

The Insolvency Act 1986

Statement of administrator's proposals

2.17B

Name of Company Sudscape Limited	Company number 07534170
In the High Court of Justice, Chancery Division, Manchester District Registry (full name of court)	Court case number 3015 of 2014

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

#We (a) Stephen Clancy and Steven Muncaster
Duff & Phelps Ltd
The Chancery
58 Spring Gardens
Manchester
M2 1EW

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

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

* Delete as appropriate

(b) Insert date

(b) 11 September 2014

Signed

Joint Administrators

Dated

11 - 09 - 2014

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 searches of

Duff & Phelps Ltd
The Chancery
58 Spring Gardens
Manchester, M2 1EW
Tel +44 (0) 161 827 9000



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Report to Creditors

11 September 2014

Sudscape Limited (In Administration)

*Joint Administrators' Report to Creditors and Statement of Proposals
for the period from 22 August 2014 to 12 September 2014
Pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986*

Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Agents	JPS Chartered Surveyors, independent agents who were instructed to value and sell the assets of the Company
the Appointment Date	22 August 2014, being the date of appointment of the Joint Administrators
the Bank	Lloyds Bank Plc, with whom the Company banked and the holder of a fixed and floating charge over the Company's assets
the Board	The Board of Directors and Shareholders of the Company
Category 2 Disbursements	The Joint Administrators' internal costs and expenses in dealing with the Administration
the Company	Sudscape Limited (In Administration) (Company Number 07534170)
CVL	Creditors' Voluntary Liquidation
DBIS	The Department for Business Innovation and Skills
the Directors	Mr Hugh Frend and Mr Norman Kerfoot, the directors of the Company
Duff & Phelps	Duff & Phelps Ltd
EC Regulation	EC Regulation on Insolvency Proceedings 2000
HMRC	HM Revenue and Customs
the Joint Administrators	Stephen Clancy and Steven Muncaster of Duff & Phelps Ltd The Chancery, 58 Spring Gardens, Manchester, M2 1EW
NOIA	Notice of Intention to Appoint an Administrator
Prescribed Part	Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a designated amount of the Company's net property (floating charge assets less costs of realisation) shall be made available to non-preferential unsecured creditors
the Purchaser	Eden Paving Limited, the purchaser of the business and certain assets of the Company
the Premises	Leasehold premises located at Paisley House, Hints Road, Mile Oak, Tamworth, Staffordshire B78 3PQ
RPS	Redundancy Payments Service
the Rules	The Insolvency Rules 1986 (as amended)

the Shareholders	Mr Hugh Frend, Mr Norman Kerfoot and Mr Wayne Lagford being the Shareholders of the Company
the Solicitors	Turner Parkinson LLP, the solicitors instructed on behalf on the Joint Administrators
SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements
SIP 13	Statement of Insolvency Practice 13, regarding the acquisition of assets of insolvent companies by Directors
SIP 16	Statement of Insolvency Practice 16, which includes a requirement for disclosure of information with respect to a 'Pre-Packaged' sale of business and/or assets of the Company
SOA	Statement of Affairs, documentation to be supplied by the Directors outlining the Company's financial position as at the Appointment Date
Technologies	Sudscape Technologies Limited, the patent owner of the Company's product
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations 2006

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1. Introduction

- 1 1 The Joint Administrators were appointed on the Appointment Date by the Directors of the Company pursuant to Paragraph 22 of Schedule B1 to the Insolvency Act 1986
- 1 2 The Court Reference is High Court of Justice, Chancery Division, Manchester District Registry no 3015 of 2014
- 1 3 In accordance with Paragraph 100(2) of Schedule B1 to the Act the functions of the Joint Administrators may be exercised by either of the Joint Administrators
- 1 4 This report sets out the circumstances leading up to the appointment of the Joint Administrators and the steps taken by them to date

2 Background

- 2 1 Statutory information on the Company and a summary of its financial history is included at Appendix 1
- 2 2 The Company specialised in the production, manufacture and fit of environmentally friendly porous paving solutions to both corporate and residential customers
- 2 3 The Company operated its trading activities from the Premises however, also operated a small satellite office in Manchester City Centre which served as a sales office
- 2 4 The Company banked with Lloyds Bank Plc There was no other form of private financing provided to the Company
- 2 5 The Company employed 4 members of staff excluding the Directors

3. Events Leading up to the Administration

- 3 1 The Company began trading following its incorporation on 17 February 2011 offering its unique environmentally friendly porous paving solutions to both corporate and residential customers Its initial period of trade consisted of building the reputation of the product and growing its knowledge in the market
- 3 2 The Company's daily management and business operation was undertaken by Mr Hugh Frend Mr Kerfoot was a non-executive director who attended board meetings
- 3 3 Sales and marketing activities were undertaken at board level by the former director Mr Langford, who resigned from his position on 13 August 2014
- 3 4 The Company itself is not the beneficial owner of the patent for the Company's porous paving product This patent is owned by a connected company, Technologies
- 3 5 Technologies has three directors appointed to the board being Mr Frend, Mr Kerfoot and Mr Langford The same three directors have an equal third shareholding in Technologies
- 3 6 The Directors advised that Technologies was intended to be a holding company for the group The strategy to set up license agreements for the use of its product with companies worldwide
- 3 7 During financial years to 30 June 2012 & 30 June 2013, the Company accrued trading losses of £91,880 and £274,331, respectively The Shareholders injected monies into the business during this period to enable the business to continue to trade

