb 2014 £m
Turnover	1,224,353	753,450	609,976
Cost of sales	(431,874)	(458,353)	(298,044)
Gross profit	792,479	295,097	311,932
Gross margin %	65%	39%	51%
Other expenses	(1,156,692)	(1,340,941)	(1,069,758)
(L)/EBIT	(364,213)	(1,045,844)	(757,826)

Source Management/Audited Accounts

The Joint Administrators have noted that within Other expenses, gross wages and staff expenses equate to 52% of total Other expenses for the years ending 2014 and 2015. This percentage increases to 64% for the 2016 year-end.

A review of the Companies draft cash flow forecasts indicated projected revenues for East Marsh of £1,550,000 for the 2016 year-end. As shown above, East Marsh achieved 79% of target. Further analysis of the Companies forecasts indicated revenue projections of £3,440,000 for the seven-month period to 30 September 2016. Draft accounts for this period are not available, however a review of the Companies bank statements estimates receipts were in the region of £1,000,000. This would represent 29% of target revenue.

Summary Balance Sheet – East Marsh

	Draft Management Accounts for year to 29 Feb 2016 £m	Audited Statutory Accounts for year to 28 Feb 2015 £m	Audited Statutory Accounts for year to 28 Feb 2014 £m
Tangible assets		880,806	584,565
Intangible assets		0	0
Fixed assets		880,806	584,565
Current assets			
Stock		21,200	17,200
Debtors	Not available	33,772	35,338
Cash at bank		11,557	10,357
Total assets		947,335	647,460
Liabilities			
Short term creditors		(220,116)	(282,899)
Long term creditors		(2,781,320)	(1,372,823)
Total liabilities		(3,001,436)	(1,655,722)
Net Assets/(liabilities)		(2,054,101)	(1,008,262)

Source Management/Audited Accounts

The Joint Administrators note that long term liabilities relate to group undertakings and undertakings in which East Marsh has a participating interest

Summary Profit and Loss Account - Kayboo

As Kayboo Limited was the property holding company, no trading profit and loss account has been prepared

Source. Management/Audited Accounts

Summary Balance Sheet - Kayboo

	Draft Management Accounts for year to 31 Mar 2016 £m	Audited Statutory Accounts for year to 31 Mar 2015 £m	Audited Statutory Accounts for year to 31 Mar 2014 £m
Tangible assets		14,500,000	11,500,000
Intangible assets		2	2
Fixed assets		14,500,002	11,500,002
Current assets			
Debtors	Not available	1,961,129	723,000
Cash at bank		145,160	16,479
Total assets		16,606,291	12,239,481
Liabilities			
Short term creditors		(1,572,000)	(1,572,000)
Long term creditors		(14,167,200)	(10,250,200)
Total liabilities		(15,739,200)	(11,822,200)
Net assets		867,091	417,281

Source Management/Audited Accounts

The Joint Administrators note that the liabilities of Kayboo relate primarily to the investments paid for lease holdings within the Corran Resort and Spa

1.4. Management and Employees

As at 18 October 2016, the Companies employed approximately 60 staff, as follows

Front of house	10
House-keeping/F&B	41
The Spa	<u>9</u>
	<u>60</u>

Statutory information on the Companies, including details of the directors, company secretaries, and shareholders is provided at Appendix 1

2. THE CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF THE JOINT ADMINISTRATORS

2.1. Events prior to the Administration

As stated above, the negative cash flow position and extensive creditor pressure against the Companies, led to the directors seeking the professional advice of HBG Corporate Limited. HBG Corporate Limited was first consulted by the Companies on 19 September 2016.

Increased creditor pressure resulting in bailiffs attending the hotel and a winding up petition being issued against Kayboo, forced the necessity to appoint the Joint Administrators.

2.2. Details of the Appointment of the Joint Administrators

Stuart P Kelly, and Stephen A Clark, of HBG Corporate Ltd were appointed Joint Administrators of the Companies on 18 October 2016, following the filing of a Notice of Appointment of Administrators by the directors.

The Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either one or both of them.

2.3. Purpose of the Administration

The statutory purpose of an Administration is split into three objectives:

- 1 To rescue a company as a going concern (in other words a restructuring which keeps the actual entity intact). The Joint Administrators would comment that objective one was not achievable, due to a lack of working capital and the presentation of a winding up petition against Kayboo. Accordingly, the Joint Administrators proceeded to objective two.
 - 2 If the first purpose is not reasonably practicable (or the second purpose would clearly be better for the creditors as a whole), then the Joint Administrators must perform their functions with the objective of achieving a better result for creditors as a whole than would be obtained through an immediate liquidation of the Companies. This would normally envisage a sale of the business and assets as a going concern (or a more orderly sales process than in liquidation). The Joint Administrators would comment that the Administration has enabled a sale of the business and assets to be achieved and provided a moratorium against creditor action avoiding an immediate liquidation of the Companies that would have resulted in a lower realisable value of the Companies' assets.
 - 3 If neither of the first two parts of the purpose are reasonably practicable, the Joint Administrators must perform their functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors as applicable. The Joint Administrators would comment that this is not relevant as the purpose of the Administration has been achieved through following objective two.
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2.4. Electronic communication with creditors

In an effort to reduce the costs of the Administrations, all communications with creditors, including updates and progress reports, are posted onto a website, which has been set up specifically for this purpose. Details of the website portal log in details can be found on each creditors' individual covering letter or email.

Please therefore ensure that you review the website regularly for updates and further notices and reports

A letter or email will be issued to all creditors each time the website is updated with a statutory notice or report. All creditors' statutory notices will be retained on the website for three months after being uploaded to the site.

Creditors are requested to complete and return the proxy form (Appendix 11) to the address on the front of this report, to signify their approval or otherwise of the resolutions stated in the Joint Administrators' Proposals.

3. MANAGEMENT OF THE COMPANIES' AFFAIRS SINCE THE APPOINTMENT OF THE JOINT ADMINISTRATORS

3.1. Introduction

A pre-pack sale was undertaken and the information relating to this sale is attached at Appendix 12

3.2. Assets Excluded from the Sale

- Third party assets and assets subject to valid reservation of title claims
- Cash in hand or at bank

3.3. Post Appointment Strategy

Immediately following the appointment of the Joint Administrators on 18 October 2016, as reported in further detail below, the business and assets of the Companies were subject to a pre-pack going concern sale

The Joint Administrators' staff are in the process of collating creditor claims and have handled creditors' queries as they have arisen which include telephone calls and correspondence.

The Joint Administrators' legal advisors advised in respect of all legal issues arising on the sale of business and assets and have been assisting the Joint Administrators with post appointment matters

The Joint Administrators' staff will continue to liaise with the purchasers to progress any unresolved issues or future matters that may arise

The particulars of the future work to be conducted by the Joint Administrators' is explained in Appendix 7

4. DIRECTORS' STATEMENT OF AFFAIRS

4.1. Introduction

The directors have not, to date, submitted signed Statements of Affairs for the Companies, albeit they are currently in the process of drafting this. An Estimated Financial Statement of each company is attached at Appendix 3 for creditors' information. These details have been extracted from the Companies' records, therefore, no warranty can be given to the accuracy of the details given.

When the signed Statement of Affairs are received, they will be filed at Companies House.

In accordance with the standard format of the Estimated Financial Statement, no provision has been made for the costs of the Administrations (including agents, legal and other professional fees)

The Joint Administrators have not carried out any work of the nature of an audit on the information

There are a number of different classes of creditors within the Companies. These may include

- **Secured creditors** They have fixed and floating charge debenture security and, as such, are paid in priority to other creditors. This priority is subject to payments to preferential creditors and unsecured creditors under the Prescribed Part ("PP") (see section 4.4). Further details of the Companies security are set out in section 4.2
- **Preferential creditors.** These relate to specific employee wage arrears, holiday pay and certain pension contributions and are paid in priority to unsecured creditors out of net floating charge realisations before the PP and before payment to any secured floating chargeholder
- **Unsecured creditors** They rank behind secured and preferential creditors and receive any surplus available from net realisations

4.2. Secured creditors

The Companies had no confirmed or quantified indebtedness to a secured creditor at the date of appointment. However, any creditor who believes they hold valid security should immediately notify the Joint Administrators.

