

AM03

Notice of administrator's proposals



Companies House

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COMPANIES HOUSE

A10 *A6AGBL80* #378
11/07/2017
COMPANIES HOUSE

1 Company details

Company number 0 8 6 3 0 0 1 8

Company name in full Scanimal Trackers Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Lisa Jane

Surname Hogg

3 Administrator's address

Building name/number The Manor House

Street 260 Ecclesall Road South

Post town Sheffield

County/Region

Postcode S 1 1 9 P S

Country

4 Administrator's name ①

Full forename(s) Robert Neil

Surname Dymond

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number The Manor House

Street 260 Ecclesall Road South

Post town Sheffield

County/Region

Postcode S 1 1 9 P S

Country

② Other administrator

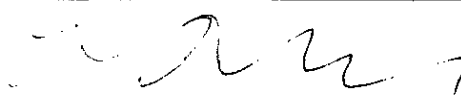
Use this section to tell us about
another administrator.

AM03
Notice of Administrator's Proposals

6 Statement of proposals

☒ I attach a copy of the statement of proposals

7 Sign and date

Administrator's Signature	Signature ✕  ✕																	
Signature date	<table><tr><td>^d</td><td>0</td><td>^d</td><td>7</td><td>^m</td><td>0</td><td>^m</td><td>7</td><td>^y</td><td>2</td><td>^y</td><td>0</td><td>^y</td><td>1</td><td>^y</td><td>7</td></tr></table>	^d	0	^d	7	^m	0	^m	7	^y	2	^y	0	^y	1	^y	7	
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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	Joseph Fox
Company name	Wilson Field Limited
Address	The Manor House
	260 Ecclesall Road South
Post town	Sheffield
County/Region	
Postcode	S 1 1 9 P S
Country	
DX	
Telephone	01142356780



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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.



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



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**In the High Court of Justice, Chancery Division, Leeds District Registry
Court number 611 of 2017**

In the matter of

Scanimal Trackers Limited ("the Company")

And

In the matter of the Insolvency Act 1986 ("the Act")

Statement of Joint Administrators' Proposals ("Statement")

Pursuant to Paragraph 49 of Schedule B1 of the Act

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1 Introduction and Background

- 1.1 On 30 June 2017, Lisa Jane Hogg and Robert Neil Dymond of Wilson Field Limited, 260 Ecclesall Road South, Sheffield S11 9PS, insolvency practitioners licensed in the United Kingdom by the Institute of Chartered Accountants in England and Wales, were appointed as Joint Administrators of the Company by the directors.
- 1.2 In accordance with paragraph 100(2) of the Act, both of the Joint Administrators may exercise any or all of the functions of the Joint Administrators either jointly or alone.
- 1.3 The EC Regulation on Insolvency Proceedings 2000 applies to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.
- 1.4 This report incorporates the Administrators' statement of proposals made under paragraph 49 of Schedule B1 to the Act, which will be treated as delivered to creditors on 13 July 2017.

2 Administration Strategy and Objective

- 2.1 The Administrators must perform their functions with the purpose of achieving one of the following 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.
- 2.2 In this case, the Administrators are seeking to achieve the second objective of an Administration, that 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.
- 2.3 In this case, the Administrators consider that the pre-packaged Administration sale was the best option for the Company and its creditors and has resulted in a better outcome when compared to Liquidation. The Administration and pre-packaged sale has allowed the transfer of the Company's employees to the purchaser, thereby avoiding redundancy and associated costs that would otherwise be incurred by the Company were the Company to enter Liquidation and the employees were to be made redundant. As a result the anticipated level of dividend in Administration is higher than that in Liquidation and the overall losses suffered by creditors is lower.

3 Joint Administrators' report to creditors on the pre-packaged sale of the business and assets of the Company pursuant to Statement of Insolvency Practice 16 ("SIP16").