- 3 8 To support the Company's financial stability, the Shareholders also introduced funds totalling £132,204 and services into the Company that funded the ongoing trading and overhead costs
- 3 9 In June 2014, Mr Frend advised the Board that due to ill health he wanted to take a step back from the day-to-day running of the business. At this meeting, the Board discussed the future development of the business and the business strategy. The Board was to reconvene for the July monthly board meeting planned for the end of July 2014 to discuss the options
- 3 10 Mr Wayne Langford resigned from his position as a director of the Company in June 2014 prior to the intended board meeting
- 3 11 According to the Directors, the losses incurred by the Company and the resulting cashflow problems can be attributed to the following
- Mr Frend having to take a step down from daily management due to ill health,
 - Management issues regarding the direction of the Company, and
 - Resulting inability of the Directors to continue funding the Company during its product development
- 3 12 As the Company was unable to continue to meet its overheads and the Directors were unable to continue to fund the Company's working capital requirements, advice was sought from the Company's accountant
- 3 13 The Company's accountant, Jane Foy & Co discussed the Company's position with the Directors and suggested they held a meeting with Duff & Phelps to consider their options
- 3 14 On 13 August 2014, staff of Duff & Phelps met with the Directors to discuss the financial position of the Company. The Directors advised that they were unable to provide or obtain any additional funding to finance the continued trading of the Company
- 3 15 Following this meeting it was concluded that the Company was unable to pay its debts as and when they fell due and consequently was insolvent
- 3 16 Duff & Phelps discussed with the Directors the various insolvency options available to the Company and implications of each to the Company and its Directors. The Directors took the decision that they wished to place the Company into Administration, as this was the most appropriate option for the Company. The reasons for this are discussed in detail later in the report
- 3 17 Further discussions took place between the Directors and Duff & Phelps to consider marketing the Company for sale. It was agreed that a marketing activity would take place to seek interest for the purchase of the business and assets on a going concern basis which would help to determine the market value of the Company's assets
- 3 18 In order to protect the Company from any legal actions whilst the marketing exercise was undertaken the Directors filed a Notice of Intention to Appoint an Administrator at the High Courts of Justice in Manchester of 14 August 2014
- 3 19 Duff & Phelps instructed the Agents to provide a review and valuation of the Company assets
- 3 20 Immediately following the filing of the NOIA, a confidential business memorandum was circulated to over 400 potentially interested parties held within the Duff & Phelps' internal database. These included trading businesses as well as corporate financiers and entrepreneurs. The memorandum highlighted an overview of the principal trading activity of the business together with details of the assets and financial information of the Company. A deadline for expressions of

interest was set for 5pm on Wednesday 20 August 2014 with the intention to complete an expedient sale of the business and assets by Friday 22 August 2014

- 3 21 This exercise generated 5 expressions of interest who were required to sign a confidentiality agreement in order to receive more information regarding the Company
- 3 22 Duff & Phelps received one offer on 21 August 2014, which was reviewed by the Agents who advised the offer was too low and should be rejected. The interested party was advised of this rejection and provided the opportunity to revise their offer
- 3 23 No other offers were received. The interested party who provided the initial offer tendered a second offer for the business and assets of the Company. The Agents recommended the second offer be accepted
- 3 24 On the afternoon of Friday 22 August 2014 a Notice of the Appointment of an Administrator was filed at the High Court of Justice in Manchester. A sale of the business and specific assets of the Company was completed shortly after to the Purchaser
- 3 25 The Joint Administrators considered the position prior to accepting the appointment and having regard to the Insolvency Practitioners Association's ethical guidelines, considered that there were no circumstances preventing them from accepting the appointment

4. Purpose of the Administration

- 4 1 The purpose of an Administration is to achieve one of the following hierarchical objectives
- Rescuing the Company as a going concern, or
 - Achieving a better result for the Company's creditors as a whole than would be likely if the company were wound up (without first being in Administration), or
 - Realising property in order to make a distribution to one or more secured or preferential creditors
- 4 2 In accordance with Paragraph 49(2) of Schedule B1 to the Act the Joint Administrators note the following
- The first objective will not be achieved as there are insufficient funds and assets available to enable the Company to be rescued as a going concern
 - The Joint Administrators are pursuing the second objective as it is likely that a better result for the Company's creditors as a whole will be achieved than if the Company were wound up without first being in Administration for the following reasons
 - Book debt collections will be enhanced by the continuity of trade for customers provided by the Purchaser, and
 - If the Company had been wound up it is likely that the employees would have been made redundant resulting in an increase in both preferential and non-preferential claims
- 4 3 The Joint Administrators' proposals for achieving the purpose of the Administration are set out in the remainder of this report

5. Progress of the Administration to Date

- 5 1 The manner in which the affairs and business of the Company have been managed, since the appointment of Joint Administrators and will continue to be managed and financed are set out below

Decision Not to Trade

- 5 2 Following an evaluation of the business, the Joint Administrators took the decision not to trade the business for the following reasons

- The business had effectively ceased to trade as the Company had insufficient working capital to pay suppliers to release goods and pay deposits to suppliers for the continued supply of goods
- The failure to pay for goods in a timely manner meant that the Company was experiencing difficulties with suppliers and retention of title claims
- No funds were available to meet the ongoing business overheads and the costs associated with continuing to trade
- Due to the nature of the Company's product it was highly unlikely that customers would buy from the Company whilst in Administration without the benefit of service warranties

Sale of Business and Assets

- 5 3 In accordance with SIP13, a summary of the transaction with the Purchaser is detailed below

The Purchaser	Eden Paving Limited
Date of Transaction	22 August 2014
Associated Parties	Eden Paving Limited is connected to the Company its Directors and Shareholders also being Directors and Shareholders of the Company, whose details are below
Common Directors	Mr Hugh Frend Mr Norman Kerfoot
Common Shareholders	Mr Hugh Frend Mr Norman Kerfoot

- 5 4 Details of the assets involved, nature of transaction, amount of the consideration and when it was paid are detailed below
- 5 5 The business and assets of the Company were sold to the Purchaser on 22 August 2014 Full details of the sale are contained in the SIP 16 disclosure sent to all known creditors on 28 August 2014 attached at Appendix 9
- 5 6 The breakdown of the sale consideration is summarised overleaf

Asset	Consideration	
Goodwill	£	1,000
Business Information	£	1
Contracts	£	1
Stock	£	499
Intellectual Property	£	1
Plant and Machinery	£	2,498
Total	£	4,000

- 5 7 The full consideration of £4,000 was paid on completion directly to the Solicitors. These funds were then transferred to the Administration estate.

Book Debts

- 5 8 According to the Company's books and records the outstanding debts of the Company totalled £49,128 as at the Appointment Date.
- 5 9 The Joint Administrators will continue to collect the Company's book debts with the assistance of the Directors. There are currently debtor receipts totalling £5,240 being held in the Company's pre appointment bank account which will be transferred to the Administration account by the Bank.

Cash at Bank

- 5 10 As at the Appointment Date, the Company had cash at bank of £8,916 (including the debtor receipts of £5,240), which is being held at Lloyds Bank Plc in Tamworth. The Joint Administrators are awaiting the transfer of the funds to the Administration bank account.

Pre-appointment VAT Refund

- 5 11 The Joint Administrators are preparing the final pre-appointment VAT return for the Company. Any refund due is likely to be subject to Crown set off.