4.3. Preferential Claims

Preferential claims relating to employee deductions are expected to be paid by the RPO who will have a corresponding preferential claim against the Companies. These amounts are currently unknown and are therefore unlikely to be included in the directors' Statement of Affairs when received

4.4. The Prescribed Part ("PP")

By virtue of Section 176A(2)(a) of the Act, the Joint Administrators must state the amount of funds (net property) available to unsecured creditors in respect of the PP. This provision only applies where a company has granted a floating charge to a creditor since 15 September 2003. Net property is the amount of a company's property which would, but for this section, be available for the holders of floating charges created by that company. The Companies do not have any indebtedness to a floating charge creditor and consequently there will be no PP in the Administrations.

4.5. Unsecured Claims

The estimated unsecured creditors' position as at 18 October 2016, the date of appointment, totals £3,011,710 for East Marsh and £19,001,011 for Kayboo.

After discharging the costs of the Administrations and any preferential creditors, there may be sufficient realisations to enable a dividend to be paid to the unsecured creditors of Kayboo. It is not presently anticipated that a dividend will be payable from East Marsh.

The quantum and timing of any dividend is currently unknown and the Joint Administrators will report further to creditors in due course.

4.6. Creditors' Meeting

The Joint Administrators have convened a creditors' meeting for 30 November 2016 at 10.00am to be held at The Angel Hotel, Castle Street, Cardiff, CF10 1SZ and notice of that meeting, Form 2.20B is attached at Appendix 10.

5. PRE-ADMINISTRATION COSTS

5.1. Introduction

A Statement of Pre-Administration Costs is provided at Appendix 4.

The Joint Administrators' Pre-appointment time costs incurred to 17 October 2016 total £11,636 for East Marsh and £11,636 for Kayboo

Pre-Administration Costs are defined as the remuneration charged and expenses incurred by the Joint Administrators (or other person qualified to act as such) before the Companies entered into Administration but with a view to its doing so. Payment of unpaid Pre-Administration Costs as an expense of the Administration is subject to approval under Rule 2.67A and is not part of the Proposals subject to approval under Paragraph 53 of Schedule B1 of the Act.

5.2. Approval of costs

Determination of whether and to what extent the unpaid Pre-Administration Costs are approved for payment falls firstly to any creditors' committee formed at a meeting of creditors. In the absence of a committee, the costs shall be approved by the body of unsecured creditors.

The Joint Administrators are seeking the unsecured creditors' approval for the payment of the unpaid Pre-Administration Costs.

6. JOINT ADMINISTRATORS' FEES AND EXPENSES

6.1. Introduction

The following resolutions regarding the basis of the Joint Administrators' fees and certain disbursements will be put to the general body of creditors at the meeting or to the creditors' committee should one be formed

- That the Joint Administrators' fees be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in the fee estimates, such time to be charged at the prevailing standard rates used by HBG Corporate Ltd at the time the work was performed, and that the Joint Administrators be authorised to draw their fees plus VAT together with expenses incurred from the Administration estates as and when funds allow
- That the Joint Administrators' Category 2 disbursements be calculated on the bases described in Appendix 6 and that the Joint Administrators be authorised to draw their Category 2 disbursements from the Administration estates as and when funds allow

The Joint Administrators' time costs incurred to 11 November 2016 total £7,342 for East Marsh and £9,919 for Kayboo. These time costs are analysed at Appendix 5

A copy of the firm's charge-out rates is attached at Appendix 6

"A Creditors' Guide to Administrators' Fees" is available for download at https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Oct_2015.pdf

Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on the front of this report and this will be provided to you at no cost

6.2. Joint Administrators' Expenses

A summary of the Joint Administrators' expenses incurred (excluding VAT if applicable) that relate to direct expenses, albeit not directly referable to a payment to an independent third party ("Category 2 disbursements"), are set out below. Attached at Appendix 6 are explanations of the bases on which these expenses are proposed to be calculated.

Nature of Category 2 expense	Total (£)
Mileage – 470 miles @ 0.45p per mile	211.50
Total	211.50

6.3. Other Professional Costs including Pre-Appointment

To advise on appropriate legal matters and to prepare required legal documentation (including business sale agreements) the Joint Administrators instructed Harrison Drury & Co Ltd, a firm of lawyers with the appropriate expertise and experience in dealing with these types of Administrations.

GVA Grimley Limited, chartered surveyors, were formally instructed to value the business and assets of the Companies on a going concern basis.

In addition, JPS Chartered Surveyors Limited, a firm of chartered surveyors and chattel agents, were instructed by the Joint Administrators to undertake valuations of the fixtures and fittings and other chattel assets on a break-up forced sale basis.

Harrison Drury's professional fees are based upon their recorded time costs incurred at their standard charge out rates and will be reviewed by the Joint Administrators' staff before being approved for payment.

Both GVA Grimley and JPS have charged a fixed fee that has been agreed by the Joint Administrators as set out below.

The professional costs to date are summarised in the table below. Please note that all professional fees included within the table will be divided between East Marsh and Kayboo on a 50/50 basis. In addition to these costs, further provisions for solicitor's fees of £3,000 for East Marsh and £3,000 for Kayboo have been included within the Estimated Outcome Statement at Appendix 9.

Professional firm	NET (£)	VAT (£)	TOTAL (£)
Harrison Drury & Co Ltd*	9,864	1,920	11,784
GVA Grimley Limited	500	100	600
JPS Chartered Surveyors Limited	300	60	360
Total	10,664	2,080	12,744

*NB Not all costs are subject to VAT

6.4. Creditors' right to request information

Any secured creditor or, unsecured creditor with the support of at least 5% in value of the unsecured creditors or, with permission of the Court, may, in writing, request the Joint Administrators to provide additional information regarding fees or expenses to that already supplied within this document. Such requests must be made within 21 days of receipt of this report.

6.5. Creditors' right to challenge fees and/or expenses

Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or, with permission of the Court, may apply to the Court for one or more orders challenging the amount or the basis of fees which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred. Such applications must be made within 8 weeks of receipt by the applicant(s) of the report detailing the fees and/or expenses being complained of.

6.6. Estimated future fees and expenses

To assist the creditors in considering the proposed basis of the Joint Administrators' fees, further information on the work that the Joint Administrators propose to undertake together with their estimated fees and expenses is provided at Appendix 7.

7. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

7.1. Directors' conduct

As part of their statutory duties, the Joint Administrators will consider the conduct of the Directors and any person they consider a shadow or de facto director in relation to their management of the affairs of the Companies and the causes of failure and will submit a confidential report to the Insolvency Service

As part of their investigations the Joint Administrators will consider, among other matters, the following

- statutory compliance issues,
- wrongful and fraudulent trading,
- other misfeasance or breach of duty, and
- antecedent transactions (including transactions at an undervalue and preferences)

Creditors who wish to draw any matters to the attention of the Joint Administrators should write to the Joint Administrators at the address shown on the front of this report

7.2. SIP13 – Transactions with connected parties

In accordance with the guidance given in SIP13, please see Appendix 11 for details of the Pre-pack sale

7.3. Exit Routes from Administration

In accordance with the provisions of the Act, all Administrations automatically come to an end after one year, unless an extension is granted by the court or with consent of the relevant creditors

There are several exit routes which are available to Joint Administrators such as

- an application to court (in the event of a court appointment),
- filing a notice in court and with the Registrar of Companies confirming that the purpose of Administration has been sufficiently achieved, or
- in the event that the Companies have no property (or no remaining property to distribute), the Joint Administrators may notify the Registrar of Companies to that effect at which time the appointment of the Joint Administrators ceases and three months following that date usually the Companies are dissolved

In addition, Joint Administrators could propose to place the Companies into Creditors' Voluntary Liquidation, a Compulsory Liquidation or a Company Voluntary Arrangement. The exit route chosen in relation to a company in administration depends upon the circumstances of that administration when it is due to end

In this matter, and in view of the fact that at present it appears possible that there may be sufficient funds to pay a dividend to the unsecured creditors of Kayboo, Creditors' Voluntary Liquidation appears an option for Kayboo at this stage

However, in the interests of minimising costs across the Companies the Joint Administrators may apply to the court for the authority to make a distribution to unsecured creditors (instead of a liquidator) and then take the requisite steps to dissolve the Companies

The Joint Administrators propose to obtain discharge from liability in respect of any action of theirs at the time that they vacate office, whatever exit route from Administration is followed

7.4. EC Regulations

Council Regulation (EU) No 1346/2000 applies and these are the main proceedings as defined in that Regulation

7.5. Third Party Assets

Should you believe that you own items that may have been present at the Companies' former trading premises at the date of appointment, please contact the Joint Administrators as soon as possible.

