

# AM03

## Notice of administrator's proposals




Companies House

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

<b>1</b>		<b>Company details</b>	
Company number	0	7	9
Company name in full	Romax Solutions Limited		
<p>→ Filling in this form Please complete in typescript or in bold black capitals.</p>			
<b>2</b>		<b>Administrator's name</b>	
Full forename(s)	Gary Paul		
Surname	Shankland		
<b>3</b>		<b>Administrator's address</b>	
Building name/number	31st Floor		
Street	40 Bank Street		
Post town	London		
County/Region			
Postcode	E	1	4
Country	5	N	R
<b>4</b>		<b>Administrator's name ①</b>	
Full forename(s)	Irvin		
Surname	Cohen		
<p>① Other administrator Use this section to tell us about another administrator.</p>			
<b>5</b>		<b>Administrator's address ②</b>	
Building name/number	31st Floor		
Street	40 Bank Street		
Post town	London		
County/Region			
Postcode	E	1	4
Country	5	N	R
<p>② Other administrator Use this section to tell us about another administrator.</p>			

# AM03

## Notice of Administrator's Proposals

6	Statement of proposals	
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	
7	Qualifying report and administrator's statement <sup>①</sup>	
	<input type="checkbox"/> I attach a copy of the qualifying report <input type="checkbox"/> I attach a statement of disposal	<sup>①</sup> As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)
8	Sign and date	
Administrator's Signature	<div>Signature</div> <div>X  X</div>	
Signature date	<div><div><div>d</div><div>0</div><div>d</div><div>7</div></div><div><div>m</div><div>0</div><div>m</div><div>6</div></div><div><div>y</div><div>2</div><div>y</div><div>0</div><div>y</div><div>2</div><div>y</div><div>2</div></div></div>	

## AM03 Notice of Administrator's Proposals



### Presenter information

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

Contact name	Irvin Cohen
Company name	Begbies Traynor (London) LLP
Address	31st Floor 40 Bank Street
Post town	London
County/Region	
Postcode	E 1 4 5 N R
Country	
DX	
Telephone	020 7516 1500



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



### Important information

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



### Where to send

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

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



### Further information

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

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

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as the Company's agents and without personal liability.

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## Romax Solutions Limited (In Administration)

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Statement of proposals for achieving the purpose of administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016

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## **Important Notice**

This statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

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# 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Romax Solutions Limited (In Administration)
"the administration"	The appointment of Administrators under Schedule B1 of the Act on 11 September 2020
"the Administrators", "we", "our", "us"	Gary Paul Shankland and Irvin Cohen, both of Begbies Traynor (London) LLP, 31st Floor, 40 Bank Street, London, E14 5NR
"the Act"	The Insolvency Act (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	<ul style="list-style-type: none"><li>(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and</li><li>(ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)</li></ul>
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

## 2. STATUTORY INFORMATION

Name of Company	Romax Solutions Limited	
Trading name(s):	Romax Solutions	
Date of Incorporation:	17 February 2012	
Company registered number:	07953457	
Company registered office:	Suite 107, Thames Enterprise Centre, Princess Margaret Road, RM18 8RH	
Former registered office:	7/28 Saffron Court, Southfields Business Park, Basildon, Essex, SS15 6SS	
Trading address(es):	The Red Brick Barn, Mollands Lane, South Ockendon, RM15 6RX	
Principal business activities:	Other activities of employment placement agencies	
Directors and details of shares held in the Company (if any):	<b>Name</b>	<b>Shareholding</b>
	Daniel Graham Robinson	30 Ordinary Shares
Auditors:	None	
Share capital:	100 Ordinary shares	
Shareholders:	<b>Name</b>	
	Daniel Robinson	
	David Mold	
	Harry Mavromatis	
	Tim West	
	David Low	

## 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	11 September 2020
Date of resignation:	Not applicable
Court:	The High Court of Justice, Business and Property Courts, Insolvency and Companies List (ChD)
Court Case Number:	CR-2020-003687
Person(s) making appointment / application:	The Director

Acts of the administrators:

The joint administrators ("the Administrators") act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.

EU Regulation on Insolvency Proceedings:

Regulation (EU) No 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

## STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows:

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
  - (b) 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
  - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
  - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole.
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
  - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."

## 4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

Details of the circumstances giving rise the Administrators' appointment has been detailed in the Statement of Insolvency Practice ("SIP") 16 Statement which is attached at Appendix 3.

## 5. STATEMENT OF AFFAIRS

The Administrators have requested from the director that he prepares and submits a statement of affairs of the Company as at the date of administration.



Once received, this will be filed at Companies House and also uploaded online at <https://nextranet.begbies-traynor.com> for viewing and download using the following login details:

Login Name: RO593ADM

Password: 55QWmMhb

In the absence of the director's statement of affairs, the Administrators have prepared an estimated outcome statement which is attached at Appendix 4.

## 6. THE ADMINISTRATION PERIOD

### ***Receipts and Payments***

Attached at Appendix 1 is the Administrators' account of receipts and payments from the commencement of administration, 11 September 2020 to 16 September 2020 ("the Period"). You will note that there have been no receipts or payments.

### ***Work undertaken by the Administrators and their staff***

Since their appointment the Administrators have complied with all their statutory requirements under the Act and the Rules which includes statutory filing at the Registrar of Companies and statutory advertising in the London Gazette. These obligations arise once a company enters into administration.

### ***Pre-packaged sale of the business and assets***

The Administrators have completed a sale of the Company's business and tangible assets as detailed in their SIP 16 Statement attached at Appendix 3.

## 7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment are as follows:

### **Secured creditor**

As confirmed in the Administrators' SIP 16 Statement included at Appendix 3, the Administrators have been advised that on 28 August 2020 Bibby Financial Services Ltd ("Bibby") settled the amount due to HSBC and replaced the invoice discounting facility with their own. As part of this process that they have also registered formal security against the Company at Companies House. A fixed charge and a floating charge was created on 28 August 2020 and registered on 1 September. The Administrators understand that Bibby are owed in the region of c£1.1million.