Investigations

- 5 12 The Joint Administrators' investigations into the Company's affairs are currently ongoing.
- 5 13 The Joint Administrators have a statutory obligation to file a report with DBIS regarding the conduct of the Directors that held office in the three years prior to the Administration. This report must be filed within six months from the Appointment Date and the content of this report is confidential.
- 5 14 The Joint Administrators also have a duty to investigate antecedent transactions which include
- Transactions at an undervalue, Section 238 of the Act,
 - Preferences, Section 239 of the Act, and
 - Transactions to defraud creditors, Section 423 of the Act

- 5 15 The Joint Administrators will keep the creditors informed of any significant developments, as pursuing such claims can be timely and expensive, resulting in little return to the creditors
- 5 16 Should any creditors have any information that may be of benefit to the Joint Administrators in relation to these investigations, please provide this information as soon as possible, with supporting documentation where possible

Receipts and Payments

- 5 17 A Receipts and Payments Account is provided at Appendix 2 and is self explanatory

Joint Administrators' Agents and Solicitors

- 5 18 Details of the agents and solicitors engaged by the Joint Administrators to assist them with the affairs of the Company can be found at Appendix 5

6. Statement of Affairs

- 6 1 In accordance with Paragraph 47 of Schedule B1 to the Act the Joint Administrators have requested that the Directors provide a SOA. To date a SOA has not been received because this is being prepared by the Company's accountant. It should be received by the week commencing 15 September 2014
- 6 2 In the absence of a SOA the Joint Administrators attach a schedule of creditors' names and addresses and an estimated financial position of the Company at the Appointment Date at Appendix 3 in accordance with Rule 2.33(2) of the Rules
- 6 3 Some creditor amounts shown may differ from the actual amount owed **This does not affect their claim**

7. Statement of Pre-Administration Costs

- 7 1 Pre-Administration costs are defined in the Rules as fees charges and expenses incurred by the administrators or their firm, or another person qualified to act as an insolvency practitioner, before the Company entered Administration but with a view to its doing so
- 7 2 Additional costs have been incurred by third parties who have been instructed to assist with matters pre-Administration in order prepare the Company for the Administration
- 7 3 These additional costs include solicitors' fees for assistance with the legal matters in placing the Company into Administration and preparing an agreement for the sale of the Company's assets. There are also agents' fees which are connected to the valuation of the Company's assets and assistance with consideration of offers for the purchase of the business and assets. Finally, accountants' fees have been incurred for the assistance in preparing and providing the Company's financial information for preparing sales information and finalising financial records
- 7 4 These costs were incurred in conducting an initial assessment of the Company's financial position and assisting the Directors in relation to the Company's insolvency options
- 7 5 Furthermore, the Joint Administrators undertook an exercise to market the business for sale which included liaising with potential interested parties and assisting parties in their due diligence before agreeing a sale of certain assets and the business of the Company. Time was also spent completing the various statutory requirements required in the process of placing the Company into Administration

- 7 6 These costs were necessary in order to prepare a strategy in dealing with the Administration in a timely manner with minimum effect on the Company's creditors. In addition, the appointment of the Joint Administrators was in a timely manner to enable a quick sale to the Purchaser.
- 7 7 No pre-Administration costs have been charged to date. A summary of the pre-Administration costs incurred to date are detailed overleaf.

Name of Recipient	Brief Description of Services Provided	Total Amount Approved £
Turner Parkinson	Assist with placing the Company into Administration, draft and review a sale agreement and other ad hoc legal matters	2,000 plus disbursements
Duff & Phelps Ltd	As above, a financial review of the Company and planning a strategy and dealing with statutory matters before placing the Company into Administration	13,665 plus disbursements of 77
JPS Chartered Surveyors	Valuation of the Company's physical assets	1,500 plus disbursements
Jane Foy & Co	Financial assistance in preparing information for the marketing of the business	2,000 plus disbursements

- 7 8 Please note that the figures above are exclusive of VAT and disbursements.
- 7 9 The Joint Administrators confirm that payment of the unpaid pre-Administration costs, as an expense of the Administration, is subject to separate approval under Rule 2.67A of the Rules, and not part of the Joint Administrators' proposals for the conduct of the Administration subject to approval under Paragraph 53 of Schedule B1 to the Act.

8. Joint Administrators' Costs

- 8 1 The time costs incurred in the period since the Appointment Date by Duff & Phelps total £3,667 are as analysed at Appendix 4. Time is charged in 6 minute units.
- 8 2 Time costs incurred by reference to the time properly given in the period relates to statutory matters dealt with following the Joint Administrators appointment.
- 8 3 Information regarding the fees and disbursements of administrators, including details of the Duff & Phelps' disbursements policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "A Creditors' Guide to Administrators' Fees". This can be viewed and downloaded from the Joint Administrators' website at <http://www.duffandphelps.com/uk-restructuring/creditor-guides>. Should you require a copy, please contact this office.

9. Dividend Prospects / Prescribed Part

Secured Creditors

- 9 1 There are no secured creditors.

Preferential Creditors

- 9 2 Following the sale of the business and assets of the Company to the Purchaser, the Company's employees were transferred pursuant to TUPE to the Purchaser. Accordingly it is anticipated there will be no preferential claims in relation to the employees.

Prescribed Part

- 9 3 There are no floating charges registered against the Company therefore, the Prescribed Part provisions will not apply.

Non-Preferential Creditors

- 9 4 According to the Directors' SOA, non-preferential unsecured creditors total £456,907. The non-preferential creditors can be summarised as follows:

Creditor	Claim	
Trade & Expense Creditors	£	189,750
Directors' Loans	£	132,204
HM Revenue & Customs	£	2,286
Other Creditors	£	132,667
Total	£	456,907

- 9 5 Based upon the current information available, it is anticipated that there may be sufficient realisations to enable a distribution to the non-preferential creditors of the Company of approximately 5p in the £. The payment of this dividend is subject to the Company's book debts being collected in full.

- 9 6 If not already done so, creditors of the Company should complete the proof of debt form at Appendix 8 and return same to the Joint Administrators, together with supporting documentation.

10 EC Regulation

- 10 1 It is the Joint Administrators' opinion that the EC Regulation applies and these proceedings are main proceedings as defined in Article 3 of the EC Regulation. The centre of main interest of the Company is in England.

11. Creditors' Meeting

- 11 1 In accordance with Paragraph 51 of Schedule B1 to the Act, a creditors' meeting will be held at 1.00 p.m. on 6 October 2014 at the offices of Duff & Phelps, The Chancery, 58 Spring Gardens, Manchester, M2 1EW. A notice of the meeting of creditors is enclosed with this report at Appendix 6. We have enclosed a Proxy Form and a Proof of Debt Form, at Appendix 7 and 8, for the purpose of that meeting.
- 11 2 The purpose of this meeting is to vote on the Joint Administrators' proposals as outlined in section 13 of this report.

12. End of the Administration

12 1 The options available to the Joint Administrators for the exit from the Administration are as follows

- Compulsory Liquidation
- Creditors' Voluntary Liquidation
- Company Voluntary Arrangement
- Return of control to the Director(s)
- Dissolution of Company

12 2 The outcome of the Administration will largely be dependent upon the collection of the Company's book debts. The Joint Administrators are hopeful that there will be sufficient realisations to enable a distribution to be made to non-preferential creditors.