8. STATEMENT OF PROPOSALS

East Marsh Operational Co. Limited ("East Marsh")

In the High Court of Justice, Chancery Division, Manchester District Registry

Case No. 2898 of 2016

Kayboo Limited ("Kayboo")

In the High Court of Justice, Chancery Division, Manchester District Registry

Case No. 2897 of 2016

The Joint Administrators' proposals are as follows

- 1 the Joint Administrators continue to manage the affairs and any remaining assets of the Companies and the settlement of all Administration expenses,
 - 2 the Joint Administrators continue with their enquiries into the conduct of the directors of the Companies and continue to assist any regulatory authorities with their investigation into the affairs of the Companies,
 - 3 the Joint Administrators investigate and, if appropriate, pursue any claims that the Companies may have against any person, firm or company, whether in contract or otherwise, including any officer or former officer of the Companies or any person, firm or company that supplies or has supplied goods or services to the Companies,
 4. the Joint Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors against each of the Companies unless the Joint Administrators conclude, in their reasonable opinion, that the Companies will have no assets available for distribution,
 - 5 the Joint Administrators be authorised to distribute funds to the secured and preferential creditors and the Prescribed Part to unsecured creditors as and when claims are agreed and funds permit and, in relation to other distributions to unsecured creditors, if the court gives permission following an appropriate application in the event that the Joint Administrators consider it expedient to pay such distribution whilst the Companies are in Administration,
 - 6 the Joint Administrators do all such things and generally exercise all their powers as Joint Administrators as they consider desirable or expedient at their discretion in order to achieve the purpose of the Administrations or protect and preserve the assets of the Companies or maximise the realisations of those assets, or of any purpose incidental to these Proposals;
 - 7 that, in the event that the creditors of the Companies so determine, at a meeting of creditors, that a creditors' committee be appointed in respect of each company comprising of not more than five and not less than three creditors of that company
 8. that the creditors' committees, if appointed, be asked to agree that the basis of the Joint Administrators' fees be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in the fees estimate, such time to be charged at the prevailing standard hourly charge out rates used by HBG Corporate Ltd at the time the work is performed (plus VAT and disbursements) and asked to agree the Joint Administrators' Category 2 disbursements;
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9. that, in the absence of creditors' committees, the creditors be asked to agree that the basis of the Joint Administrators' fees be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in the fees estimate, such time to be charged at the prevailing standard hourly charge out rates used by HBG Corporate Ltd at the time when the work is performed (plus VAT and disbursements),
- 10 that, in the absence of creditors' committees, the creditors shall fix the Joint Administrators' Category 2 disbursements on the bases disclosed in the Appendix to the Proposals,
- 11 albeit that the following does not form part of the proposals subject to approval under Paragraph 53 of Schedule B1 of the Act, but it is subject to approval under Rule 2.67A of the Rules that, if a creditors' committee is not appointed, the Joint Administrators' Pre-Administration Costs as detailed in the Appendix to the Joint Administrators' Proposals be approved
12. that, following the realisation of assets and resolution of all matters in the Administration, and as quickly and efficiently as is reasonably practicable, the Joint Administrators implement the most cost effective steps to formally conclude the Administration. This may include dissolution of the Companies, whether or not it is preceded by the distribution of funds to unsecured creditors (with the court's permission where requested), or alternatively, moving the Companies into Creditors' Voluntary Liquidation ("CVL") or seeking the Companies Compulsory Liquidation, depending upon which option will result in a better realisation for creditors,
- 13 that, if the Companies were to be placed into CVL, the Joint Administrators propose to be appointed Joint Liquidators and any creditors' committee appointed will become the liquidation committee and that the basis of the Joint Liquidators' fees be fixed on the same basis as that of the Joint Administrators. The creditors may nominate a different person to be Liquidator(s) provided the nomination is made before the proposals are approved by creditors. The Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally, and
- 14 that, in the absence of creditors' committees, the relevant creditors of the Companies agree that the Joint Administrators be discharged from liability immediately upon the Joint Administrators vacating office

Yours faithfully

For and on behalf of the Companies

Stuart P Kelly
Joint Administrator

Stuart P Kelly and Stephen A Clark were appointed Joint Administrators of East Marsh Operational Co. Limited and Kayboo Limited on 18 October 2016. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

All licensed Insolvency Practitioners of HBG Corporate Ltd are licensed in the UK to act as Insolvency Practitioners.

Kayboo Limited (IN ADMINISTRATION)**STATUTORY INFORMATION**

Company Name	Kayboo Limited
Previous Names	N/A
Proceedings	In Administration
Court	High Court of Justice, Chancery Division, Manchester District Registry
Court Reference	2897 of 2016
Date of Appointment	18 October 2016
Joint Administrators	Stuart P Kelly and Stephen A Clark HBG Corporate Ltd 34-36 Church Road, Tarleton, Lancashire, PR4 6UR
Registered office Address	34-36 Church Road, Tarleton, Lancashire, PR4 6UR
Company Number	07394929
Incorporation Date	4 October 2010
Company Secretary	County West Secretarial Services Limited
Appointment by	Directors
Directors at date of Appointment	Peter Burnett & Keith Styles
Directors' Shareholdings	Keith Styles (1 ordinary share, jointly owned)

Kayboo Limited
(In Administration)

Income and Expenditure Account
18 October 2016 to 11 November 2016

INCOME	Total (£)
Freehold Land & Property	127,500 00
Bank Interest Net of Tax	4 09
	<hr/>
	127,504 09
	<hr/>
EXPENDITURE	
Agents/Valuers Fees (1)	250 00
Statutory Advertising	79 40
	<hr/>
	329.40
	<hr/>
Balance	127,174 69
	<hr/>
MADE UP AS FOLLOWS	
Vat Receivable	65 88
Bank 1 Current	127,108 81
	<hr/>
	127,174.69
	<hr/>

East Marsh Operational Co. Limited
(In Administration)

Income and Expenditure Account
18 October 2016 to 11 November 2016

INCOME	Total (£)
Cash at Bank	15,725 71
Sale of Business	22,500 00
Bank Interest Net of Tax	0 86
	<hr/>
	38,226 57
	<hr/>
EXPENDITURE	
Agents/Valuers Fees (1)	250 00
Statutory Advertising	79 40
	<hr/>
	329 40
	<hr/>
Balance	37,897.17
	<hr/>
MADE UP AS FOLLOWS	
Vat Receivable	65 88
Bank 1 Current	37,831 29
	<hr/>
	37,897.17
	<hr/>

Insolvency Act 1986

Kayboo Limited
Estimated Statement Of Affairs as at 18 October 2016

	Book Value £	Estimated to Realise £
ASSETS		
Freehold Land & Property	127,500 00	127,500 00
Book Debts	2,620,515 00	<u>127,500 00</u>
LIABILITIES		
PREFERENTIAL CREDITORS -		<u>NIL</u>
		127,500 00
DEBTS SECURED BY FLOATING CHARGE PRE 15 SEPTEMBER 2003		
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS		<u>NIL</u>
		127,500 00
Estimated prescribed part of net property where applicable (to carry forward)		<u>NIL</u>
		127,500 00
DEBTS SECURED BY FLOATING CHARGE POST 15 SEPTEMBER 2003		
		<u>NIL</u>
		127,500 00
Estimated prescribed part of net property where applicable (brought down)		<u>NIL</u>
		127,500 00
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	19,001,001 00	
Banks/Institutions	<u>9 65</u>	
		19,001,010 65
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F C's post 14 September 2003)		<u>(18,873,510 65)</u>
		(18,873,510 65)
Issued and called up capital		<u>NIL</u>
TOTAL SURPLUS/(DEFICIENCY)		<u>(18,873,510 65)</u>

Insolvency Act 1986

East Marsh Operational Co. Limited
Estimated Statement Of Affairs as at 18 October 2016