- 3.1 Where a sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an Administrator and the Administrator effects the sale immediately on, or shortly after appointment, this is known as a pre-packaged sale.
- 3.2 Prior to the appointment of an Administrator, an insolvency practitioner may act in an advisory capacity to a company. During this time the insolvency practitioner's role is not to advise the directors personally or any parties connected with any eventual purchaser of the company's business or assets. It is also possible that a different insolvency practitioner may be the eventual Administrator and not the insolvency practitioner who provided the advice to the company before any formal appointment was made.

- 3.3 The role of an Administrator once the Company has entered Administration is to perform their functions with the objective of either 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 rather than being placed into Administration first.
- 3.4 If neither of these objectives is reasonably practicable, the third objective of realising property in order to make a distribution to one or more secured or preferential creditors of the Company may be pursued, providing the Administrator avoids unnecessarily harming the interests of the creditors as a whole.
- 3.5 In this case, the second objective of an Administration is being pursued, namely that of achieving a better result for the Company's creditors than would be likely if the Company were wound up rather than being placed into Administration first.
- 3.6 Set out below is further information containing a summary of the circumstances relevant to the pre-packaged sale of the Company's business and assets to Equine Register Limited ("Equine") ("the Purchaser") in accordance with the provisions of Statement of Insolvency Practice 16. In agreeing to the pre-packaged sale, I can confirm that I have considered the purpose of the Administration and the fulfilment of my statutory obligations to creditors under paragraphs 3(2) and 3(4) of Schedule B1 to the Act.

Background

- 3.7 The Company was incorporated on 30 July 2013, and was set up to develop software applications to allow access to livestock databases. It was envisaged that the software would be used by the livestock industry, vets, the transportation industry and border security. The software would allow data to be accessed in either real time or offline in remote locations promoting welfare, and aiding with legal compliance.
- 3.8 The Company's initial source of income was a contract to develop access software for its customer Equine. It was envisaged that the Company would use the success of the launch of its customer's products and services to prove the concept and market its applications to other national and international data controllers.
- 3.9 The Company obtained significant funding from investors in the form of loans from directors (£74,000), loans from shareholders and investors (£263,000), the sale of shares (£455,000) and a loan from a connected company (£178,000 gross), in order to fund the software development.
- 3.10 The software developed by the Company each month was sold to Equine, and as at the date of the Administration, the Company's only source of income was the proceeds of the sale of part-developed software to Equine.
- 3.11 The Company's financial problems started in early 2017. By this point in time, the directors anticipated that the Company would have started to receive revenue from the sale of software apps, however, due to circumstances beyond the control of the directors, the usage of certain animal databases was lower than they had initially forecasted.
- 3.12 In the absence of revenue from the sale of apps, the Company instead sought additional funding from investors. One large potential investment into fell through in April 2017, the directors therefore tried to obtain funding from other sources and attempted to reduce operating costs.
- 3.13 Despite the efforts, the Company was unable to cover the full costs of trading and fell into arrears with several trade creditors.
- 3.14 In May 2017, one creditor issued a statutory demand against the Company, this creditor has since threatened to issue a winding-up petition.

Initial introduction

- 3.15 The Company sought financial advice by contacting Coach House Wealth Solutions Ltd, who referred the Company to Wilson Field Limited ("Wilson Field"), on 16 May 2017.
- 3.16 The Administrators do not believe that there is any significant personal or professional relationship between the Company or its directors and Wilson Field and carried out the appropriate conflict review prior to accepting the appointment. I would confirm that I was formally engaged by the Company on 26 May 2017.
- 3.17 Creditors should be aware of the differing roles an Insolvency Practitioner plays where a pre-packaged sale of the company's business and assets is agreed. Prior to appointment, the Insolvency Practitioner is instructed to advise the Company on its financial position, the most appropriate insolvency route available and its obligations to minimise the loss to creditors.
- 3.18 It should be noted that the Insolvency Practitioner's role is not to advise the directors of the company, who are encouraged to take independent advice.
- 3.19 On appointment, the Administrator acts as agent of a company and will manage the company's affairs, business and assets for the benefit of creditors as a whole throughout the period of the Administration.