12 3 In the event that the Joint Administrators form the view that a distribution can be made to the non-preferential creditors, then the Joint Administrators recommend that the Company be moved into CVL.

12 4 It is proposed that the Joint Administrators, currently Stephen Clancy and Steven Muncaster of Duff & Phelps be appointed as Joint Liquidators of the Company should it be placed into CVL.

12 5 In the event that there are insufficient realisations to permit a distribution to the non-preferential creditors, then the Joint Administrators recommend that the Company be dissolved. In this event, it is proposed that once all outstanding matters have been satisfactorily completed, the Joint Administrators will give notice to the Registrar of Companies under Paragraph 84 of the Act to the effect that the Company has no property to realise which might permit a distribution to the non-preferential creditors at which time the Administration will cease. The Company will be dissolved three months following the registration of the notice at the Registrar of Companies.

12 6 You will note from the proposals section below that the Joint Administrators have left the choice of exit route from Administration open so that an alternative strategy can be adopted, should this prove more appropriate at the time.

13 Joint Administrators' Proposals

13 1 The Joint Administrators propose the following

13 1 1 That the Joint Administrators continue the Administration to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect.

13 1 2 That the Joint Administrators do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the Administration.

13 1 3 That the Joint Administrators, when it is anticipated that no better realisations will be made in the Administration than would be available in a winding up, take the necessary steps to put the Company into CVL if deemed appropriate by the Joint Administrators. It is proposed that the Joint Administrators, currently Stephen Clancy and Steven Muncaster of Duff & Phelps would act as Joint Liquidators should the Company be placed into CVL. In accordance with Paragraph 83(7) of Schedule B1 to the Act and Rule 2.117A of the Rules creditors may nominate a different person as the proposed Liquidator, provided the nomination is received at this office prior to the approval of these proposals. In the absence of such nomination, the Joint Administrators will be appointed Joint Liquidators and in accordance with Section 231 of the Act any act required or authorised under any

enactment to be done by the Joint Liquidators is to be done by all or any one or more of them

- 13 1 4 That the Joint Administrators, in the event that they form the view that the exit options identified in proposal 13 1 3 above are inappropriate, then, in due course, take the necessary steps to give notice to the Registrar of Companies to the effect that the Company has no property which might permit a distribution to its creditors, at which stage the Administration will cease and the Company will subsequently be dissolved
- 13 1 5 That the Joint Administrators be discharged from all liability pursuant to Paragraph 98 of Schedule B1 to the Act, upon filing the end of the Administration or their appointment otherwise ceasing
- 13 1 6 That the Joint Administrators' remuneration, where no Creditors' Committee is established, be fixed by reference to the time properly incurred by them and their staff in attending matters during the Administration
- 13 1 7 That the Joint Administrators be authorised to draw Category 2 Disbursements
- 13 1 8 That the time properly incurred by Duff & Phelps Ltd of £13,665 plus VAT and disbursements detailed in Joint Administrators' statement of pre-Administration costs under Rule 2 33, be approved for payment in accordance with Rule 2 67A, where no Creditors' Committee is established
- 13 1 9 That the time properly incurred by Turner Parkinson LLP of £2,000 plus VAT and disbursements detailed in Joint Administrators' statement of pre-Administration costs under Rule 2 33, be approved for payment in accordance with Rule 2 67A, where no Creditors' Committee is established
- 13 1 10 That the time properly incurred by JPS Chartered Surveyors of £1,500 plus VAT and disbursements detailed in Joint Administrators' statement of pre-Administration costs under Rule 2 33, be approved for payment in accordance with Rule 2 67A, where no Creditors' Committee is established
- 13 1 11 That the time properly incurred by Jane Foy & Co of £2,000 plus VAT and disbursements detailed in Joint Administrators' statement of pre-Administration costs under Rule 2 33, be approved for payment in accordance with Rule 2 67A, where no Creditors' Committee is established

14. Other Matters

- 14 1 If any creditor has any information concerning the Company's affairs that they would like to bring to the Joint Administrators' attention, then they would be pleased to hear from them

If you require further information or assistance, please do not hesitate to contact James Gillibrand

Stephen Clancy
Joint Administrator

Enc

The affairs, business and property of the Company are being managed by the Joint Administrators, Stephen Gerard Clancy and Steven Muncaster, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association.

Appendix 1

Statutory and Financial Information

Statutory Information

Date of Incorporation	17 February 2011
Registered Number	07534170
Company Director(s)	Mr Hugh Frend Mr Norman Kerfoot
Company Secretary	None
Shareholders	Mr Hugh Frend – 200 £1 ordinary shares Mr Norman Kerfoot – 200 £1 ordinary shares Mr Wayne Langford – 200 £1 ordinary shares
Trading Address	Paisley House Hints Road Mile Oak Tamworth Staffordshire B78 3PQ
Registered Office	Current: The Chancery 58 Spring Gardens Manchester M2 1EW Former: Paisley House Hints Road Mile Oak Tamworth Staffordshire B78 3PQ
Any Other Trading Names	N/A

Financial Information

Balance Sheet

	As at 30 June 2013 (Abbreviated)		As at 30 June 2012 (Abbreviated)	
Fixed Assets	£	22,219	£	26,513
Current Assets				
Debtors	£	94,077	£	127,568
Stocks	£	13,764	£	16,707
Cash at Bank and in Hand	£	3,725	£	7,421
	£	111,566	£	151,696
Current Liabilities				
Trade Creditors	£	(378,116)	£	(269,789)
Net Current Assets	£	(266,550)	£	(118,093)
Total Assets less Total Liabilities	£	(244,331)	£	(91,580)
Capital and Reserves				
Called up share capital	£	600	£	300
Share Capital	£	29,400	£	-
Profit and Loss Account	£	(274,331)	£	(91,880)
	£	(244,331)	£	(91,580)

Profit and Loss

	For the year ended 30 June 2013 (Abbreviated)		For the year ended 30 June 2012 (Abbreviated)	
Turnover	£	440,353	£	333,184
Overheads				
Cost of Sales	£	(316,402)	£	(235,262)
Administrative Expenses	£	(305,636)	£	(189,805)
Operating Loss	£	(181,685)	£	(91,883)
Other Interest and Charges				
Other Interest Receivable	£	533	£	3
Loss on the Disposal of Assets	£	(1,299)	£	-
	£	(182,451)	£	(91,880)
Accumulated (Loss) / Profit Carried Forward	£	(182,451)	£	(91,880)