	Book Value £	Estimated to Realise £	£
ASSETS			
Cash at Bank	15,726 00		15,726 00
Sale of Business	22,500 00		22,500 00
			<u>38,226 00</u>
LIABILITIES			
PREFERENTIAL CREDITORS -			
Employee Arrears/Hol Pay		60 00	
			<u>60 00</u>
			38,166 00
DEBTS SECURED BY FLOATING CHARGE PRE 15 SEPTEMBER 2003			
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			
			<u>NIL</u>
			38,166 00
Estimated prescribed part of net property where applicable (to carry forward)			
			<u>NIL</u>
			38,166 00
DEBTS SECURED BY FLOATING CHARGE POST 15 SEPTEMBER 2003			
			<u>NIL</u>
			38,166 00
Estimated prescribed part of net property where applicable (brought down)			
			<u>NIL</u>
			38,166 00
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Trade & Expense Creditors		3,010,809 71	
Banks/Institutions		<u>900 00</u>	
			3,011,709 71
Estimated deficiency/surplus as regards non-preferential creditors			
(excluding any shortfall in respect of F C's post 14 September 2003)			
			<u>(2,973,543 71)</u>
			(2,973,543 71)
Issued and called up capital			
			<u>NIL</u>
TOTAL SURPLUS/(DEFICIENCY)			
			<u><u>(2,973,543 71)</u></u>

STATEMENT OF PRE-ADMINISTRATION COSTS**1 GENERAL**

Pre-Administration Costs are defined as the fees charged and expenses incurred by the Joint Administrators (or other person qualified to act as such) before the Companies entered into Administration but with a view to its doing so

This Statement gives a detailed analysis of the Pre-Administration Costs for the Companies incurred by the Joint Administrators.

2 APPROVAL

Determination of whether and to what extent the unpaid Pre-Administration Costs are approved for payment shall be by any creditors' committee formed at the meeting of creditors to be held, or, in the absence of a creditors' committee, by resolution of the creditors at that meeting or by correspondence, detailed at section 4.6 above

3 PRE-APPOINTMENT FEES AND EXPENSES INCURRED BY THE JOINT ADMINISTRATORS

On 19 September 2016, the directors of the Companies agreed with the proposed Joint Administrators that HBG Corporate Ltd draw fees on a time cost basis with a set fee of £5,000 plus VAT and disbursements for both East Marsh and for Kayboo being paid on account. However, to date, no fees have been drawn relating to Pre-Administration costs. Attached below is the summary of the Joint Administrators Pre-Appointment time costs

The work relates to the preparation of the pre-pack sale, in order to preserve value in the Companies in accordance with the objective of the Administrations, obtaining a better realisation for the creditors as a whole than would have otherwise been achieved by entering liquidation prior to the administrations

5 PRE-APPOINTMENT FEES BEING SOUGHT

Fees totalling £11,636 for East Marsh and £11,636 for Kayboo (as shown on the attached sheet) remain unpaid as at the date of the Administration orders and their payment

- needs approval by resolution from the creditors' committee, or, if one is not formed, by resolution from the body of creditors

6 ANALYSIS OF EXPENSES INCURRED

The Pre-Appointment expenses incurred by the Joint Administrators are as follows (divided equally between East Marsh and Kayboo):

Travel	£223.00
Accommodation	£198.73
Subsistence	<u>£ 63.20</u>
Total	£484.93

Professional fees that have been incurred that relate to Pre-Appointment work have been included and explained in the body of the Proposal at 6.3

Pre-Administration expenses were unpaid at the date of appointment and their payment:

- needs approval by resolution from the creditors' committee, or, if one is not formed, by resolution from the body of creditors

Time Entry - Detailed SIP9 Time & Cost Summary

K003 - Kayboo Limited
To 17/10/2016
Project Code PRE

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Case Admin	Total Hours	Time Cost (£)	Average Hourly Rate (£)
700 Formalities	26.75	0.00	0.00	0.00	20.55	47.30	11,456.50	242.21
701 Strategy (incl Sales)	0.00	0.00	0.00	0.00	1.00	1.00	180.00	180.00
Admin & Planning	26.75	0.00	0.00	0.00	21.55	48.30	11,636.50	240.92
Total Hours	26.75	0.00	0.00	0.00	21.55	48.30	11,636.50	240.92
Total Fees Claimed							0.00	

Time Entry - Detailed SIP9 Time & Cost Summary

E003 - East Marsh Operational Co. Limited
To 17/10/2016
Project Code PRE

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Case Admin	Total Hours	Time Cost (£)	Average Hourly Rate (£)
700 Formalities	26.75	0.00	0.00	0.00	20.55	47.30	11,456.50	242.21
701 Strategy (incl Sales)	0.00	0.00	0.00	0.00	1.00	1.00	180.00	180.00
Admin & Planning	26.75	0.00	0.00	0.00	21.55	48.30	11,536.50	240.92
Total Hours	26.75	0.00	0.00	0.00	21.55	48.30	11,536.50	240.92
Total Fees Claimed							0.00	

**THE JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD FROM 18 OCTOBER 2016 TO 11
NOVEMBER 2016**

Time Entry - Detailed SIP9 Time & Cost Summary

K003 - Kayboo Limited
To 11/11/2016
Project Code POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Case Admin	Total Hours	Time Cost (£)	Average Hourly Rate (£)
700 Formalities	0.00	0.00	0.00	0.00	22.95	2.30	414.00	180.00
Admin & Planning	0.00	0.00	0.00	0.00	22.95	2.30	414.00	180.00
600 Case Specific	0.60	0.00	0.00	0.00	0.00	0.60	174.00	290.00
Case Specific Matters	0.60	0.00	0.00	0.00	0.00	0.60	174.00	290.00
501 Unsecured Creditors	3.00	0.40	0.00	0.00	21.90	25.30	4,916.00	194.31
504 Statutory Reporting to Creditors	11.00	0.00	0.00	0.00	6.00	17.00	4,270.00	251.18
Creditors	14.00	0.40	0.00	0.00	27.90	42.30	9,186.00	217.16
301 ROT	0.50	0.00	0.00	0.00	0.00	0.50	145.00	290.00
Realisation of Assets	0.50	0.00	0.00	0.00	0.00	0.50	145.00	290.00
Total Hours	15.10	0.40	0.00	0.00	50.85	45.70	9,919.00	217.05
Total Fees Claimed							0.00	

Time Entry - Detailed SIP9 Time & Cost Summary

E003 - East Marsh Operational Co Limited
To 11/11/2016
Project Code POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Case Admin	Total Hours	Time Cost (£)	Average Hourly Rate (£)
700 Formalities	0.00	0.00	0.00	0.00	23.85	3.20	576.00	180.00
Admin & Planning	0.00	0.00	0.00	0.00	23.85	3.20	576.00	180.00
600 Case Specific	0.20	0.00	0.00	0.00	0.00	0.20	58.00	290.00
Case Specific Matters	0.20	0.00	0.00	0.00	0.00	0.20	58.00	290.00
501 Unsecured Creditors	2.00	0.00	0.00	0.00	5.80	7.80	1,624.00	208.21
502 Employee Matters	0.50	0.00	0.00	0.00	1.00	1.50	325.00	216.67
504 Statutory Reporting to Creditors	12.50	0.00	0.00	0.00	6.00	18.50	4,705.00	254.32
Creditors	15.00	0.00	0.00	0.00	12.80	27.80	8,654.00	239.35
306 Other Assets	0.00	0.00	0.00	0.00	0.30	0.30	54.00	180.00
Realisation of Assets	0.00	0.00	0.00	0.00	0.30	0.30	54.00	180.00
Total Hours	15.20	0.00	0.00	0.00	36.95	31.50	7,342.00	233.08
Total Fees Claimed							0.00	

THE CHARGE-OUT RATES AND BASES OF DISBURSEMENTS FOR HBG CORPORATE LIMITED

The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed. Time is recorded in six minute units.

Category 2 disbursements to be claimed include mileage. This is charged at 0.45p per mile in accordance with current HMRC guidelines.

HBG Corporate Limited's current charge out rates are shown in the table below. The charge-out rates are reviewed and increased periodically to accommodate inflationary or other changes.