### **Preferential creditors**

The employees of the Company have been transferred to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"), which took effect on 11 September 2020.

As a result of the sale of the business and assets and the employees of the Company transferring to the purchaser, there are no known preferential claims in respect of those individuals who were employees at the date of administration. The Administrators understand that the Company operated a pension scheme for its employees and that monies may be due in this respect. Further details will be provided in the Administrators' first progress report.

### Unsecured creditors

Claims of unsecured creditors were estimated at £1,845,437.09.

On the basis of realisations to date and estimated future realisations the Administrators estimate an outcome for each class of the Company's creditor as follows:

### Secured creditor

Based on the information currently available to us, the Administrators consider it likely that the secured creditor will be repaid in full.

### Preferential creditors

It is uncertain at this stage whether the Administrators will receive any claims from the former employees of the Company. If they do receive claims in this respect, the Administrators will assess the information received to establish whether their claim is valid and if their claim ranks as preferential. Preferential creditors' claims are to be paid in full before a distribution is made to the unsecured creditors.

Further details in this respect will be provided in the Administrators' first progress report to creditors.

### Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part of net property* if:

- ☐ the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

As noted above, the Administrators are of the opinion, based upon the currently available information, that the secured creditor will be repaid in full from realisations in respect of the invoices that it owns as part of the invoice discounting facility. As such, it is likely that there will be no realisations which are caught by the floating charge with the consequence that the prescribed part provisions of the Act are unlikely to apply.

### Unsecured creditors

Based upon the information available, it is considered that there may be sufficient realisations to enable a distribution to be paid to the unsecured creditors. At this stage the Administrators are unable to provide an estimate of the funds that will be available to distribute to unsecured creditors, but expect to be in a position to provide further information to creditors in their first progress report.

### **Effect of administration on limitation periods under the Limitation Act 1980**

The Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, the Administrators strongly recommend that you seek independent legal advice on the options available to you to prevent this.

## **8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION**

### ***Purpose of the administration***

The Administrators are required to set out their statement of proposals ("the Proposals") for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at Section 3 of this report above '*Statutory purpose of administration*'.

For the reasons set out in this report, the Administrators presently consider it is not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

The Administrators consider this objective has largely been achieved following the sale of the business and assets of the Company as a going concern.

The Administrators consider that it was not reasonably practical to achieve the objective specified in sub-paragraph 3(1)(a) because during the period prior to the administration no party expressed an interest in acquiring the Company as a going concern. An alternative option would have been that the Company continued to trade following the appointment of the Administrators, however it was unlikely that trading would have generated sufficient funds to meet all the trading costs and expenses; therefore this was not considered to be a viable option.

### ***Exit from Administration***

It is anticipated that a distribution will be made to the unsecured creditors of the Company (which is not a distribution of the prescribed part<sup>1</sup>).

The Administrators have the power to make a distribution of the prescribed part to unsecured creditors in the administration but any other distribution to them requires the permission of court. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

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<sup>1</sup> Insolvency Act 1986, Sch B1, para 83(1)

Consequently, as soon as the Administrators are satisfied that they have fully discharged their duties and that the purpose of the administration has been fully achieved, the Administrators propose to deliver a notice of moving from administration to creditors' voluntary liquidation ("CVL") to the Registrar of Companies. Upon the registration of such notice their appointment as Administrators shall cease to have effect and the Company will automatically be placed into CVL.

Paragraph 83(7) provides:

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrator.

The Administrators confirm that as part of their Proposals they propose that in the event of there being a subsequent change of persons appointed as administrator, the individuals in office as such immediately prior to the Company being placed into liquidation, do act as joint liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the Proposals and before the Proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors' approval, with or without modification, of the Administrators' Proposals.

It is proposed that for the purpose of the winding up, 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 the persons for the time being holding office.

It is to be noted that should it not be possible to pay a dividend to unsecured creditors, the Company will exit administration by moving to dissolution.

It is also to be noted that it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of the Administrators' appointment. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, the Administrators' term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding 12 months. It may therefore become necessary at some future time for the Administrators to seek creditor consent to extending the period of the administration for up to a further 12 months following the anniversary of their appointment in order to ensure that the objective of the administration can be fully achieved.

## 9. PRE-ADMINISTRATION COSTS

In the period before the Company entered administration, the Administrators carried out work which is detailed in their SIP 16 Statement and in the pre-administration time costs summary at Appendix 2 ("the Work"). The Work was carried out pursuant to an engagement letter dated 11 August 2020 between Begbies Traynor (London) LLP and the director of the Company ("the Agreement"). The Agreement provides for the payment of their fees and the discharge of expenses incurred by them (collectively referred to as "the pre-administration costs") in carrying out the Work.

The Work was carried out before the Company entered administration. The Administrators consider that the Work has furthered the achievement of the objective of administration being pursued, namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

The unpaid pre-administration costs ("the unpaid pre-administration costs") are broken down as follows:

Description	Name of recipient	Net amount (£)	VAT (£)	Gross amount (£)
The Administrators' fees in relation to the Work	Begbies Traynor (London) LLP	31,769.50	6,353.90	38,123.40
Legal costs	Irwin Mitchell LLP	24,157.50	4,831.50	28,989.00
Legal disbursements	Irwin Mitchell LLP	50.00	0.00	50.00
Valuation services	Axia Valuation Services	14,757.60	2,951.52	17,709.12
<b>TOTAL PRE-ADMINISTRATION COSTS</b>		<b>70,734.60</b>	<b>14,136.92</b>	<b>84,871.52</b>

The Administrators are seeking that the unpaid pre-administration costs be paid as an expense of the administration. Approval to pay the unpaid pre-administration costs as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, by seeking decisions of creditors. Payment of the unpaid pre-administration costs requires separate approval and is not part of the Administrators' Proposals subject to approval.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, a Pre-Administration Time Costs Analysis and a Pre-Administration Time Costs Summary appear at Appendix 2. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. They also provide an explanation of the work undertaken prior to the Administrators' appointment.