Pre-appointment considerations

- 3.20 Prior to the Administration, the following alternative courses of action were considered with management:-

Company voluntary arrangement (CVA)

- 3.21 The possibility of a CVA was discussed with the directors. One creditor had issued a statutory demand and was threatening to issue a winding up petition against the Company. It was uncertain whether the CVA proposals could be prepared and approved by creditors before the issue of the petition, or whether the possible petitioning creditor would be supportive of the proposed CVA.
- 3.22 In addition, the Company had only one customer, Equine, owing to delays in the CED, it would not have been possible for the Company to make meaningful forecasts regarding future cash flows and the Company would not have been able to prepare the accurate forecasts required for CVA proposals. In light of these issues, the directors advised that they were not interested in pursuing a CVA.

Creditors' Voluntary Liquidation ("CVL")

- 3.23 It is anticipated that the asset realisations in CVL would be similar to those achievable in Administration. In a CVL, the Company's assets could be sold and the employees could be re-employed by a purchaser. In a CVL however, the Company's employees would be made redundant upon the appointment of the Liquidator and the Transfer of Undertakings (Protection of Employment) 2006 ("TUPE") regulations would not apply to a sale of the Company's assets. In Liquidation, the Company would remain liable for debts relating to the employees in the sum of £72,579, represented by holiday pay of £5,226, wage arrears of £53,507 notice pay of £7,978 and redundancy pay of £5,868. As a result, the losses suffered by creditors overall would be greater in a CVL, and any prospective distribution to creditors would be lower when compared to Administration.

Trading during the Administration whilst marketing the business and assets

- 3.24 If the Company were traded during the Administration, the business and assets could be marketed for sale during the Administration and whilst the Company continued to trade. In this case, the Company relied upon revenue generated from software development for a connected company, namely Equine. Owing to the unique nature of the Company's business, the

inherently uncertain nature of the revenue received from the single connected company and the costs that would be incurred as an expense of trading, continuing to trade during the Administration was not considered to be a viable option.

- 3.25 Trading during the Administration could allow for a longer marketing period to be completed. In this case however, valuation advice received from Charterfields Limited, RICS registered valuers ("Charterfields") indicated that due to the nature of the business, the close relationship between the Company and Equine, and the fact that the software developed was invoiced to Equine monthly and therefore there was essentially very little for the Company to sell, it was considered highly unlikely that external interest could be generated in the Company's only asset, intellectual property, which consisted of a number of Trademarks, Trademark Applications, Patents and Patents Applications.
- 3.26 Trading during the Administration would incur additional time costs and expenses that would be borne by the Company's estate. Valuation advice indicated that additional marketing was unlikely to achieve better realisations, accordingly this strategy would result in a lower return to creditors overall.

Sale of assets following Administration

- 3.27 An Administration would grant the Company with the protection of a moratorium, preventing enforcement action by creditors. The business and assets could then be sold during the Administration after an extended period of marketing. As detailed above, valuation advice received from Charterfields indicated that marketing the business and assets was highly unlikely to generate any external interest in the Company's assets and would only delay the process. Marketing the assets following the Administration was not therefore considered to be a suitable course of action.
- 3.28 On 16 May 2017, two of the directors of the Company met with representatives of Wilson Field to discuss the Company's financial position and the options available to it. Having concluded that an Administration and pre-packaged sale was the best option available to the Company and its creditors, the directors again met with Wilson Field and their instructed valuation agent on 1 June 2017.

Comparative outcome

- 3.29 The Administrators are satisfied that the sale of the Company's assets under the terms of the pre-packaged sale has resulted in the best outcome reasonably obtainable for creditors in the circumstances. The following table provides a comparative outcome with a sale of the Company's assets in liquidation as against the outcome obtained via the pre-packaged Administration sale:

	Net book value (£)	Administration (£)	Liquidation (£)
Assets not specifically pledged			
R&D tax credits	175,000	175,000	175,000
Less: Crown set-off HMRC (PAYE/VAT)		(46,252)	(46,252)
Less: Crown set-off RPS		(23,472)	(36,653)
		105,276	92,095
Intellectual property rights	320,179	30,000	30,000
Total Assets Available		135,276	122,095
Costs of Realisation			
Liquidators' fees		n / a	(80,000)
Liquidators' disbursements		n / a	(2,500)
Tax accountancy fee		(5,000)	(5,000)
Administrators' pre-appointment fee		(20,000)	n / a
Administrators' fees		(60,000)	n / a
Administrators' disbursements		(2,500)	n / a
Legal Fees and disbursements		(5,000)	(5,000)
Agent's fees and disbursements		(5,000)	(5,000)
Total Costs		(97,500)	(97,500)
Total Assets Available		37,776	24,595
Preferential Creditors			
Employee claims		Nil	(5,488)
Assets Available for Unsecured Creditors		37,776	19,107
Unsecured Creditors			
Trade & expense creditors		(212,688)	(212,688)
Employee liabilities - unsecured		Nil	(30,438)
Directors' loans		(74,422)	(74,422)
Loans from investors and shareholders		(262,721)	(262,721)
Connected company loan		(159,000)	(159,000)
HM Revenue & Customs - VAT		Nil	Nil
HM Revenue & Customs - PAYE		Nil	Nil
Total Unsecured Creditors		(708,831)	(739,269)
Deficiency as regards Unsecured Creditors		(671,055)	(720,162)
Estimated Dividend to Unsecured Creditors (p in £)		5.33	2.58

3.30 As detailed in the estimated outcome statement above, it is anticipated that a dividend of 5.33p in £ would be paid to unsecured creditors in Administration and 2.58p in £ would be paid to unsecured creditors in Liquidation. The overall deficiency to creditors in Administration has been calculated as £671,055 compared to £720,162 in liquidation. It should be noted that in both Administration and Liquidation, it is anticipated that HM Revenue & Customs ("HMRC") will be paid in full through applying crown offset to the refund of R&D tax credits and that in both scenarios, a distribution can only be paid if the R&D tax credits are successfully recovered.

3.31 There are no charges registered against the Company.

- 3.32 Major creditors and investors were consulted regarding the proposed Administration and pre-packaged sale. The directors, whose debts constitute £74,422 and who are also directors of the largest creditor, Equine, who is owed the sum of £159,000 were supportive of the proposed Administration.
- 3.33 In addition, the directors of the Company advised that they approached the individuals who had invested in the Company. The directors advised that they were able to contact shareholders with a combined 95% stake in the Company prior to the Administration. The directors advise that the shareholders recognised the need for the Administration and were supportive of the proposed course of action.

Valuation and marketing of the business and assets

- 3.34 The Company's only saleable asset was its intellectual property which primarily comprised a number of Trademarks, Trademark Applications, Patents and Patent applications in respect of the Company name and the part developed software already sold to Equine.
- 3.35 Charterfields, were instructed to complete a valuation of the assets of the Company. Charterfields advised that it was difficult to establish a value for the intellectual property using traditional methods and instead looked at the deprival value, defined as the cost of replacing the intellectual property had it not already existed. In this case Charterfields advised that such costs would include the preparation of the Trademark and Patent applications, the cost of making such applications and the time taken to achieve this. Charterfields advised, based on their experience, that the cost of replacing the intellectual property would be between £20,000 to £30,000.
- 3.36 Charterfields also advised that due to the nature of the business, the close relationship between the Company and Equine, and the fact that the software developed was invoiced to Equine monthly and therefore there was essentially very little for the Company to sell, it was considered highly unlikely that external interest could be generated in the Company's intellectual property and that marketing the intellectual property to external parties would only serve to delay the sale process.
- 3.37 On the basis of this valuation advice, the proposed Administrators did not seek to market the Company's assets.

Details of the assets sold and the nature of the transaction

Purchaser and related parties

- 3.38 On 30 June 2017, the Company's intellectual property was sold to Equine, company number 08738725. Equine is a connected company insofar as Mark Ellison, Stuart Everett, Keith Musto and Alexander Shipp, directors of the Company, are also directors of Equine. In addition, Stuart Everett, Keith Musto and Alexander Shipp, shareholders of the Company, are also shareholders of Equine.
- 3.39 The Administrators are not aware of any guarantees given by the directors for amounts due from the Company to a prior financier, who are also financing the new business.