Staff	Charge out rates £ per hour
Insolvency Practitioner/Director	290
Senior Manager	260
Manager	240
Senior Administrator	180
Administrator	150
Junior Administrator	60
Secretarial/Administration support staff	40

THE JOINT ADMINISTRATORS' ESTIMATED FEES AND EXPENSES

1 PROPOSED WORK TO BE UNDERTAKEN

As explained in the Proposals, substantial work needs to be undertaken in order to conclude the Administrations. Set out below is a detailed list of tasks that the Joint Administrators have undertaken and propose to undertake. The Proposals explain the work already undertaken and the most material future tasks are summarised in the sections below.

Creditors will note that the Joint Administrators are required by law and by their regulatory bodies to conduct work that might appear to have little or no financial benefit to creditors. In addition, there are other parts of the work about which the outcome, and consequently any financial benefit to creditors, is unclear at present. Creditors will receive updates on these matters in the Joint Administrators' progress reports. However, a summary of the likely return for creditors, as the Joint Administrators presently estimate it, is provided at Appendix 9.

1.1 Administration (including statutory reporting)

The Joint Administrators are required to meet a considerable number of statutory and regulatory obligations. Whilst many of these tasks do not have a direct benefit in enhancing realisations for the insolvent estate, they assist in the efficient and compliant progressing of the Administrations, which ensures that the Joint Administrators and their staff carry out their work to high professional standards.

Primarily, these tasks include

- Issuing these Proposals, seeking relevant creditors' approvals and issuing notice of the outcome,
- Drafting and issuing 6-monthly progress reports to creditors,
- Considering whether an extension to the Administrations is necessary and, if so, seeking approval for this via creditors or the court and issuing notice of the outcome,
- Considering which exit routes from the Administrations is appropriate and filing the necessary documents, including a final report, to affect the exit,
- Consulting with and instructing staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient progress,
- Maintaining case files, which must include records to show and explain the Administrations and any decisions made by the Joint Administrators that materially affect the Administrations,
- Monitoring and maintaining an adequate statutory bond,
- Conducting periodic case reviews to ensure that the Administrations are progressing efficiently, effectively and in line with the statutory requirements,
- Maintaining and updating the estate cash books and bank accounts, including regular bank reconciliations and processing receipts and payments,
- Completing periodic tax returns, and
- Collecting and making an inventory of the Companies books and records

1.2 Investigations

The Joint Administrators examine the conduct of the Companies and its directors with two main objectives

- To identify what other assets may be available for realising for the benefit of creditors, including any potential actions against directors or other parties, such as challenging transactions at an undervalue or preferences; and
- To enable the Joint Administrators to report to the Insolvency Service on the conduct of the directors so that the Insolvency Service may consider whether disqualification proceedings are appropriate ("CDDA" work)

In the early stages of the Administrations, this work will involve examining the Companies' books and records, considering information received from creditors and the Companies' accountants and seeking information from the Companies' directors and other senior staff by means of questionnaires and/or interviews

In the event that questionable transactions are identified, it may be necessary to conduct further investigations and instruct solicitors to assist in deciding the Joint Administrators' next steps in pursuing a recovery. If a potential recovery action is identified, it may be necessary to instruct professional agents in gathering evidence and in exploring further the existence and value of assets to target. If the Joint Administrators encounter resistance in making a recovery, formal legal action may be appropriate.

In addition, if the Insolvency Service decides to proceed with a disqualification, the Joint Administrators will be required to assist the Insolvency Service's investigators in their work, which may include providing the investigators with access to the Companies' books and records and agreeing statements to be given in evidence of those proceedings.

At this early stage, it is difficult to estimate the likely time costs and expenses that may be incurred in this work. The Fees and Expenses Estimates presented below reflect the anticipated work in identifying potential causes of action. If any are identified and the Joint Administrators consider that additional work is required, they may revert to the relevant creditors to seek approval for fees in excess of the estimate.

1.3 Creditors (claims and distributions)

As the Proposals explain, there are a number of different classes of creditor involved in the Administrations that require the Joint Administrators' attention. In particular, the Joint Administrators anticipate conducting the following key tasks,

- assisting the employees to receive payments from the Redundancy Payments Office ("RPO") and liaising with the RPO to agree its claim,
 - reviewing claims submitted by the tax departments and, where it is appropriate, examining the Companies' records to appeal assessments or adjudicate on the Crown's claims,
 - responding to creditors' queries and logging their claims and supporting information,
 - maintaining the database as regards creditors' contact details and claims,
 - dealing with a creditors' committee, if they are appointed,
 - agreeing employee claims, calculating and paying a distribution to preferential creditors, if there are sufficient funds, and paying the subsequent PAYE/NI deductions to HM Revenue & Customs, and
 - where appropriate, agreeing the claims of unsecured creditors and paying a dividend
-

**Estimate of Fees and Expenses for
Kayboo Limited (In Administration)
To 17/10/2017**

	Total Hours	Time Cost £	Disbursements £	Expenses £
Classification of Work Function				
Admin & Planning	50 00	2,900 00		
Creditors	200 00	11,600 00		
Investigations	80 00	5,800 00		
Realisation of Assets	80 00	5,800 00		
	<u>410 00</u>	<u>26,100 00</u>		
Disbursements				
Category 1 Disbursements			5,170 00	
Category 2 Disbursements			<u>250 00</u>	
			<u>5,420 00</u>	
Expenses (*)				
				<u>0 00</u>
Totals	<u>410 00</u>	<u>26,100 00</u>	<u>5,420 00</u>	<u>0 00</u>

(*) Details of the expenses the IP considers will be, or are likely to be, incurred during the period of this estimate

Details of estimated disbursements that will be paid during the period of this estimate.

Category 1 Disbursements

Bordereau Premium	420 00
Legal Fees	3,000 00
Meeting Room Hire	1,500 00
Statutory Advertising	250 00
	<u>5,170 00</u>

Category 2 Disbursements

Mileage	250 00
	<u>250 00</u>

Notes:

- 1 Category 1 Disbursements are payable without prior approval as they are payments to independent third parties e.g advertising, room hire, storage, travel expenses
- 2 Category 2 Disbursements are costs directly referable to the appointment e.g Postage, Printing & Stationery, Mileage but as they are not to an independent third party they require approval in the same manner as the fee
- 3 The figures provided for Expenses are as accurate as possible based on the information available at this time No prior approval is required for the payments of the expenses as they are regarded as a cost of the administration of the estate
- 4 Further approval will be sought from the creditors' committee or creditors if the circumstances of the case indicate that the above fee estimate is likely to be exceeded
- 5 The above estimates are all exclusive of VAT

**Estimate of Fees and Expenses for
East Marsh Operational Co. Limited (In Administration)
To 17/10/2017**

	Total Hours	Time Cost £	Disbursements £	Expenses £
Classification of Work Function				
Admin & Planning	25 00	1,450 00		
Creditors	150 00	10,150 00		
Investigations	70 00	5,800 00		
Realisation of Assets	70 00	2,900 00		
	<u>315 00</u>	<u>20,300 00</u>		
Disbursements				
Category 1 Disbursements			4,934 00	
Category 2 Disbursements			<u>250 00</u>	
			<u>5,184 00</u>	
Expenses (*)				
				<u>0 00</u>
Totals	<u>315 00</u>	<u>20,300 00</u>	<u>5,184 00</u>	<u>0 00</u>

(*) Details of the expenses the IP considers will be, or are likely to be, incurred during the period of this estimate

Details of estimated disbursements that will be paid during the period of this estimate.