## 10. REMUNERATION AND DISBURSEMENTS

### *Remuneration*

The Administrators propose that the basis of their remuneration be fixed under Rule 18.16 of the Rules by reference to the time properly given by them and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (London) LLP for attending to matters as set out in the fees estimate detailed in Appendix 3.

It is for the creditors' committee to approve the basis of the Administrators' remuneration under Rule 18.18 of the Rules, but if no such committee is appointed it will be for the creditors to determine. The Administrators intend to deal with this by seeking decisions of creditors via correspondence.

Appendix 3 sets out the Administrators' firm's hourly charge out rates, our fees estimate and the time that the Administrators and their staff have spent in attending to matters arising in the administration since 11 September 2020.

### *Disbursements*

The Administrators propose that disbursements for services provided by their firm and/or entities within the Begbies Traynor group, be charged in accordance with their firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by the Administrators and will be payable subject to the approval of those responsible for determining the basis of their remuneration.

### *Estimate of expenses*

The Administrators are required by the Rules to provide creditors with details of the expenses that they consider will be, or are likely to be, incurred in the course of the administration. This information also appears at Appendix 3.

#### **Expenditure incurred to date**

No expenditure has been incurred to date.

## **11. OTHER INFORMATION TO ASSIST CREDITORS**

#### **Report on the conduct of directors**

The Administrators have a statutory duty to investigate the conduct of the director and any person they consider to be or have been a shadow or de facto director during the period of three years before the date of their appointment, in relation to their management of the affairs of the Company and the causes of its failure. The Administrators are obliged to submit a confidential report to the Department for Business, Energy & Industrial Strategy.

The Administrators are required by best practice guidance to make enquiries of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the administration, or wish to bring to the Administrators' attention any potential recoveries for the estate. If you would like to bring any such issues to the Administrators' attention please do so in writing to the address detailed at Section 1 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

#### **Investigations carried out to date**

The Administrators have undertaken an initial assessment of possible actions in relation to the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect.

#### **Connected party transactions**

In accordance with Statement of Insolvency Practice 13, the Administrators confirm that the assets detailed in their SIP 16 Statement attached at Appendix 3 were sold to Romax Site Services Limited on 11 September 2020, shortly after their appointment. One of the directors of Romax Site Services Limited, Daniel Robinson, is the director of the Company.

#### **Deemed delivery**

These Proposals will be deemed to have been delivered on 18 September 2020.

#### **Use of personal information**

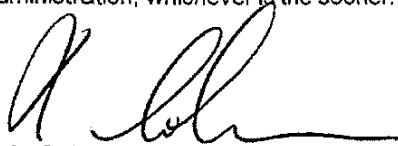
Please note that in the course of discharging their statutory duties, the Administrators may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, the Administrators are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to the Administrators use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact the Administrators.

## 12. CONCLUSION

The Administrators presently consider that the Company has sufficient property to enable a dividend to each creditor of the Company, however; the quantum of those dividends is uncertain at present. Further details will be provided in the Administrators' first progress report.

In the circumstances, the Administrators are not required to seek a decision from the creditors on the approval of their Proposals. However, creditors, whose debts amount to at least 10% of the total debts of the Company, may request that a decision is sought from the unsecured creditors as to whether to approve the Administrators' Proposals, via a qualifying decision procedure. Any such request must be delivered to the Administrators' office in writing within 8 business days of 18 September 2020. If no such requests are received, the Administrators' Proposals are deemed to have been approved by the creditors. Where the Proposals are deemed to have been approved, the Administrators will write to you to confirm that is the position.

Subject to the approval of their Proposals, the Administrators will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.

A handwritten signature in black ink, appearing to read 'Irvin Cohen', with a long horizontal flourish extending to the right.

**Irvin Cohen**  
Joint Administrator

Date: 17 September 2020

## **ACCOUNT OF RECEIPTS AND PAYMENTS**

**11 September 2020 to 16 September 2020**



**Romax Solutions Limited  
(In Administration)**

**Income and Expenditure Account  
11 September 2020 to 16 September 2020**

<b>INCOME</b>	<b>Total (£)</b>
	<hr/>
	<b>0.00</b>
	<hr/>
<b>EXPENDITURE</b>	
	<hr/>
	<b>0.00</b>
	<hr/>
<b>Balance</b>	<b>0.00</b>
	<hr/>
<b>MADE UP AS FOLLOWS</b>	
	<hr/>
	<b>0.00</b>
	<hr/>

## REMUNERATION AND EXPENSES

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Total time spent to 16 September 2020 on this assignment amounts to 27.2 hours at an average composite rate of £366.80 per hour resulting in total time costs of £9,977.00.

To assist creditors in determining this matter, the following further information appears in this appendix:

- Begbies Traynor's charging policy
- Pre-Administration Time Costs Summary with Pre-Administration Time Costs Analysis
- Narrative summary of time costs incurred
- Table of time spent and charge-out value
- The Administrators' fees estimate
- Details of the expenses that the Administrators consider will be, or are likely to be, incurred

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2017' which provides guidance on creditors' rights can be obtained online at [www.begbies-traynor.com/creditorsguides](http://www.begbies-traynor.com/creditorsguides). Alternatively, if you require a hard copy of the Guide, please contact the Administrators' office and they will arrange to send you a copy.

Finally, the Association of Business Recovery Professionals (R3) has set up a website that contains a step-by-step guide designed to help creditors navigate their way through an insolvency process which includes information in relation to remuneration. You can access the website at the following address: <http://www.creditorinsolvencyguide.co.uk/>.

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## **BEGBIES TRAYNOR CHARGING POLICY**

### **INTRODUCTION**

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance<sup>2</sup> requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance<sup>3</sup> indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

### **OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES**

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

### **EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES**

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £150 per meeting;
- Car mileage is charged at the rate of 45 pence per mile; and
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates.

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<sup>2</sup> Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

<sup>3</sup> Ibid 1

*Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the two categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements.*

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*.