Connected Party transactions

- 3.40 Where there are connections between an insolvent company and the purchasing entity, the purchaser meets the definition of a "connected party" and following recommendations made to The Department for Business, Innovation & Skills about pre-packaged sales to connected parties, it was felt that some of the concerns expressed about such transactions in the context of insolvency, may be overcome by having an independent party review the proposed sale and offer an opinion on the appropriateness of the grounds for the sale. This may provide reassurance to creditors that an independent person has considered the reasonableness of the proposed transaction.

- 3.41 As the transaction meets the definition of a connected party sale, the transaction is eligible for review by the Pre-Pack Pool ("the Pool"). The Pool is an independent body of experienced business people and has been set up in response to a series of recommendations contained in an independent review of pre-packaged sales in administrations. A Pool member will offer an opinion on the purchase of a business and/or its assets by a party connected to a company where a pre-packaged sale is proposed by an Administrator.
- 3.42 The Pool, through its members, operates only to review and opine on applications made voluntarily by connected parties. Further information on the work of the Pool can be found in the 'Questions and Answers about the Pre-Pack Pool' document on the Pool's website at www.prepackpool.co.uk
- 3.43 The purchasers were made aware of their ability to approach the Pool, and the potential for enhanced stakeholder confidence from the connected party approaching the Pool, and preparing a viability statement for the purchasing entity.

Viability statement

- 3.44 A viability review can be drawn up by a connected party wishing to make a pre-packaged purchase. The review should cover the greater of 12 months or the period over which any consideration is to be deferred in order to demonstrate how the purchasing entity will survive for this period from the date of the proposed purchase.
- 3.45 As proposed Administrator, I advised that the connected party should consider providing a viability statement in connection with the possible application to the Pool. The purchaser did not make an application to the pool and did not prepare a viability statement.

Assets

Assets sold

- 3.46 As detailed above, the only saleable asset of the Company was its intellectual property. In this case the intellectual property primarily comprised a number of Trademarks, Trademark Applications, Patents and Patent applications in respect of the Company name and the part developed software already sold to Equine.

Sale consideration

- 3.47 The total sale consideration in the sum of £30,000 is payable as follows:-

Date	Amount (£)
On completion	1,000
On 3 July 2017	7,000
Five monthly instalments August – December 2017 (£3,700 per month)	18,500
Final instalment – February 2018	3,500
Total	30,000

- 3.48 Personal guarantees have been provided by Alex Shipp and Stewart Everett, directors and shareholders of the Company and of the Purchaser, in respect of the deferred consideration.
- 3.49 An anti-embarrassment clause was included in the sale agreement which requires that 50% of the net value after taxation of the difference between the value of the intellectual property as at the date of the onward sale and the consideration paid, becomes payable to the Company.
- 3.50 The Company did not grant security to any of the Company's creditors and therefore none of the sale proceeds from the sale of the Company's intellectual property are subject to either fixed or floating charges.

Other Assets

R&D Tax refund

- 3.51 Corporation tax returns submitted by the Company indicate a R&D tax refund due to the Company in the sum of £107,115. In addition to this, Company accounting records for the period from the date of this return to the date of the Administration indicate further R&D expenditure, resulting in a total R&D credit of £175,000 due to the Company. It is anticipated that this amount will be reduced first by the amount owed to HM Revenue & Customs ("HMRC") in respect of PAYE and VAT, estimated to total £56,400 and then via crown set-off, by the amount due to the Redundancy Payments' Service ("RPS"), estimated at £27,000. The residual funds, estimated to total approximately £102,000 will then be refunded to the Company's estate. It is anticipated that the R&D tax refund will enable a distribution to be paid to preferential and unsecured creditors.