Category 1 Disbursements

Bordereau Premium	184 00
Legal Fees	3,000 00
Meeting Room Hire	1,500 00
Statutory Advertising	250 00
	<u>4,934 00</u>

Category 2 Disbursements

Mileage	250 00
	<u>250 00</u>

Notes:

- 1 Category 1 Disbursements are payable without prior approval as they are payments to independent third parties e.g. advertising, room hire, storage, travel expenses
- 2 Category 2 Disbursements are costs directly referable to the appointment e.g. Postage, Printing & Stationery, Mileage but as they are not to an independent third party they require approval in the same manner as the fee
- 3 The figures provided for Expenses are as accurate as possible based on the information available at this time. No prior approval is required for the payments of the expenses as they are regarded as a cost of the administration of the estate
- 4 Further approval will be sought from the creditors' committee or creditors if the circumstances of the case indicate that the above fee estimate is likely to be exceeded
- 5 The above estimates are all exclusive of VAT

PROOF OF DEBT - GENERAL FORM

CASE NAME: Kayboo Limited		
Date of Administration Order - 18 October 2016		
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 uncapitalised interest as at the date the company went into liquidation (see note)	
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 liquidator 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 uncapitalised 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)	
Admitted to vote for		Admitted for dividend for
£		£
Date		Date
Administrator/Liquidator		Administrator/Liquidator

PROOF OF DEBT - GENERAL FORM

CASE NAME: East Marsh Operational Co. Limited	
Date of Administration Order - 18 October 2016	
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 uncapitalised interest as at the date the company went into liquidation (see note)
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 liquidator 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 uncapitalised 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)
Admitted to vote for	Admitted for dividend for
£	£
Date	Date
Administrator/Liquidator	Administrator/Liquidator

Estimated Outcome Statements as at 11 November 2016 (£)

	<u>Keyboo</u>			<u>East Marsh</u>		
	Realised	Future	Total	Realised	Future	Total
<u>Assets (not subject to fixed or floating charge)</u>						
Freehold land and property	127,500	0	127,500	0	0	0
Business and assets	0	0	0	22,500	0	22,500
Cash at bank	0	0	0	15,726	0	15,726
Bank interest	4	0	4	1	0	1
Total	127,504	0	127,504	38,227	0	38,227
<u>Less Costs of Administration</u>						
<i>Category 1 disbursements</i>						
Solicitors fees pre-appointment	0	4,932	4,932	0	4,932	4,932
Solicitors fees post-appointment	0	3,000	3,000	0	3,000	3,000
Property agents fees	250	150	400	250	150	400
Statutory advertising	79	250	329	79	250	329
Bordereau premium	0	420	420	0	184	184
Meeting room hire	0	1,500	1,500	0	1,500	1,500
Joint Administrators Pre-Appointment time costs	0	11,636	11,636	0	11,636	11,636
Joint Administrators Pre-Appointment Category 1 expenses	0	242	242	0	242	242
Joint Administrators Post-Appointment time costs to 11 November 2016	0	9,919	9,919	0	7,342	7,342
Joint Administrators estimated time costs to 17 October 2017	0	26,100	26,100	0	20,300	20,300
<i>Category 2 disbursements</i>						
Joint Administrators Pre-Appointment Category 2 expenses	0	123	123	0	122	122
Joint Administrators Post-Appointment Category 2 expenses	0	250	250	0	250	250
Total	329	58,522	58,851	329	49,908	50,237
Funds/(shortfall) available to preferential creditors			68,653			(12,010)
Preferential creditors			0			(60)
Funds/(shortfall) available for unsecured creditors			68,653			(12,070)
Estimated unsecured creditors			19,001,011			3,011,710
Estimated p/E distribution to unsecured creditors			£0 0036			£0 0000

Notice of a meeting of creditors

Name of Company Kayboo Limited	Company number 07394929
In the High Court of Justice Chancery Division Manchester District Registry	Court case number 2897 of 2016

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

Notice is hereby given by (a) Stuart P Kelly & Stephen A Clark of HBG Corporate Ltd, 34-36 Church Road, Tarleton, PR4 6UR

that a meeting of the creditors of (b) Kayboo Limited, 34-36 Church Road, Tarleton, PR4 6UR

(b) Insert full name and address of registered office of the company

is to be held at (c) The Angel Hotel, Castle Street, Cardiff, South Glamorgan, CF10 1SZ

(c) Insert details of place of meeting

on (d) 30th November 2016 at 1000 hrs

The meeting is

(d) Insert date and time of meeting

*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ("the Schedule"),

*Delete as applicable

The resolutions to be considered include approving the Joint Administrators' Proposals, the timing of the Joint Administrators' discharge from liability, the Joint Administrators' remuneration and disbursements, and the pre-administration costs

I invite you to attend the above meeting

A proxy form is enclosed which should be completed and returned to me by 12 noon on the business day before the day fixed for the meeting if you cannot attend and wish to be represented

In order to be entitled to vote under Rule 2 38 at the meeting you must give to me, not later than 12 00 hours on the business day before the day fixed for the meeting, details in writing of your claim

Signed

Joint Administrator(s)

Dated

15/11/2016

A copy of the proposals is attached

* Delete as applicable

Notice of a meeting of creditors

Name of Company East Marsh Operational Co Limited	Company number 07960533
In the High Court of Justice Chancery Division Manchester District Registry	Court case number 2898 of 2016

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

Notice is hereby given by (a) Stuart P Kelly & Stephen A Clark of HBG Corporate Ltd, 34-36 Church Road, Tarleton, PR4 6UR

(b) Insert full name and address of registered office of the company

that a meeting of the creditors of (b) East Marsh Operational Co Limited, 34-36 Church Road, Tarleton, PR4 6UR

(c) Insert details of place of meeting

is to be held at (c) The Angel Hotel, Castle Street, Cardiff, South Glamorgan, CF10 1SZ

(d) Insert date and time of meeting

on (d) 30th November 2016 at 1000 hrs

The meeting is

*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ("the Schedule"),

*Delete as applicable

The resolutions to be considered include approving the Joint Administrators' Proposals, the timing of the Joint Administrators' discharge from liability, the Joint Administrators' remuneration and disbursements, and the pre-administration costs

I invite you to attend the above meeting

A proxy form is enclosed which should be completed and returned to me by 12 noon on the business day before the day fixed for the meeting if you cannot attend and wish to be represented

In order to be entitled to vote under Rule 2 38 at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim

Signed

Joint Administrator(s)

Dated

15/11/2016

A copy of the proposals is attached

* Delete as applicable

Proxy (Administration)

Case Name

Kayboo Limited

Name of Creditor

Address

Name of Proxy Holder

1

2

3

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well.

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on 30th November 2016, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion)

Voting Instructions for resolutions

*Please delete as appropriate

1 For the acceptance of the Joint Administrators' Proposals as attached

YES / NO

2 For the appointment of

of

representing

as a member of the creditors' committee

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

Remember there may be resolutions on the other side of this form

Joint Administrators' Proposals

The Joint Administrators' Proposals are as follows

- 1 the Joint Administrators continue to manage the affairs and any remaining assets of the Companies and the settlement of all Administration expenses,
- 2 the Joint Administrators continue with their enquiries into the conduct of the directors of the Companies and continue to assist any regulatory authorities with their investigation into the affairs of the Companies,
- 3 the Joint Administrators investigate and, if appropriate, pursue any claims that the Companies may have against any person, firm or company, whether in contract or otherwise, including any officer or former officer of the Companies or any person, firm or company that supplies or has supplied goods or services to the Companies,
- 4 the Joint Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors against each of the Companies unless the Joint Administrators conclude, in their reasonable opinion, that the Companies will have no assets available for distribution,
- 5 the Joint Administrators be authorised to distribute funds to the secured and preferential creditors and the PP to unsecured creditors as and when claims are agreed and funds permit and, in relation to other distributions to unsecured creditors, if the court gives permission following an appropriate application in the event that the Joint Administrators consider it expedient to pay such distribution whilst the Companies are in Administration,
- 6 the Joint Administrators do all such things and generally exercise all their powers as Joint Administrators as they consider desirable or expedient at their discretion in order to achieve the purpose of the Administrations or protect and preserve the assets of the Companies or maximise the realisations of those assets, or of any purpose incidental to these Proposals,
- 7 that, in the event that the creditors of the Companies so determine, at a meeting of creditors, that a creditors' committee be appointed in respect of each company comprising of not more than five and not less than three creditors of that company
- 8 that the creditors' committees, if appointed, be asked to agree that the basis of the Joint Administrators' fees be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in the fees estimate, such time to be charged at the prevailing standard hourly charge out rates used by HBG Corporate Ltd at the time the work is performed (plus VAT and disbursements) and asked to agree the Joint Administrators' Category 2 disbursements,
- 9 that, in the absence of creditors' committees, the creditors be asked to agree that the basis of the Joint Administrators' fees be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in the fees estimate, such time to be charged at the prevailing standard hourly charge out rates used by HBG Corporate Ltd at the time when the work is performed (plus VAT and disbursements),
- 10 that, in the absence of creditors' committees, the creditors shall fix the Joint Administrators' Category 2 disbursements on the bases disclosed in the Appendix to the Proposals,
- 11 albeit that the following does not form part of the proposals subject to approval under Paragraph 53 of Schedule B1 of the Act, but it is subject to approval under Rule 2.67A of the Rules that, if a creditors' committee is not appointed, the Joint Administrators' Pre-Administration Costs as detailed in the Appendix to the Joint Administrators' Proposals be approved
- 12 that, following the realisation of assets and resolution of all matters in the Administration, and as quickly and efficiently as is reasonably practicable, the Joint Administrators implement the most cost effective steps to formally conclude the Administration. This may include dissolution of the Companies, whether or not it is preceded by the distribution of funds to unsecured creditors (with the court's permission where requested), or alternatively, moving the Companies into Creditors' Voluntary Liquidation ("CVL") or seeking the Companies Compulsory Liquidation, depending upon which option will result in a better realisation for creditors,
- 13 that, if the Companies were to be placed into CVL, the Joint Administrators propose to be appointed Joint Liquidators and any creditors' committee appointed will become the liquidation committee and that the basis of the Joint Liquidators' fees be fixed on the same basis as that of the Joint Administrators. The creditors may nominate a different person to be Liquidator(s) provided the nomination is made before the proposals are approved by creditors. The Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally, and
- 14 that, in the absence of creditors' committees, the relevant creditors of the Companies agree that the Joint Administrators be discharged from liability immediately upon the Joint Administrators vacating office