- Telephone and facsimile
- Printing and photocopying
- Stationery

#### **BEGBIES TRAYNOR CHARGE-OUT RATES**

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the London office as at the date of this report are as follows:

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour)</b>
Consultant/Partner	710/645
Director	515
Senior Manager	440
Manager	410
Assistant Manager	315
Senior Administrator	290
Administrator	220
Trainee Administrator	160
Support	160

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

## **PRE-ADMINISTRATION TIME COSTS SUMMARY**

CASE NAME: Romax Solutions Limited

CASE TYPE: ADMINISTRATION

OFFICE HOLDERS: Gary Paul Shankland and Irvin Cohen

DATE OF APPOINTMENT: 11 September 2020

### **1 CASE OVERVIEW**

- 1.1 This overview is intended to provide sufficient information to enable the body responsible for the approval of pre-administration costs to consider the level of those costs in the context of the case.

#### **1.2 Time costs information**

Details of the time spent by each grade of staff prior to the appointment of the Administrators and the overall average hourly charge out rate for the pre-administration work are set out in the attached table.

Full details of the work undertaken by the Administrators and their staff prior to appointment are set out in the SIP 16 Statement in Appendix 3.

#### **1.3 Overview of work undertaken prior to appointment**

The Administrators prepared and sent out a teaser document and carried out marketing of the business and assets as explained further in Appendix 3.

#### **1.4 Complexity of work undertaken prior to appointment**

Time incurred during the period prior to the Administrators' appointment is predominantly in relation to the marketing of the business and assets with a view to achieving a pre-packaged sale of the business and assets from administration.

The work undertaken has resulted in a sale being achieved as detailed in the SIP 16 statement attached at Appendix 3.

#### **1.5 The proposed Administrators' effectiveness**

The Administrators consider that they acted effectively and, as a result of the work undertaken prior to their appointment, a better outcome has been achieved for creditors and the purpose of the administration has, by virtue of the completion of the sale of the business and assets of the Company, been achieved.

#### **1.6 The views of the creditors**

The Administrators consulted with both HSBC Invoice Finance (UK) Ltd, which was a secured creditor when the Administrators were first introduced to the Company, and Bibby Financial Services Ltd, which was the secured creditor at the date of the Administrators' appointment and continues to be so.

**1.7 Approval of fees, expenses and disbursements incurred in the period prior to appointment**

The Administrators are seeking a resolution in relation to their pre-administration costs as follows: that the unpaid pre-administration costs detailed in the Administrators' Proposals for achieving the purpose of administration be approved for payment.

**1.8 Expenses and disbursements incurred in the period prior to appointment where payment is proposed to be made to Begbies Traynor?**

Details of the expenses incurred are detailed in Section 9 above.

**1.9 Other professionals employed & their costs**

The Administrators instructed solicitors, Irwin Mitchell LLP, to assist with the sale of the Company's business and assets which completed on 11 September 2020.

**2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES**

**2.1 Begbies Traynor's policy for charging fees and expenses incurred by office holders have been included in our charging policy.**

**2.2 The rates charged by the various grades of staff who may work on a case have been included in our charging policy.**

[illegible]

Romax Solutions Limited

**SUMMARY OF TIME COSTS AND EXPENSES**

This summary, which should be read in conjunction with the Time Costs Analysis attached, is intended to provide sufficient information to enable the body responsible for the approval of the Administrators' fees to consider the level of their fees and expenses in the context of the case.

**What work has been since the Administrators were appointed, why was that work necessary and what has been the financial benefit (if any) to creditors?**

Details of the types of work that generally fall into the headings mentioned below are available on the Administrators' firm's website - <http://www.begbies-traynorgroup.com/work-details>. Under the following headings the Administrators have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but they have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached.

Compliance with the Insolvency Act, Rules and best practice

The Administrators have incurred time under this heading during their appointment in preparing their Proposals in line with the Insolvency Act and Rules.

Realisation of assets

The Administrators have also corresponded with Irwin Mitchell LLP in respect of the final matters before the sale of the business and assets completed.

**Time Costs Analysis**

An analysis of time costs is attached showing the time spent by each grade of staff on the different types of work involved in the case, and giving the total costs and average hourly rate charged for each work type.

Please note that the analysis provides details of the work undertaken by the Administrators and their staff following their appointment only.

**What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?**

General case administration and planning

The Administrators are required to maintain records to demonstrate how the case is administered, and to document any decisions that materially affect the case.

The Administrators will form a strategy for how the case will be managed. This will take into consideration the assets to be realised, how those assets will be realised, and whether there will be sufficient realisations to make a distribution to the Company's creditors.

The case will be subject to regular reviews to ensure case progression and the files will be kept up to date.



Whilst this does not benefit creditors financially, it is necessary to ensure the efficient and compliant progressing of the administration, which ensures that the Administrators and their staff carry out their work to high professional standards.

#### Compliance with the Insolvency Act, Rules and best practice

The Administrators are governed by the Insolvency Act and Rules, together with following best practice guidelines known as Statements of Insolvency Practice. The Administrators have certain statutory obligations and duties to fulfil whilst in office which include the regular filing of progress reports with Companies House and the filing of a final report at the end of the period. The Administrators are also required to notify various bodies of their appointment, including creditors and Companies House, as well as to advertise their appointment in the London Gazette.

The Administrators are also duty bound to correspond with creditors and to issue notice of the insolvency event to the likes of the pensions departments, banks and other parties who would have an interest in the proceedings. There is also the duty to investigate the director's conduct, bond the case appropriately and instruct professionals such as solicitors to assist where necessary.

This work does not benefit creditors financially but is necessary in accordance with the Insolvency Act, Rules and best practice.

#### Investigations

Within three months of their appointment, the Administrators are required to submit an online conduct report in accordance with the Company Directors Disqualification Act. In order to fulfil this duty, the Administrators will seek to recover the Company books and records, both hard copy and electronic, from the director in order to carry out their investigations. Any person who is or has been a director, or is considered as a de facto or shadow director of the Company in the three years prior to the insolvency event are also asked to complete a questionnaire to assist with their investigations.