Appendix 2

Receipts and Payments Account

Sudscape Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments
To 12/09/2014

S of A £		£	£
	ASSET REALISATIONS		
1.00	Business Information	1.00	
1.00	Contracts	1.00	
1,000 00	Goodwill	1,000.00	
1.00	Intellectual Property	1.00	
2,498 00	Plant & Machinery	2,498.00	
499.00	Stock	499 00	
43,888.00	Debtors	NIL	
8,916 00	Cash at Bank	NIL	
			4,000.00
	UNSECURED CREDITORS		
(189,750 00)	Trade & Expense Creditors	NIL	
(132,204 00)	Directors' Loans	NIL	
(2,286 00)	HM Revenue & Customs	NIL	
(132,667 00)	Other Creditors	NIL	
			NIL
	DISTRIBUTIONS		
(600 00)	Ordinary Shareholders	NIL	
			NIL
(400,703.00)			4,000.00
	REPRESENTED BY		
	Floating/main current account		4,000.00
			4,000.00

Appendix 3

Schedule of Creditors and Estimated Financial Position

Insolvency Act 1986

Sudscape Limited
Estimated Statement Of Assets & Liabilities as at 22 August 2014

	Book Value £	Estimated to Realise £
ASSETS		
Business Information	1 00	1 00
Contracts	1 00	1 00
Goodwill	1,000 00	1,000 00
Intellectual Property	1 00	1 00
Plant & Machinery	2,498 00	2,498 00
Stock	499 00	499 00
Debtors	49,128 00	Uncertain
Cash at Bank	8,916 00	8,916 00
		<u>12,916 00</u>
LIABILITIES		
PREFERENTIAL CREDITORS -		<u>NIL</u>
		12,916 00
DEBTS SECURED BY FLOATING CHARGE PRE 15 SEPTEMBER 2003		
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS		<u>NIL</u>
		12,916 00
Estimated prescribed part of net property where applicable (to carry forward)		<u>NIL</u>
		12,916 00
DEBTS SECURED BY FLOATING CHARGE POST 15 SEPTEMBER 2003		
		<u>NIL</u>
		12,916 00
Estimated prescribed part of net property where applicable (brought down)		<u>NIL</u>
		12,916 00
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	189,750 00	
Directors' Loans	132,204 00	
HM Revenue & Customs	2,286 00	
Other Creditors	132,667 00	
		<u>456,907 00</u>
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F C's post 14 September 2003)		<u>(443,991 00)</u>
		(443,991 00)
Issued and called up capital		
Ordinary Shareholders	600 00	
		<u>600 00</u>
TOTAL SURPLUS/(DEFICIENCY)		<u>(444,591 00)</u>

Duff & Phelps Ltd.
Sudscape Limited
B - Company Creditors

Key	Name	Address	£
CA02	Apollo Chemicals Ltd	Sandy Way, Amington Ind Est, Tamworth, Staffs, B77 4DS	13,133.52
CA03	Adbruf Ltd	Gibbs Marsh Trading Estate, Stalbridge, Dorset, DT10 2RX	27.55
CA04	Anvic Developments Ltd	Northbridge House, Elm Street Business Park, Burnley, Lancs, BB10 1PD	798.47
CA05	Advance Consultancy		44,000.00
CB00	Baron UK Limited	Unit 14, Kelvin Way Trading Estate, West Bromwich, West Mids, B70 7TN	2,362.35
CB01	BOYNTON BROS & HALLAM (Ranskill) LTD	Access Road, Ranskill, nr Retford, Nottingham, DN22 8LE	6,403.45
CB02	Birmingham Chamber Of Commerce	75 Harborne Road, Edgbaston, Birmingham, B15 3DH	351.94
CC00	Corporate Connection W & BC Ltd	Unit 19, Tamworth Enterprise Park, Mariner, Tamworth, B79 7UL	167.90
CD01	Derbyshire Aggregates	Arbor Low Works, Long Rake, Youlgrave, Bakewell, DE45 1JS	4,355.42
CD02	Direct Limited / Cloverscore		46,667.00
CE01	Eljays44 Ltd	County House, 3 Shelley Road, Worthing, West Sussex, BN11 1TT	324.00
CE02	Evosystems Limited	Old Coach House, 67c Upper St John Street, Lichfield, Staffs, WS14 9DU	198.00
CH02	HM Revenue & Customs	Enforcement & Insolvency Service, Durrington Bridge House, Worthing, West Sussex, BN12 4SE	2,286.00
CH03	Hugh Frend - Loan Account		54,596.00
CJ00	Jane Foy & Co	24 Mosswood Road, Wilmslow, Cheshire, SK9 2DR	2,900.00
CK00	Koru Media Ltd	Unit 1, Sugarbrook Court, Aston Road, Bromsgrove, B60 3EX	234.00
CL01	Langford Direct Ltd	Hints Road, Mile Oak, Tamworth, Staffs, B78 3PQ	54,240.00
CL02	Leeson Polyurethanes Ltd	Hermes Close, Trachbrook Park, Warwick, CV34 6NW	9,530.88
CL03	Long Rake Spar Co Ltd	Youlgrave, Nr Bakewell, Derbyshire, DE45 1LW	22,147.53
CM00	Marks & Clerk	90 Long Acre, London, WC2E 9RA	2,973.77
CM01	McDermott Publishing Ltd	2 The Green, Kings Norton, Birmingham, B38 8SD	1,457.24
CM02	Media One Communications Ltd	1 Accent Park, Bakewell Road, Orton Southgate, Peterborough, PE2 6XS	420.00
CM03	Management Charges - PCD		42,000.00
CN00	Norman Kerfoot - Loan Account		70,000.00
CP04	Production Consumables Direct Ltd	Hints Road, Mile Oak, Tamworth, Staffs, B78 3PQ	57,791.58
CT00	Tanner Stiles Publishing	Grosvenor House, Central Park, Telford, Shrops, TF2 9TW	2,004.00
CU00	Utility Landscapes Ltd	t/a UL Bonded Surfaces Ltd, 77-79 Liverpool Road, Cadishead, Manchester, M44 5BG	7,700.00
CV00	Vanilla Storm Digital Ltd	Piccadilly House, 49 Piccadilly, Manchester, M1 2AP	180.00
CW02	Wayne Langford - Loan Account		7,608.00

**Duff & Phelps Ltd.
Sudscape Limited
B - Company Creditors**

Key	Name	Address	£
CY00	YSES Ltd - St James Court	St James Court, Brown Street, Manchester, M2 1DH	47 98
HF00	Mr Hugh Friend		200.00
HN00	Mr Norman Kerfoot		200.00
HW00	Mr Wayne Langford		200.00
33 Entries Totalling			457,506.58