4 Progress Since Appointment

Administration (including statutory compliance and reporting)

- 4.1 The strategy for the Administration and the majority of the work required for the realisation of the Company's assets was completed prior to appointment.
- 4.2 Following appointment, the Administrators have dealt with a number of statutory formalities which are required under the insolvency and related legislation. Typically, this includes issuing and filing appointment notices with creditors and the Registrar of Companies and also advertising their appointment in the London Gazette.
- 4.3 In this case, a pre-packaged sale of the Company's assets and business has taken place. The Administrators have provided all the relevant information in respect of the transaction as required by SIP16 within this report. I have also prepared and issued these proposals to creditors outlining how the purpose of the Administration may be achieved.
- 4.4 Other statutory duties performed are outlined in further detail in the fees estimate which can be found at Appendix E. Please note that much of this work will have been performed to comply with statutory requirements and as such may not necessarily add any value to the insolvent estate.

Realisation of assets

- 4.5 Creditors should refer to section 3 above for further information regarding work completed in respect of asset realisations to date.
- 4.6 Since appointment, the Administrators have collected the first deferred payment due under the sale agreement.
- 4.7 The work undertaken by the Administrators and their staff to date in realising the Company's assets has been necessary in order to maximise the likelihood of a return to creditors being made. As detailed above, the assets remaining to be dealt with in this case comprise the deferred element of the sale consideration and the possible refund of R&D tax credits. It is anticipated that this will involve corresponding with the Purchaser to request payment and instructing tax accountants to complete corporation tax returns. These assets will be dealt with as the Administration progresses and further updates will be provided to creditors in my progress reports.
- 4.8 Further information on the estimated outcome of the Administration can be found in section 9 below.

Creditors

- 4.9 In this case, it is anticipated that a distribution will be paid to preferential and to unsecured creditors, this is, however, dependent upon asset realisations, and in particular, the recoverability of the R&D tax credits.
- 4.10 Should asset realisations prove sufficient to enable the distributions referred to above, time will be spent by the Administrators in dealing with preferential and unsecured claims.
- 4.11 Preferential claims typically comprise claims submitted by former employees of the Company. The Administrators will spend time obtaining employee related information from the Company's records and payroll information and submitting this information to the Redundancy Payments Service ("RPS"). The Administrators will also correspond with the Company's former employees to advise of the process of submitting a claim to the RPS. The Administrators will then be required to submit information to the RPS regarding the employees' claims and may be required to liaise with the RPS regarding further queries on either the employees or the TUPE transfer to Equine.
- 4.12 In agreeing and paying preferential claims, the Administrators will review the different elements of the employees claim and, where appropriate, will review any payments made by the RPS to the employees. In this case, as a result of the TUPE transfer referred to above, it is anticipated that the RPS will be the only preferential creditor as the liability for the debts over and above the payments made by the RPS will transfer to the purchaser under TUPE.
- 4.13 If a distribution becomes payable to unsecured creditors, the Administrators will take steps to move the Company from Administration to Creditors' Voluntary Liquidation. The Administrators will be required to comply with various statutory duties in order to effect this change. In dealing with the claims of unsecured creditors, time will be spent reviewing claims submitted by unsecured creditors with a view to either accepting or rejecting claims or requesting that further information be provided to evidence claims. Time will also be spent in advertising and sending correspondence to creditors regarding the proposed distribution and in paying the distribution.

Investigations

- 4.14 The Administrators have a statutory duty to investigate the affairs of the Company with a view to submitting a report to the Insolvency Service regarding the conduct of the directors. The Administrators also have a duty to consider recoveries that could be pursued for the benefit of the Company and its creditors.
- 4.15 The Administrators' investigations into the affairs of the Company have not yet commenced. At present it is not possible to comment on the level of work that may be required for investigations, or on any specific investigation matters that will be pursued in this case.

5 Administrators' Receipts and Payments ("R&P")

- 5.1 A summary of receipts and payments for the Period is attached at Appendix B.

Intellectual property

- 5.2 During the Period, funds in the sum of £8,000 have been received in respect of the sale consideration due on completion and due on 3 July 2017. These funds are currently held on trust by the Joint Administrators' solicitors, MD Law, and have not yet been paid to the Administration estate.