The Administrators have a duty to examine the conduct of the Company and its director in order to identify what assets may be available for realising, including any actions against the director or other parties which may lead to further recoveries into the estate. Such investigations may include analysis of the Company's bank statements, reviewing information provided by third parties and analysis of the Company's management accounting systems.

Where appropriate creditors or other parties may be asked to come forward with information.

Any financial benefit to creditors in carrying out the above work is unclear at present; however creditors will receive updates on these matters in the Administrators' progress reports.

#### Realisation of assets

The Administrators will be required to correspond with the Company's pre-appointment bank to ensure that the funds held in the pre-appointment account are transferred to the administration bank account.

The Administrators will also undertake work in relation to the outstanding debtors. The Purchaser will be assisting with collecting these on behalf of the secured creditor initially and then the Company.

#### Dealing with all creditors' claims (including employees), correspondence and distributions

The Administrators will deal with creditors' claims and queries as received.

All work carried out in respect of the asset realisation is for the purpose of realising property and assets for the benefit of the creditors generally.

*Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures) tax, litigation, pensions and travel*

The Administrators will prepare and submit VAT and tax returns to HM Revenue & Customs ("HMRC") periodically in line with their requirements.

During the course of administering the case, the Administrators will be required to seek decisions from creditors on various proposed resolutions, including the basis of their remuneration and whether a creditors committee is formed.

The Administrators are also required to submit VAT and tax returns when appropriate in order to reclaim monies for the estate and pay over any taxes due to HMRC. The Administrators are also obliged to provide notifications and further assistance to pensions departments where applicable.

The Administrators may be required to travel to the Company's premises, or to a meeting external to the Administrators' office if it assists with their realisation of assets, investigations or another aspect of the case.

There may not be any obvious financial benefit to creditors, but all work carried out would likely be considered necessary for the administration and progression of the case. Creditors will be notified of all of the Administrators' actions in the progress and/or final reports issued.

**How much will this further work cost?**

Details of the time costs that the Administrators expect to incur in connection with the work that remains to be done referred to above, has been set out in fees estimate included below.

It is anticipated that future work in this respect will cost approximately £65,000.

**Expenses**

Details of the expenses that the Administrators expect to incur in connection with the work that remains to be done referred to above, as well as expenses that the Administrators have already incurred, are set out in the estimate of anticipated expenses included below.

SRP9: Romax Solutions Limited - Administration - 01RO593-ADM: Time Costs Analysis From 1/09/2020 To 16/09/2020

Task	Consultant/Partner	Director	Sr/Mgr	Mngt	Asst/Mgr	Sr Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average Hourly Rate £
General Case Administration and Planning	1.4									1.4	903.00	645.00
Case Planning												
Administration								0.7		0.7	112.00	160.00
Total for General Case Administration and Planning:	1.4							0.7		2.1	1,015.00	483.33
Compliance with the Insolvency Act, Rules and best practice		1.8				3.1				4.9	1,026.00	372.65
Appointment												
Banning and Banding												0.00
Case Closure												0.00
Statutory reporting and statement of affairs	0.9	3.5		0.3		14.9				19.6	6,027.00	348.32
Total for Compliance with the Insolvency Act, Rules and best practice:	0.9	5.3		0.3		16.0				24.5	8,651.00	353.18
GDCA and Investigations												0.00
Total for Investigations:												0.00
Realisation of assets												0.00
Debt collection												0.00
Property, business and asset sales												0.00
Recreation of Title/Third party assets												0.00
Total for Realisation of assets:												0.00
Trading												0.00
Trading												0.00
Total for Trading:										0.2	103.00	515.00
Dealing with all creditors claims (including employees), distributions		0.2										0.00
Secured												0.00
Others												0.00
Creditors committee												0.00
Total for Dealing with all creditors claims (including employees), acceptances and distributions:		0.2								0.2	103.00	515.00
Other matters which includes seeking decisions of creditors, meetings, tax, litigation, pensions and travel												0.00
Seeking decisions of creditors												0.00
Meetings												0.00
Other												0.00
Tax		0.4								0.4	208.00	515.00
Legal fees												0.00
Total for Other matters:		0.4								0.4	208.00	515.00
Total hours by staff grade:	2.3	8.9		0.3		16.0		0.7		27.2		
Total time cost by staff grade:	1,433.50	3,038.50		123.00		6,220.00		112.00			8,977.00	
Average hourly rate £:	845.00	515.00	0.00	410.00	0.00	230.00	0.00	160.00	0.00			366.40
Total fees drawn to date £:											0.00	

## ROMAX SOLUTIONS LIMITED

### THE ADMINISTRATORS' FEES ESTIMATE

Further to their appointment, the Administrators are seeking to be remunerated on a time costs basis. Details of their firm's hourly charge-out rates are set out in the charging policy which accompanies this estimate. Prior to creditors determining the basis upon which the Administrators are to be remunerated, the Administrators are obliged to produce a fees estimate and to provide it to each creditor of whose details they are aware so that it can be approved at the same time as the basis of their remuneration.

The Administrators' fees estimate for the administration is set out below. Please note that blended hourly rates have been used which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column.

Details of the work that the Administrators and their staff propose to undertake	Hours	Time cost (£)	Average hourly rate (£)
General case administration and planning	42.0	15,615.00	371.79
Compliance with the Insolvency Act, Rules and best practice	40.0	14,170.00	354.25
Investigations	7.5	2,802.50	373.67
Realisation of assets	41.0	15,360.00	374.63
Trading	0.0	0.00	0.00
Dealing with all creditors' claims (including employees), correspondence and distributions	21.5	8,437.50	392.44
Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures), meetings, tax, litigation, pensions and travel	23.0	8,695.00	378.04
<b>Total hours</b>	<b>175.0</b>		
<b>Total time costs</b>		<b>65,080.00</b>	
<b>Overall average hourly rate £</b>			<b>371.89</b>

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any work that is to be undertaken in any insolvency procedure following the administration.