Proxy (Administration)

Case Name

East Marsh Operational Co Limited

Name of Creditor

Address

Name of Proxy Holder

1 _____

2 _____

3 _____

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

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Voting Instructions for resolutions

*Please delete as appropriate

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YES / NO

2 For the appointment of

of

representing _____

as a member of the creditors' committee

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

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- 3 the Joint Administrators investigate and, if appropriate, pursue any claims that the Companies may have against any person, firm or company, whether in contract or otherwise, including any officer or former officer of the Companies or any person, firm or company that supplies or has supplied goods or services to the Companies,
- 4 the Joint Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors against each of the Companies unless the Joint Administrators conclude, in their reasonable opinion, that the Companies will have no assets available for distribution,
- 5 the Joint Administrators be authorised to distribute funds to the secured and preferential creditors and the PP to unsecured creditors as and when claims are agreed and funds permit and, in relation to other distributions to unsecured creditors, if the court gives permission following an appropriate application in the event that the Joint Administrators consider it expedient to pay such distribution whilst the Companies are in Administration,
- 6 the Joint Administrators do all such things and generally exercise all their powers as Joint Administrators as they consider desirable or expedient at their discretion in order to achieve the purpose of the Administrations or protect and preserve the assets of the Companies or maximise the realisations of those assets, or of any purpose incidental to these Proposals;
- 7 that, in the event that the creditors of the Companies so determine, at a meeting of creditors, that a creditors' committee be appointed in respect of each company comprising of not more than five and not less than three creditors of that company
- 8 that the creditors' committees, if appointed, be asked to agree that the basis of the Joint Administrators' fees be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in the fees estimate, such time to be charged at the prevailing standard hourly charge out rates used by HBG Corporate Ltd at the time the work is performed (plus VAT and disbursements) and asked to agree the Joint Administrators' Category 2 disbursements,
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- 14 that, in the absence of creditors' committees, the relevant creditors of the Companies agree that the Joint Administrators be discharged from liability immediately upon the Joint Administrators vacating office

PRE-PACK DISCLOSURE

The Companies business and assets have been sold following a pre-packaged sale. The primary function of an administrator is to achieve one of the objectives set out in the Insolvency Act. In this case, the statutory purpose pursued is to achieve a better result for the Companies' creditors as a whole than would be likely if the Companies were wound up (without first being in Administration. This transaction enables the statutory purpose to be achieved and in my view the outcome achieved was the best available outcome for creditors as a whole in all the circumstances. I provide below an explanation and justification of why a pre-packaged sale was undertaken.

The Roles of the Insolvency Practitioners

Prior to commencement of the Administration, HBG Corporate Ltd acted as advisors to the Board of Directors in relation to the options for the Companies. For the avoidance of doubt, neither HBG Corporate Ltd nor its insolvency practitioners advised the directors personally or any parties connected with the purchaser, who were encouraged to take independent advice. At all times prior to Administration, the Board of Directors remained responsible for and in control of the Companies' affairs.

During this time, the insolvency practitioners of HBG Corporate Ltd took their own steps to prepare for their potential appointment as Joint Administrators. At this point, there were clear advantages in looking to sell the Companies' business and assets swiftly on appointment, as this strategy would significantly reduce the ongoing costs of securing and maintaining the business and assets and it would avoid the substantial risks that the value and continued viability of the business and assets would deteriorate due to the commencement of a formal insolvency regime. Therefore, the insolvency practitioners, with the assistance of professional and independent agents, considered the most effective method of securing a sale representing the best outcome for creditors as a whole and negotiated with parties interested in acquiring the business and assets of the Companies to a point whereby a sale could be concluded shortly after the Administration had commenced.

Immediately on their appointment, the Joint Administrators, as officers of the court and as agents of the Companies, took over from the Board the responsibilities of managing the affairs, business and property of the Companies. In the interests of the creditors as a whole and mindful of the need to achieve a statutory purpose of an Administration, they concluded the Sale.

Insolvency practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment. The Joint Administrators observed the Code in all their activities both prior to and after their appointment.

Initial Introductions

HBG Corporate Ltd was initially approached by the Companies' directors on 19 September 2016 to help advise on the options available for the Companies, as it was deemed to be insolvent.

In addition to advising on the Companies' options, our advice covered options for marketing the business and also involved negotiating and agreeing the contract to be completed following the Joint Administrators' appointment. The fee agreed in respect of my pre-appointment advice was the sum of £5,000 payable from East Marsh Operational Co Limited and £5,000 payable from Kayboo Limited. The Joint Administrators intend to seek to have these fees approved and paid from the insolvent estates in due course.

A signed engagement letter was received from the directors of the Companies on 19 October 2016

The Companies traded as The Corran Resort and Spa, trading from Marsh Rd, Laugharne SA33 4RS Kayboo Limited acted as the property owning company, whilst East Marsh Operational Co Limited acted as the operating company for the day to day trade of the hotel resort and spa.

The directors advised that the Companies had become insolvent due to the following factors -

The Companies were incorporated in order to develop and trade the hotel and spa over a three phase project. The three phases were the building and development of three separate areas of hotel accommodation with guests utilising central hotel and spa facilities. The business model was to complete each phase in order. Funds were to be raised for the development of each phase by entering into investor lease arrangements for each bedroom built in each respective phase. Returns were to be paid to investors from the trading profits generated from that phase.

However, the trading performance of the hotel through the development of phase one failed to achieve management's expectations due to lower than anticipated occupancy rates resulting in lower than projected turnover.

Despite the hotel's performance improving to near capacity in the peak season summer months, there was still insufficient revenue to cover accrued expenditure, trade profitably and progress the phase two development.

The negative cash flow position led to the Companies directors seeking the professional advice of HBG Corporate Limited.

Kayboo had granted the following security

<u>Type of security</u>	<u>Name of charge-holder</u>	<u>Date of creation of security</u>
Debenture	Followset Limited	26 July 2011

However, it is understood by the Joint Administrators that Followset Limited has now been dissolved.

By September 2016, it had become apparent that the Companies required funding above the level available from trading revenues. Neither the Companies nor its investors were in a position to advance the necessary funding in order to facilitate the continuation of trade beyond the short term.

A review of the Companies's cash-flow revealed that there would be insufficient working capital available to allow the Companies to continue to trade in the medium term in order for a purchaser of the hotel to be found.

The options listed below were considered with the directors.

Continuing to trade outside insolvency

The Companies had exhausted its available cash resources and its cash constraints were impacting on its ability to continue trading. This was therefore not an option.

The Companies's shareholders and bank confirmed that they were not able to provide the level of additional funding necessary to support the Companies to trade, and therefore this option was not viable.