Appendix 4

Analysis of Time Charged and Expenses Incurred

53392 SUDSCAPE LIMITED

ANALYSIS OF TIME COSTS FOR THE PERIOD 17/08/2014 to 22/08/2014

ADP - Administration - Pre Appointment

Classification of Work Function	Partner	Manager	Hours Senior	Assistant	Support	Total Hours	Time Cost	Avg Hourly Rate
Administration and Planning								
Cashiering & accounting	0 00	0 00	0 10	0 20	0 00	0 30	79 00	263 33
Dealings with Directors and Management	0 00	0 00	0 00	0 50	0 00	0 50	100 00	200 00
IPS set up & maintenance	0 00	0 00	0 00	5 50	0 00	5 50	1,100 00	200 00
Strategy planning & control	0 00	29 75	0 00	1 70	0 00	31 45	11,496 25	365 54
Creditors								
Communications with Creditors/Employees	0 00	0 00	0 00	1 30	0 00	1 30	260 00	200 00
Investigations								
Financial review and investigations (S238/239 etc)	0 00	0 00	0 00	2 00	0 00	2 00	230 00	115 00
Realisation of Assets								
Sale of business	0 00	0 00	0 00	2 00	0 00	2 00	400 00	200 00
Total Hours	0 00	29 75	0 10	13 20	0 00	43 05		317 43
Total Fees Claimed	0 00	11,156 25	32 00	2,477 00	0 00		13,665 25	

Category 2 Disbursements

Mileage @ 45p per mile £76 50

53392 SUDSCAPE LIMITED

ANALYSIS OF TIME COSTS FOR THE PERIOD 22/08/2014 to 05/09/2014

ADM - Administration - Post Appointment

Classification of Work Function	Partner	Manager	Hours Senior	Assistant	Support	Total Hours	Time Cost	Avg Hourly Rate
Administration and Planning								
Case review and Case Diary management	0 00	0 00	0 00	3 70	0 00	3 70	740 00	200 00
Cashiering & accounting	0 00	0 00	0 10	0 30	0 00	0 40	68 00	170 00
Statutory matters (Meetings & Reports & Notices)	0 00	0 00	0 00	12 45	0 00	12 45	2,001 25	160 74
Strategy planning & control	0 00	0 00	0 00	0 50	0 00	0 50	57 50	115 00
Creditors								
Communications with Creditors/Employees	0 00	0 00	0 00	1 20	0 00	1 20	240 00	200 00
Realisation of Assets								
Sale of business	0 00	0 00	0 00	2 80	0 00	2 80	560 00	200 00
Total Hours	0 00	0 00	0 10	20 95	0 00	21 05		174 19
Total Fees Claimed	0 00	0 00	32 00	3,634 75	0 00		3,666 75	

Category 2 Disbursements None

Appendix 5

Joint Administrators' Agents and Solicitors

Company	Role
JPS Chartered Surveyors	Chattels agent – Value the Company's stock and chattel assets and assist Joint Administrators in the sale of these assets
Turner Parkinson LLP	Solicitor – Review the sale of business contract, assist with placing the Company into Administration and other ad hoc legal matters
Jane Foy & Co	Tax agents and Accountant – Review tax position for refunds and complete tax returns for the Administration period and assisting Joint Administrators with the Company's financial reporting Providing Company financial information required for the marketing the Company for sale

The Joint Administrators' choice of those instructed was based on their perception of the ability and experience to perform this type of work, the complexity and nature of the assignment and the basis of the Joint Administrators' fee arrangement with them

Appendix 6

Notice of Meeting

Rule 2.35

Notice of a meeting of Creditors

Name of Company Sudscape Limited	Company number 07534170
In the High Court of Justice, Chancery Division, Manchester District Registry (full name of court)	Court case number 3015 of 2014

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

Notice is hereby given by (a)
Stephen Clancy
Duff & Phelps Ltd
The Chancery
58 Spring Gardens
Manchester, M2 1EW

Steven Muncaster
Duff & Phelps Ltd
The Chancery
58 Spring Gardens
Manchester, M2 1EW

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

that a meeting of creditors of (b)

Sudscape Limited
The Chancery
58 Spring Gardens
Manchester
M2 1EW

(c) Insert details of place
of meeting

is to be held at (c)

Duff & Phelps Ltd , The Chancery, 58 Spring Gardens, Manchester, M2 1EW

(d) Insert date and time
of meeting

on (d) 6 October 2014 at 1 00 p m

The meeting is:

*Delete as applicable

~~*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ('the schedule')~~
~~*(2) an initial creditors' meeting requested under paragraph 52(2) of the Schedule~~
~~*(3) to consider revisions to my proposals under paragraph 54(2) of the Schedule~~
~~*(4) a further creditors' meeting under paragraph 56 of the Schedule~~
~~*(5) a creditors' meeting under paragraph 62 of the Schedule~~

I invite you to attend the above meeting

A proxy form is enclosed which should be completed and returned to me by the date of 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

11-09-14

*Delete as applicable

A copy of the *proposals/ revised proposals is attached

Appendix 7

Proxy Form

Proxy (Administration)

Sudscape Limited

Name of Creditor _____

Address _____

Name of Proxy Holder

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.

1 _____

2 _____

3 _____

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 6 October 2014 at 1.00 p.m., 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 applicable

*Please delete as appropriate

1 That the Joint Administrators' proposals/~~revised proposals~~* as circulated are accepted***For/Against**

2 That a Creditors' Committee be established and I nominate _____ as a member of the creditors' committee

In the event that a Creditors' Committee is not established the following resolution is proposed

3 That the unpaid Pre Administration Costs of £19,242 plus VAT as detailed in the statement set out in the Joint Administrators' proposals is approved for payment

***For/Against**

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

Appendix 8

Proof of Debt Form

Proof of Debt – General Form

Sudscape Limited (In Administration)		
Date of Administration 22/08/2014		
1	Name of creditor (If a company please also give company registration number)	
2	For correspondence Address of creditor	
	Contact telephone number of creditor	
	Email address of creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised 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 Administrator 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)	
For Administrators' Use only		
Admitted to vote for		Admitted for dividend for
£		£
Date		Date
Administrator		Administrator

Appendix 9

Disclosure in Accordance with Statement of Insolvency Practice 16 "Pre-Packaged Sales in Administrations"

Sudscape Limited (In Administration) ("the Company")

Joint Administrators' Report on the Pre-Packaged Sale of the Company's Business and Assets

Outlined below are details of the sale of the business and assets of the Company to Eden Paving Limited ("the Purchaser")

Creditors should be aware of the differing roles of an insolvency practitioner associated with an Administration that involves a pre-packaged sale of a company's business and assets. Prior to the formal appointment, the insolvency practitioner will have been instructed by the company and/or a secured creditor to provide advice although will act at all times independent of the company's management who will remain responsible for the affairs of the company. That advice will normally include consideration of potential insolvency exit strategies and to assist management meet their fiduciary duties and obligations when running a company with particular attention being paid to any proposed pre-packaged Administration sale scenario. On formal appointment, the Administrator, who is an officer of the court and an agent of the company, will manage the company's affairs, business and property for the benefit of creditors as a whole.