Should creditors require further information on how this estimate has been produced this can be obtained from the Administrators' website at <http://www.begbies-traynorgroup.com/fee-estimates>.

A more detailed explanation of the work that falls into the categories mentioned in the table above can be obtained from the Administrators' website at <http://www.begbies-traynorgroup.com/work-details>.

Dated: 16 September 2020

**ROMAX SOLUTIONS LIMITED**

DETAILS OF THE EXPENSES THAT THE ADMINISTRATORS CONSIDER WILL BE, OR ARE LIKELY TO BE  
INCURRED DURING THE COURSE OF THE ADMINISTRATION

	Type of expense	Description	Estimate £
1.	Advertisements	Of appointment, dividends etc.	200
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	150
3.	Storage costs	An Insolvency Practitioner is required to retain relevant books and records of the insolvent entity in order to carry out his/her duties as office holder. In addition, following case closure the Insolvency Practitioner will retain his/her working papers to allow any queries or issues raised to be dealt with.	200
4.	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements	5,000
5.	Bank charges	An Insolvency Practitioner is required to operate a separate bank account in relation to the insolvent entity's estate	200

For the avoidance of any doubt, the above estimate relates to the period of administration only; it does not relate to any expenses that will or may be incurred in any insolvency procedure following the administration.

## **SIP 16 Statement**

### **ROMAX SOLUTIONS LIMITED (In Administration) ("the Company")**

#### **INFORMATION ABOUT THE COMPANY AND THE PRE-PACKAGED SALE OF THE COMPANY'S ASSETS AND UNDERTAKING ON 11 SEPTEMBER 2020**

##### **Background Information**

The Administrators' Proposals for achieving the purpose of the administration which will be sent to creditors as soon as practicable will provide detailed information in relation to the Company. The following background information is provided to assist creditors who may have limited knowledge of the Company and its affairs to better understand the reasons for the pre-packaged sale.

The Company operated as a recruitment agency providing labour in the construction, transport and logistics sectors. It was established in 2012 and offered both permanent and temporary employment.

The Company has 15 permanent and full time employees with access to approximately 450 skilled and experienced subcontractors who specialise in the industries referred to above.

##### **The reasons for the Company's insolvency**

The Company's financial difficulties arose as a consequence of a substantial VAT liability that the Company was unable to meet in connection with the supply of labour to clients constructing new homes between 2016 and 2019. VAT should have been charged on this supply of labour but this did not happen.

The Company has also experienced several bad debts from 2017 onwards totalling in excess of £420,000 which has had a materially adverse impact on cash flow. As a consequence of these bad debts and its impact on the Company's cash flow, there were delays in payments to HMRC which in turn resulted in penalties and fines of in excess of £170,000. These difficulties resulted in the loss of the Company's factoring facility, which culminated in a move to a more expensive factoring provider. Costs increased from £80,000 in 2016 to £240,000 in 2017.

In addition, the recruitment sector has been particularly affected by the COVID-19 pandemic. As a result of the pandemic, the Company furloughed several of its employees when the UK went into lockdown. The Company has gradually brought back the furloughed staff.

The Company's sole director, Mr Danny Robinson, concluded that the Company was unable to pay its debts as and when they fell due.

##### **The reasons for the pre-packaged sale**

A meeting was held with Gary Shankland, one of the proposed Administrators, on 10 July 2020 at the Company's trading premises to discuss the options available to the Company. The two principal options considered were liquidation or administration.

It was concluded that the best opportunity to preserve the value in the business would be achieved by selling the business as a going concern. This would also have the advantage of likely saving the employees' jobs. It was concluded that the overall loss to creditors would be greater in a liquidation when the Company would cease to trade.

##### **The statutory purpose of administration that was pursued**

The statutory purpose of an administration is detailed in Paragraph 3 Schedule B1 of the Insolvency Act 1986, which has also been detailed below:

- (1) *The administrator of a company must perform his functions with the objective of-*
  - (a) *rescuing the company as a going concern, or*

- (a) *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*
  - (b) *realising property in order to make a distribution to one or more secured or preferential creditors.*
- (2) *Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.*
- (3) *The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-*
  - (a) *that it is not reasonably practicable to achieve that objective, or*
  - (a) *that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole.*
- (4) *The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-*
  - (a) *he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and*
  - (a) *he does not unnecessarily harm the interests of the creditors of the company as a whole.*

In accordance with paragraph 3(1)(b), Schedule B1 of the Insolvency Act 1986, the Administrators pursued the purpose of 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). The Administrators consider that by virtue of the completed pre-packaged sale, and in comparison to other scenarios, the statutory purpose has largely been achieved.

#### **FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE**

##### **Who was the source of Begbies Traynor (London) LLP's initial introduction to the Company?**

Aspect Plus Limited, a firm of Insolvency Practitioners, approached Gary Paul Shankland in order to facilitate a discussion with the Director of the Company for advice on the financial position and available options.

##### **What was the extent of Gary Paul Shankland and Irvin Cohen, their associates and Begbies Traynor (London) LLP's involvement with the Company before appointment?**

On 11 August 2020, Begbies Traynor (London) LLP ("Begbies") was formally engaged by Mr Robinson to provide an overview of the procedural requirements for appointing an administrator and to advise in relation to the manner in which the director should handle the Company's affairs in the period prior to the commencement of administration in order to protect the interests of creditors generally. As part of this process, Begbies would carry out an accelerated merger and acquisition process with a view to seeking a purchaser for the business and assets as a going concern.

Prior to their appointment the proposed Administrators advised the Company and not the director on his personal position. The director was encouraged to take independent advice.

Please note that negotiations with the purchaser in relation to the pre-packaged sale were conducted by Irvin Cohen and Gary Paul Shankland prior to their formal appointment as Administrators and not by the director of the Company. It was made clear to the director that once Irvin Cohen and Gary Paul Shankland were appointed as Administrators that their responsibilities would be to act in the best interests of the Company's creditors. This would mean that they could no longer provide advice to the Company and that their duties to the Company would cease. They would be required to take custody or control of the Company's property and assets and to manage the affairs, business and property of the Company in accordance with the approved Proposals of the Administrators.