Companies Voluntary Arrangement ("CVA")

Although a CVA would have given the Companies some immediate relief from creditor pressure, without securing additional funding, the directors were not confident that the Companies would be successful in trading through its difficulties

Liquidation

The possibility of placing the Companies into Liquidation was considered. However it was decided that this was not the best course of action to take, as Liquidation would mean that all employees would be made redundant leading to an increase in the level of creditors. There would also have been a significant reduction in the realisable values of the hotel assets as they would have been disposed of on a forced sale break up basis.

Pre-packaged Administration Sale

As previously stated, there was insufficient working capital and no prospect of generating new funding into the Companies to allow medium-term trading to continue in order that the business and assets could be exposed thoroughly to the market. The benefits of achieving a pre-packaged sale therefore were the transfer of the employees to the purchaser, thus protecting jobs, and the maximisation of the realisable value of the hotel and spa's tangible assets. These assets were able to be sold in-situ as opposed to on a forced sale break up basis that would have likely occurred in liquidation.

The Joint Administrators' Options on Appointment

Prior to appointment, the proposed Joint Administrators had considered whether the first Administration purpose might be achieved by continuing to trade the business within Administration in order that a proposal for a CVA might be put to creditors. However, it was considered that trading the business during the Administration could not continue, as the Companies had insufficient funding to do so and it was not clear that the business would trade profitably. For these reasons also, the Joint Administrators considered it would not be in the interests of creditors as a whole to continue to trade the business in Administration in the short term with a view to exploring whether the existing offer for the purchase of the business and assets could be improved upon.

Given the large number of potential creditors of the Companies, it was not considered viable to consult with all creditors prior to the acceptance of the offer. Had a consultation with the body of creditors been commenced it is likely that the Companies would have been placed into liquidation as a winding up petition had been filed. Had the winding up order been granted, it is likely that hotel and spa would have closed, all staff would have been made redundant, the realisable value of the Companies' assets would have been materially reduced and therefore the losses to creditors increased further.

The Joint Administrators understand the business and assets included in the sale were purchased by the Companies from Followset Limited (In Administration) in 2011. The Insolvency practitioner in this matter was Alistair Wardell of Grant Thornton UK LLP. Neither I, Stephen Clark, HBG Corporate Ltd, nor any of our associates had any involvement in this transaction.

Marketing Strategy of the Business and Assets

The directors were asked to provide information on any parties, of which they were aware, who would be interested in purchasing the business and assets of the Companies.

The directors were asked to advise of any marketing conducted by the Companies prior to approaching HBG Corporate Ltd for advice and we were advised that none had been undertaken by the Companies

We were also advised of no interested party apart from the directors

No time was allowed for a marketing process to be commenced prior to the appointment of the Joint Administrators. Due to the extensive pressure the Companies faced from creditors, the pending winding up petition and the reality that the Companies were trading at a loss, it was considered that allowing time for a marketing campaign would likely increase the losses to creditors as the Companies could have been forced into compulsory liquidation

Valuation of the Business and Assets

GVA Grimley Limited was formally instructed on 7 October 2016 to value the business and assets of the Companies on a going concern basis. They confirmed their independence, are qualified by the Royal Institute of Chartered Surveyors, and have adequate professional indemnity insurance

Their valuation was received on 17 October 2016 and is detailed below:-

	Going Concern £	Actual Sale Price £
Coran Resort and Spa	0	150,000

The going concern valuation of £0 has been based on a presently uncertain position with regard to the leases referred to above. While the Joint Administrators cannot comment on the validity or otherwise of the leases following the sale of the business and assets, in the event of a number of leases having any value, GVA Grimley Limited have advised that the business and assets would be rendered worthless

Please note, a going concern valuation reflects the estimated amount for which the assets could be sold as a whole in their working place

The sale price achieved for the business and assets clearly compares favourably with the above valuation

The Transaction

The purchaser and related parties

A sale of the business and assets was completed on 18 October 2016. The hotel operating business of East Marsh Operational Co. Limited (In Administration) was sold to Glendore Real Estate Limited ("Business SPA"). The property owned by Kayboo Limited (In Administration) was sold to Plustocks Management Limited ("Property SPA"). The sales of the business and assets were documented through two sale and purchase agreements between the parties above (see below for further details).

Keith Styles who is a director and shareholder of Kayboo Limited and a director of East Marsh Operational Co. Limited is a director of Plustocks Management Limited and Glendore Real Estate Limited.

Paul Manley who was a Shareholder of Kayboo Limited, is a director of Plustocks Management Limited and Glendore Real Estate Limited.

The assets

The sales included the assets listed below that were completed by means of the two sale and purchase agreements.

The sale consideration – Business SPA

The sale consideration totalled £22,500 and required the full consideration to be paid by completion. The Joint Administrators are in receipt of the funds.

The sale included the sale and purchase of, the goodwill, plant and machinery, the sellers' records, the stock, the book debts and customer contracts (subject to the burden).

Cash at bank was excluded from the Sale.

The sale consideration – Property SPA

The sale consideration totalled £127,500 and required the full consideration to be paid by completion. The Joint Administrators are in receipt of the funds.

The sale included the sale and purchase of following property:

- Hursthouse Farm, Laugharne, SA33 4RS
- Byre Cottage and the Barn Laugharne, SA33 4RS
- Barn 1, East House Farm, Laugharne, SA33 4RS
- Barn 2, East House Farm, Laugharne, SA33 4RS
- Barn 8, East House Farm, Laugharne, SA33 4RS

Cash at bank was excluded from the Sale.

Connected Party Transactions

Pre-pack pool

The Joint Administrators are not aware that the pre-pack pool has been approached by the connected party

Viability statement

The Joint Administrators have not been provided with a viability statement from the connected party

OTHER MATTERS

The effect of the Administration is to provide protection to the Companies and prevent any creditor taking action against them. During the period of the Administration, the Companies cannot be wound up, no Administrative Receiver can be appointed, nor can any creditor enforce security, repossess goods, commence or continue legal action without consent of the Joint Administrators or the permission of the Court.

The Joint Administrators will manage the affairs, business and property of the Companies. The Joint Administrators are neither personally adopting any contracts that may have been entered into by the Companies, nor are they personally liable in any way in respect of them.

Until it is clear that a dividend will be paid, the Joint Administrators will not take steps to agree creditors' claims and, in order to avoid incurring unnecessary costs, they do not intend to respond to routine queries. However, it would assist with the preparation of an accurate statement of the Companies' affairs if you will forward a statement of your account made up to 18 October 2016. If you intend to claim a lien, retention of title or any other form of security, you should advise me of your claim immediately in writing and forward any relevant supporting documents.

I propose to communicate with creditors during the Administration via the website portal as included in the Proposals. A written letter will be issued to all creditors each time the website is updated (and all information will remain for at least three months on the website).

As part of our duties as Joint Administrators, we shall be investigating what assets the Companies held and what recoveries may be made for the benefit of creditors, as well as the manner in which the Companies' business was conducted. These enquiries include the investigation into any potential claims, if any, that may be brought against third parties. Accordingly, should you have any information which may be relevant, please contact me as soon as possible.

VAT Bad Debt relief is now available in respect of all debts on supplies made on or after 1 April 1989, for which VAT was charged and accounted for to HM Revenue and Customs, which has been outstanding for a period of six months and is written off in the accounts. No further documentation is required.

"A Creditors' Guide to Administrators' Remuneration" is available to download at the website included within the Proposals. Should you require a paper copy, please send your request in writing to the Joint Administrators. A copy will be provided at no cost.

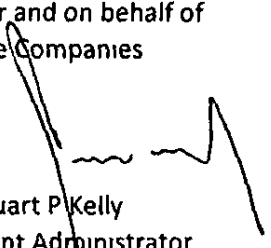
The Joint Administrators will prepare proposals, which will be submitted to creditors shortly (and in any event within 8 weeks of their appointment). If appropriate, a meeting of creditors will also be convened.

Please contact Jonathan Waller on 01772 439 500 should you have any queries.

Should you wish to know more about the insolvency process in general, I recommend that you visit www.creditorinsolvencyguide.co.uk.

Please note the Joint Administrators act as agents of the Companies and contract without personal liability.

Yours faithfully
For and on behalf of
the Companies



Stuart P Kelly
Joint Administrator

Enc

The affairs, business and property of East Marsh Operational Co Limited (in Administration) and Kayboo Limited (in Administration) are managed by the Joint Administrators, who act as agents of the Companies and contract without personal liability