• **Background Information**

The Company was incorporated 17 February 2011 and its principal trading activity was the production, manufacture and fit of environmentally friendly porous paving solutions to both corporate and residential customers. The Company trades from a small leasehold premises located at Paisley House, Hints Road, Mile Oak, Tamworth, Staffordshire B78 3PQ.

Mr Hugh Frend was appointed as a director to the Company on 19 April 2011.

On 17 January 2012, Mr Wayne Langford and Mr Norman Kerfoot were also appointed as directors.

Mr Langford has resigned as a director on 13 August 2014.

Mr Mark Nichols was appointed as a director on 1 July 2012. He resigned as a director on 8 August 2014. Mr Nichols acted as the Company's Chairman giving advice on trading strategy and financial management.

The Company has issued 600 fully paid up ordinary £1 shares, the ownership of which is split equally between Mr Frend, Mr Kerfoot and Mr Langford, each owning a third share in the Company.

The daily management and business operations of the Company was undertaken by Mr Frend.

Mr Kerfoot sat on the board of directors as a Non-Executive Director and attended regular board meetings to discuss the business of the Company and to assist where possible. Mr Kerfoot had no direct role within the Company. His directorship was part of the agreement which was the result of an investment into the Company.

Mr Langford was responsible for the sales and marketing of the Company.

The Company's unique selling point was that it was able to provide its customers with an external paving product which is able to drain rain or surface water through its porous layering directly into the water table in an environmentally friendly manner, rather than into the mains sewer network.

The product had also become more relevant to its market due to changes in the Water Environment Regulations 2011 whereby it is a general requirement (with some exceptions), for new building developments with surface water drainage systems discharging to the water environment, that such discharges will pass through 'Sustainable Urban Drainage Systems'. All reasonable steps must be undertaken by the planner and contractor to ensure protection of the water environment.

Sudscape Limited (In Administration) ("the Company")

The Company itself is not the beneficial owner of the patent for the Company's porous paving product. This patent is owned by a connected company called Sudscape Technologies Limited ("Technologies")

Mr Frend advises that the patent was being used by the Company on an informal license basis whilst a more structured agreement was being put together more formally

Technologies has three directors appointed to the board again being Mr Frend, Mr Kerfoot and Mr Langford. The same three directors have an equal third shareholding in Technologies

The Directors advised that Technologies was incorporated to be a holding company for the group with a strategy to set up license agreements for the use of its product with companies worldwide that would ultimately benefit the shareholders of Technologies

In effect, the Company was the first of these planned companies who were licensing the use of the product and patent for the porous paving product albeit on an informal basis

The Company sought a number of ways in which to develop new business. The Directors attended industry specific trade shows which would develop leads from commercial and residential customers that were further pursued through the Company's Sales Team. The Company also advertised in trade magazines and local press and developed a website which gave customers good information on the product and sales information. Word of mouth was also a good source of new business from other satisfied customers

When a sale was received, the Company would provide the customer specific product to a local contractor who would then carry out the fitting and labour to complete the contract

Since its incorporation in February 2011, the Company has yet to trade at a profit. For the financial years to 30 June 2012 & 30 June 2013, the Company accrued trading losses of £91,880 and £274,331 respectively. It was agreed between stakeholders that these costs were underwritten by the Directors of the Company. The Directors also introduced funds and services into the Company that funded the ongoing trading and overhead costs

In June 2014, Mr Frend advised the other Directors of the board that due to ill health, he wanted to take a step back from the day-to-day running of the business. At this meeting, a strategy was developed whereby the board would ask for options from directors or outside entities on the future development of the business and requested that these parties prepare a business plan of their intentions. The board were to reconvene for the July monthly board meeting planned for the end of July 2014 to discuss the options provided to the board for discussion

During the time of the board meeting in June 2014 and since this time there has been a dispute between the Directors of the Company. The exact nature of this dispute is being investigated by the Joint Administrators and will be explained to creditors if thought appropriate within the Joint Administrators next report to creditors which will be received no later than 8 weeks following the date of the commencement of the Administration

On 13 August 2014, Mr Langford resigned his position as director of the Company

Mr Frend on the advice of the Company's accountant was advised that given the financial circumstances of the Company and specifically the underwriting of the losses being carried forward and as a result of the fractured nature of the relationship between the Directors, the Directors should seek professional advice as to the solvency of the Company and their liabilities attached

Mr Frend visited the offices of Duff & Phelps Ltd on 13 August 2014 to discuss the financial position of the Company and the various options available to the Company and the implications of those options to the Directors. These options included investment in the business from the Directors or outside sources or failing this additional funding being secured, the insolvency procedures available to the Directors.

There was no appetite from the Directors to provide any further additional funding into the Company and the insolvency options were advised to the Directors by Duff & Phelps Ltd. These options included Administration, Company Voluntary Arrangement and Creditors Voluntary Liquidation.

Duff & Phelps Ltd undertook a brief financial review and believed there would be scope for a potential sale of the business and certain assets of the Company.

The Directors indicated that given the insolvency options available to them, their preference would be to place the Company into Administration with the intention of trying to find a purchaser or investor for the business and assets.

Given the nature of the services provided to the customers by the Company, it was unlikely that any customers would trade with an appointed Administrator as they would have no warranties or recourse back to the Company in the event of any faults or required repairs. In addition, the Company did not have the resources or available cash to fund the trading costs of a period of trading.

A marketing strategy was developed to find either an investor who would place funds immediately into the Company to remedy the deficiency in the accounts of the Company or to find a purchaser for the business and assets of the Company on a going concern basis.

In order to protect the Company from any legal actions whilst the marketing exercise was undertaken, the Directors filed a Notice of Intention to Appoint an Administrator ("NOIA") at the High Courts of Justice in Manchester of 14 August 2014.

Duff & Phelps instructed JPS Chartered Surveyors ("JPS") to provide a review and valuation of the Company assets and to assist with the marketing exercise and also to recommend advice on offers received.

Immediately following the filing of the NOIA, a brief confidential business memorandum was circulated to over 400 potentially interested parties held within the Duff & Phelps Ltd's internal database. These included similar companies within this industry as well as corporate financiers and entrepreneurs. The memorandum highlighted an overview of the principal trading activity of the business together with details of the assets and financial information of the Company. A deadline for expressions of interest was set for 5pm on Wednesday 20 August 2014 with the intention to complete a sale of the business and assets by Friday 22 August 2014.

This exercise generated 5 expressions of interest who were required to sign a confidentiality agreements in order to receive more information regarding the Company.