##### **Was the business or were the assets of the Company acquired from an insolvency practitioner in the 24 months prior to this pre-packaged sale?**

As far as the Administrators are aware, the business and/or assets of the Company were not acquired from an insolvency practitioner in the 24 months prior to this sale.

## Details of the marketing of the business and assets of the Company that were undertaken prior to pre-packaged sale

A summary of the marketing activity undertaken by Begbies is detailed below:

- Anonymised details of the business and assets for sale ("**the Teaser**") were distributed on 17 August to 94 contacts comprising of mostly private equity firms and investors (identified by Begbies). Additionally, the Teaser was sent internally across all offices within the Begbies Traynor Group as well as a number of trade competitors of the Company and, as a result, the Teaser was issued to a number of additional parties deemed suitable for acquiring the business.
- Each of the parties who had expressed an interest in receiving further information, were requested to sign a Non-Disclosure Agreement ("**NDA**"), following which access was provided to a Data Room which contained detailed financial information that had been provided by the Company. In total NDAs were issued to six parties. Five signed NDAs were received back and accordingly these parties were provided access to the Data Room.
- Virtual meetings and conference calls were arranged between Begbies, the Company's management and interested parties to address any queries and to enable them to progress their due diligence.
- By the date set for the receipt of offers, 31 August, two offers were forthcoming: one from the director and one from a third party previously unconnected with the business. Both offers were based on a sale of the business and assets through a pre-packaged administration.
- After having considered both offers, it was decided that the offer from Mr Robinson on behalf of Romax Site Services Limited ("**the Purchaser**") was likely to result in greater realisations in the administration and accordingly this offer formed the basis for the sale which completed on 11 September 2020.

The marketing strategy and management of the sales process was tailored specifically for this assignment in order to achieve the best outcome for creditors as a whole.

## What valuations of the Company's undertaking and assets were obtained?

A valuation of the Company and its assets has been undertaken by Axia Valuation Services who are members of the National Association of Valuers & Auctioneers. They have confirmed they were independent in carrying out the valuation and have adequate professional indemnity insurance.

The rationale for obtaining a valuation was to ensure that any offer received and accepted exceeded the values that might be obtained for the assets if no offer had been received and the assets were disposed of on a forced sale basis.

This valuation included the office furniture and equipment, vehicle and business intellectual property on both in situ and ex situ (forced sale) bases.

	<u>Market value in situ</u>	<u>Market value</u>
	<u>£</u>	<u>ex situ</u>
		<u>£</u>
Office furniture and equipment	6,200	2,500
Vehicle	Nil	Nil
Business intellectual property	175,000 to 200,000	Nil
	<u>181,200 to 206,200</u>	<u>2,500</u>

*Plus VAT if applicable*

Market Value in situ is defined by the RICS Appraisal & Valuation Manual as being the estimated amount for which the equipment and business assets should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing in which the parties had each acted knowledgeably, prudently and without compulsion. This is on the assumption that prior to the date of valuation there had been a reasonable period (having regard to the nature of the equipment, business assets and state of the market) for proper marketing and for a sale to be concluded. It also takes no account of any additional bid by a prospective purchaser with a special interest; it is a sale as a whole for use in its working place.



Market Value ex situ is defined by the RICS Appraisal & Valuation Manual as being the estimated amount for which the machinery and business assets should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing in which the parties had each acted knowledgeably, prudently and without compulsion. This is on the assumption that prior to the date of valuation there had been a reasonable period (having regard to the nature of the equipment and business assets and the state of the market) for proper marketing and for the sale to be concluded. It also takes no account of any additional bid by a prospective purchaser with a special interest; it is a sale either (1) as a whole for removal from the premises at the expense of the purchaser or (2) as individual items for removal from the premises at the expense of the purchaser.

**What security (if any) has the Company provided to its creditors?**

HSBC Invoice Finance (UK) Ltd ("HBSC") had a charge registered against the Company at Companies House. The charge was created on 26 February 2019 and registered on the same date. It contained a fixed charge and a floating charge.

The Administrators have been advised that on 28 August 2020 Bibby Financial Services Ltd ("Bibby") have settled the amount due to HSBC and replaced the invoice discounting facility with their own. As part of this process that they have also registered formal security against the Company at Companies House. A fixed charge and a floating charge was created on 28 August 2020 and registered on 1 September.

The HSBC security is shown as satisfied on 7 September 2020 at Companies House.

**What alternative courses of action were considered by Gary Paul Shankland and Irvin Cohen?**

The principal alternative course of action that was considered by the Administrators was liquidation which would likely have resulted in an immediate cessation of trade and little if any value being realised for the goodwill and business intellectual property. It was considered that there would be a better return to creditors should the Company enter administration from a sale of the business and assets and also meant that realisations from trade debtors were likely to be enhanced due to the continuity of trade.

**Why was it not appropriate to trade the business during the administration in order to offer it for sale as a going concern?**

The Administrators considered whether or not it would be appropriate or feasible to trade the business during administration and concluded that it was not. Any administration appointment was likely to impact the goodwill with customers and subcontractors alike which could potentially impact the viability of the business. This in turn would potentially reduce the likelihood of a sale of the business and a sum being realised in excess of the ex situ value (above).

There are significant additional costs and inherent risks involved in trading a business during administration, which may well have resulted in a reduced return to creditors.

**What requests were made to potential funders to fund working capital requirements during the administration?**

No request was made to potential funders as the Administrators had concluded that trading the business in administration was unlikely to be beneficial.

**What efforts were made to consult major creditors?**

The proposed Administrators consulted with the secured creditors, HBSC and then Bibby, with regards to the marketing process and the administration process generally.

**What was the date of the transaction?**

11 September 2020

**What were the assets sold and what was the nature of the transaction?**

The nature of the transaction was that it was a sale of the business as a going concern and included such right, title and interest that the Company has in the tangible assets of the business.