6 Financial Position

- 6.1 The Administrators have requested that the directors prepare a Statement of the Company's Affairs ("SOA"). Given the short passage of time that has elapsed between the Joint Administrators' appointment and the submission of this report, the directors have not had the opportunity to complete and return the SOA. Therefore, attached at Appendix C, is a summary of the Administrators' Estimated Financial Position of the Company as at 30 June 2017, together with a list of shareholders and a list of creditors giving their names, addresses and details of their debts (including details of any security held by them).

7 Proposals

- 7.1 It is proposed that the Administrators will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that:-
- The Company's affairs will continue to be managed by the Joint Administrators and their agents and such management will be financed from the realisation of the Company's assets within the Administration;
 - The Joint Administrators do all things and generally exercise all of their powers as contained in Schedule 1 and Schedule B1 of the Act, otherwise provided by statute as they, in their sole and absolute discretion consider desirable or expedient in achieving the statutory objective of the Administration;
 - The Joint Administrators be able to make distributions to preferential creditors;
 - The appointment of the Joint Administrators shall cease to have effect at the end of the period of one year beginning with the date of appointment. However, pursuant to paragraph 76 of Schedule B1 of the Act, the Joint Administrators may seek extension to the Administration period if deemed necessary;
 - Upon completion of the proposals above and achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up, and upon the settlement of the Administration expenses and liabilities, the Joint Administrators propose that they file the requisite notice pursuant to Paragraph 83 of Schedule B1 to the Act to ensure that the Company is placed into Creditors Voluntary Liquidation so as to facilitate any distribution to the creditors of the Company. It is further proposed that Lisa Jane Hogg and Robert Neil Dymond be appointed as Joint Liquidators of the Company, acting jointly and severally. Pursuant to Paragraph 83(7) of Schedule B1 of the Act and Rule 3.60(6)(b) of the Insolvency Rules 2016, creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved;
 - Or, if the Joint Administrators at any time conclude that the Company's property is insufficient to permit any or further distributions to its creditors, then the Joint Administrators will seek the dissolution of the Company pursuant to Paragraph 84(1) of Schedule B1 of the Act. Should the Company be dissolved in accordance with this Paragraph, the Joint Administrators will take steps to destroy all books and records in their possession within twelve months of the dissolution;
- 7.2 Creditors will be invited to form a creditors' committee. If there are sufficient creditors willing to serve, a committee will be formed. If formed the committee will be responsible for approving the remaining resolutions. In the absence of a committee these resolutions will be passed by the general body of creditors;
- That the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the Administration;

- That the Joint Administrators be authorised to draw Category 2 disbursements in accordance with their prevailing recovery policy at the time the disbursement is incurred. The current rates are attached at Appendix D;
- That the Joint Administrators be discharged from all liability pursuant to Paragraph 98 of Schedule B1 of the Act, immediately on their appointment ceasing to have effect.

7.3 The creditors may approve the proposals, with or without modification, but any modifications are subject to the consent of the Joint Administrators. If the proposals are rejected, a report will be sent to Court advising that creditors have failed to approve the Joint Administrators proposal. In the event of such a rejection, the Court may provide that the appointment of the Joint Administrators shall cease to have effect and make any other order it deems appropriate.

8 Exit Routes

Creditors Voluntary Liquidation

8.2 Based on present information, the Administrators think that a distribution to unsecured creditors, is possible. As a result, the Administrators will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation ("CVL") to facilitate this distribution. It is proposed that the Administrators in office at the date of conversion to CVL will become the Liquidators of the CVL.

8.3 It is proposed that the Joint Liquidators will be authorised to act jointly and severally in the subsequent liquidation.

8.4 Creditors have the right to nominate an alternative liquidator of their choice. To do this, creditors must make their nomination in writing to the Administrators prior to these proposals being approved. Where this occurs, the Administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Administrators will automatically become the Liquidators of the subsequent CVL.

Dissolution of the Company

8.5 Based on present information, the Administrators think that a distribution to unsecured creditors is possible, however, in the event that insufficient funds are realised to enable a distribution to be paid to unsecured creditors, the Administrators will move the Company from Administration to dissolution by filing a notice at the Registrar of Companies with the Administrators' final report. A copy of this notice will thereafter be filed at Court and sent to the Company's creditors.