Discussions were held with each of the interested parties to provide them with adequate information in order to assist them in preparing an offer for the business and assets.

Following the passing of the deadline, only one party had placed an offer to Duff & Phelps Ltd.

Duff & Phelps Ltd instructed JPS to review this offer which was initially rejected. Notice of this rejection was advised to the party who retendered another offer for the business and assets of the Company. This second offer was recommended by JPS to be accepted.

On the afternoon of Friday 22 August 2014 a Notice of the Appointment of an Administrator was filed at the High Court of Justice in Manchester and a sale of the business and specific assets of the Company was completed to the Purchaser.

- **Initial Introduction**

The Director contacted Stephen Clancy of Duff & Phelps Ltd on 13 August 2014 following a discussion with the Company's accountants

Stephen Clancy and Steven Muncaster of Duff & Phelps Ltd were subsequently instructed to assist with the formalities of placing the Company into Administration

- **Pre-Appointment Considerations**

Stephen Clancy and Steven Muncaster of Duff & Phelps have had no prior professional relationship with any of the Directors, Shareholders or the Company prior to the first meeting between the director Mr Hugh Frend and Stephen Clancy at the offices of Duff & Phelps Ltd on 13 August 2014

The Joint Administrators advised the Directors of the different insolvency options available to the Company. The insolvency options discussed are noted below

Creditors Voluntary
Liquidation
("CVL")

In such a procedure, all contracts would be terminated immediately and the Company would cease to trade. The Company assets would be sold on a break up basis

However, creditor claims are likely to be higher in CVL than through a pre-packaged sale in Administration as a result of employee claims would increase the preferential and non-preferential claims. Book debts in a CVL are generally more difficult to collect as there is a break in the business relationship and any remedies of workmanship cannot be completed resulting in credit notes and counter claims. The realisable value of assets in a break up basis are also often much lower than would be the case in a going concern sale through Administration and would also incur disposal costs

Compulsory Liquidation
("CML")

As noted above for a CVL, creditor claims are likely to be higher in Liquidation due employees' preferential claims. Asset realisations are also generally better in Administration

Company Voluntary
Arrangement
("CVA")

The Company has never been profitable since incorporation and as such, could not generate sufficient contributions to pay into a CVA

Administration ("ADM")

Given consideration of the factors affecting the Company and insolvency options available, an Administration was the Director's preferred option in this instance

As stated previously, it was not thought that the proposed Joint Administrators could trade the business in Administration due to the nature of the business with its customers and the required warranties that customers would require to carry out works. In addition to this the Company did not have sufficient funds or assets available to meet the ongoing trading costs

The Directors of the Company confirmed they were not in a position to provide any working capital to fund the business in order to continue trading and there were no other known avenues of investment by which additional working capital could be generated

As a result of the above, the Directors instructed Duff & Phelps Ltd to commence the Administration process in order to place the Company into Administration and to commence a marketing exercise in order to find an external investor willing to inject sufficient funds in order to meet the deficit in the Company's accounts or to find a purchaser of the business and assets on a going concern basis

- **Marketing of the Business and Assets**

A business memorandum was circulated to over 400 parties within the Duff & Phelps database of interested parties on 14 August 2014 which included entrepreneurs, corporate financiers and industry specific parties

From this initial marketing exercise, 5 interested parties signed Non-Disclosure Agreements and a deadline for offers was set for 5 pm on Wednesday 20 August 2014 for expressions of interest with the intention to complete a sale on Friday 22 August 2014

Those parties all had discussions with Duff & Phelps who provided further information to assist these parties in evaluating an offer for the business and assets

The only offer received was from the Purchaser which was initially rejected by JPS as it did not meet with their valuation of the assets. A second offer was tendered shortly after in the sum of £4,000 and following recommendation from JPS to accept this offer, an agreement to sell the business and specific assets was completed shortly after the filing of a Notice of the Appointment of an Administrator at the High Courts of Justice in Manchester on Friday 22 August 2014

The sale consideration of £4,000 was paid in full on completion

- **Valuation of the Business and Assets**

The proposed Joint Administrators instructed independent valuation agents JPS, whose staff are registered members of the Royal Institute of Chartered Surveyors, to provide a valuation of the Company's chattel assets and to provide advice on the offers received for the business and or specific assets of the Company

The Company's physical assets comprised of small items of equipment, small machinery and stock items

A summary of the valuation of the Company's chattel assets is set out below

Assets	Market Value In-Situ (£)	Market Value Ex-Situ (expense to be covered by purchaser) (£)	Market Value Ex-Situ (auction subject to marketing expense) (£)
Plant & Machinery	3,000	2,400	2,000
Stock	1,150	750	500
Unencumbered Total	4,150	3,150	2,500

- **The Transaction**

The Company's assets were sold to the Purchaser Eden Paving Limited on 22 August 2014

The apportionment of the accepted offer of £4,000 is set out below

Apportionment	
Assets	Consideration (£)
Business Information	1
Contracts	1
Goodwill	1,000
Intellectual Property	1
Plant and Machinery	2,498
Stock	499

- **Purchaser and Related Parties**

The Purchaser is Eden Paving Limited whose registered office is Paisley House, Hints Road, Mile Oak, Tamworth, Staffordshire, B78 3PQ

The directors and shareholders of the Purchaser are connected to the Company by common directorship and shareholdings of Mr Norman Kerfoot and Mr Hugh Frend

There are no share options, buy-back arrangements or similar conditions attached to the contract of sale and this sale is not part of a wider transaction

The Directors have no outstanding guarantees for debts due from the Company to any prior financier

There has been no security provided to the Company from the Purchaser or the Directors in relation to this transaction

- **Other Assets**

The Company also has book debts with a value of approximately £41k. These assets are specifically excluded from the sale of the business and assets to the Purchaser

The Directors also advise that there is cash at bank of approximately £8k available for the benefit of creditors. The Joint Administrators have instructed the Company's bankers to forward funds directly to the Joint Administrators estate bank account

No other assets are known at this time

- **Statutory Purpose**

The statutory purpose of the Administration is to achieve one of the following hierarchical objectives

- 1 Rescuing the Company as a going concern, or
- 2 Achieving a better result for the Company's creditors as a whole than would be likely if the company were wound up (without first being in Administration), or
- 3 Realising property in order to make a distribution to one or more secured or preferential creditors

The Joint Administrators are pursuing the second objective. A distribution to the non-preferential creditors of the Company is dependent on the realisation of the Company's book debts

Sudscape Limited (In Administration) ("the Company")

Appendix I – Assets Sold

Assets	Consideration (£)
Business Information	1
Contracts	1
Goodwill	1,000
Intellectual Property	1
Plant and Machinery	2,498
Stock	499