**What was the consideration for the sale, including payment terms, and other conditions of the contract that could materially affect the consideration**

The consideration was £50,000 (paid upon completion of the sale), followed by £5,000 per month for 24 months and 10% of the first two years' profits before taxation as set out in the audited accounts of the business produced by the purchaser's accountants.

**Is the sale part of a wider transaction? If so, a description of the other aspects of the transaction**

No.

**Who was the purchaser?**

Romax Site Services Limited.

**Is there a connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates?**

The sole director of the Company, Daniel Robinson, is one of the directors of Romax Site Services Limited.

**Are any directors, or former directors, of the Company or their associates involved in the management, financing or ownership of the purchaser, or of any other entity into which any of the assets have been transferred? If so, who are they?**

As noted above, the sole director of the Company is one of the directors of Romax Site Services Limited.

**The pre-pack pool**

The pre-pack pool is an independent body of experienced business people who will offer an opinion on the purchase of a business and/ its assets by connected parties to a company where a pre-packed sale is proposed. More details are available through the website [www.prepackpool.co.uk](http://www.prepackpool.co.uk). On 18 August 2020, the proposed Administrators wrote to Mr Danny Robinson inviting him to approach the pre-pack pool. The proposed Administrators did not receive a response to this letter.

**The purchaser's viability statement**

SIP 16 provides that a viability review can be drawn up by a connected party wishing to make a pre-packaged purchase, stating how the purchasing entity will survive for at least 12 months from the date of the proposed purchase ("Viability Statement"). The connected party should consider providing a short narrative detailing, what the purchasing entity will do differently in order that the business will not fail ("the Viability Statement"). Mr Robinson has not produced a Viability Statement.

**Had any directors of the Company given guarantees for amounts due from the Company to a prior financier? Is that financier financing the new business?**

The Company's sole director, Mr Danny Robinson, had provided a personal guarantee to HSBC in respect of the credit card facility and overdraft but these were not used as a result of the UK going into lockdown and the guarantee was cancelled approximately two months ago.

**What options, buy-back arrangements, deferred consideration or other conditions are attached to the contract of sale?**

As noted above, part of the consideration comprises £5,000 per month for 24 months and 10% of the first two years' profits before taxation as set out in the audited accounts of the business produced by the purchaser's accountants.

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## ESTIMATED OUTCOME STATEMENT

Romax Solutions Limited (In Administration)  
Estimated Outcome Statement as at 11 September 2020

Book Value		Position as at 11 September 2020	Estimated future receipts and payments	Total
(£)		(£)	(£)	(£)
	<b>Fixed Charge Assets</b>			
Uncertain	Bank Interest	0.00	Uncertain	Uncertain
74,899.00	Goodwill	22,058.20	52,940.80	74,999.00
5,000.00	Intellectual Property	1,470.57	3,529.43	5,000.00
1,600,000.00	Debtors (subject to invoice discounting facility)	0.00	1,280,000.00	1,280,000.00
		<u>23,528.77</u>	<u>1,336,470.23</u>	<u>1,359,999.00</u>
	<b>Less:</b>			
	Administrators' Pre-Appointment Fees	(14,950.40)	0.00	(14,950.40)
	Pre-appointment Legal Fees & Disbursements	(11,368.33)	0.00	(11,368.33)
	Corporation Tax	0.00	Uncertain	Uncertain
		<u>(26,318.73)</u>	<u>0.00</u>	<u>(26,318.73)</u>
	<b>Amount available to Secured Creditor</b>			<u>1,333,680.27</u>
	Bibby Financial Services Ltd			(1,100,000.00)
	<b>Surplus from Fixed Charge Assets</b>			<u>233,680.27</u>
	<b>Floating Charge Assets</b>			
25,000.00	Bank Interest	0.00	Uncertain	Uncertain
25,000.00	Equipment	7,352.84	17,647.16	25,000.00
25,000.00	Work in Progress	7,352.84	17,647.16	25,000.00
25,000.00	Contracts	7,352.84	17,647.16	25,000.00
5,000.00	Data Assets	1,470.57	3,529.43	5,000.00
5,000.00	Company Name	1,470.57	3,529.43	5,000.00
5,000.00	Software	1,470.57	3,529.43	5,000.00
1.00	Vehicles	1.00	0.00	1.00
		<u>26,471.23</u>	<u>63,529.77</u>	<u>90,001.00</u>
	<b>Less:</b>			
	Administrators' Pre-Appointment Fees	(16,819.60)	0.00	(16,819.60)
	Administrators' Fees	0.00	(65,080.00)	(65,080.00)
	Administrators' Disbursements	0.00	(750.00)	(750.00)
	Pre-appointment Legal Fees & Disbursements	(12,789.67)	0.00	(12,789.67)
	Legal Fees & Disbursements	0.00	(5,000.00)	(5,000.00)
	Valuation Fees	(14,758.00)	0.00	(14,758.00)
	Employee pre-paid wages	(5,289.00)	0.00	(5,289.00)
	Contingency	0	(20,000.00)	(20,000.00)
	Corporation Tax	0.00	Uncertain	Uncertain
		<u>(49,656.27)</u>	<u>(80,830.00)</u>	<u>(140,486.27)</u>
	<b>Amount available to Preferential Creditors</b>			<u>183,195.00</u>
	<b>Less: Preferential Creditors</b>			Uncertain
	<b>Amount available to Unsecured Creditors</b>			<u>183,195.00</u>
	Unsecured Creditors			(21,039.00)
	HMRC - PAYE			(430,189.11)
	HMRC - VAT			(1,394,228.98)
	<b>Amount available to Shareholders</b>			<u>(1,662,242.09)</u>
	<b>Less: Shareholders</b>			(100.00)
	<b>Estimated deficit to Shareholders</b>			<u>(1,662,142.09)</u>

N.B. The above does not include the costs of any subsequent liquidation of the Company.

It is anticipated that the VAT on costs will be recoverable from HMRC.

A 20% reduction has been applied to the estimated funds realised from Debtors as a provision for bad debts that may be unrealisable.