8.6 The Administrators' appointment will end following the registration of the notice by the Registrar of Companies.

9 Pre-administration costs

9.1 Pre-administration costs are defined as:

- (i) Fees charged, and
- (ii) Expenses incurred

by the Administrators, or another person qualified to act as an insolvency practitioner before the company entered Administration (but with a view to its doing so), and "unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration.

9.2 Below is information on the pre-administration costs incurred in this case, together with details of any amounts which remain unpaid, where applicable.

- 9.3 Wilson Field were formally engaged by the Company on 26 May 2017. The scope of services agreed between Wilson Field and the Company were set out in an engagement letter dated 25 May 2017. The terms of engagement were signed by Mark Ellison, director acting on behalf of the Company, the Company and Wilson Field were parties to the agreement.
- 9.4 Services provided by Wilson Field in the period prior to appointment, for which fees were charged and expenses incurred include the following:-
- Reviewing the Company's financial position including details of assets and liabilities and identifying the nature and causes of the Company's current difficulties, any possible funding available to the Company and any opportunities known by the directors to save the business;
 - Calculating the liabilities associated with the employees upon redundancy and following a TUPE transfer;
 - Obtaining information relating to the Company's R&D tax credits;
 - Consulting the Company regarding the Pre-pack Pool;
 - Case setup, completing anti money-laundering checks, reviewing possible conflicts and assessing whether the prospective Administration appointment could be accepted;
 - Obtaining information and recording details of the Company's liabilities with regards to creditors and shareholders;
 - Advising the Company on the most appropriate insolvency route in the circumstances;
 - Advising the Company on the process for the appointment of Joint Administrators;
 - Discussing alternatives to the Administration process;
 - Instructing valuation agents to provide advice on the value of the Company's intellectual property and the most appropriate strategy for the realisation of the Company's assets;
 - Instructing solicitors to prepare a sale agreement;
 - Reviewing and suggesting amendments to the sale agreement prepared;
 - Negotiating the terms of the sale agreement with the Purchaser;
 - Instructing solicitors to deal with the formalities of placing the Company into Administration; and
 - Discussing the process of appointment and the timing of the appointment with the directors.
- 9.5 The work completed by the proposed Administrators prior to appointment was necessary in order to enable the pre-packaged sale to be completed on appointment. For the reasons detailed above, it is anticipated that the pre-packaged sale will allow the second purpose of an Administration to be achieved; that of achieving a better outcome for the Company's creditors than would otherwise be achieved if the Company were placed into liquidation as it is anticipated that the Administration and pre-packaged sale will enable a greater distribution to be made to unsecured creditors than would otherwise be achieved in liquidation.
- 9.6 Pre-appointment fees charged and expenses incurred by the Administrators are as follows:-

Charged by	Brief description of services provided	Total amount incurred (£)	Amount paid (£)	Amount unpaid (£)
Wilson Field	Insolvency advice (detailed above)	24,624.50	Nil	24,624.50
Wilson Field	Disbursements	349.73	Nil	349.73
Charterfields	Valuation advice	3,000.00	Nil	3,000.00
MD Law	Legal advice	2,289.00	Nil	2,289.00

- 9.7 The fees of MD Law were incurred in connection with the drafting of the sale agreement, advising on the terms of the sale agreement and assisting with the formalities of placing the Company into Administration. The fees were incurred prior to the Administration to enable the pre-packaged sale to be completed and to enable the Administrators' appointment to be completed.
- 9.8 The fees of Charterfields were necessary in order to assess the financial position of the Company, decide on the most appropriate strategy for the sale of the assets and to enable the pre-packaged sale to be completed.
- 9.9 The payment of the unpaid pre-administration costs set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Administrators' proposals. This approval will be the responsibility of the Creditors' Committee if one is appointed or alternatively by a decision of the creditors where there is no Committee.

10 Administrators' Remuneration

- 10.1 As Joint Administrator, I am required to provide creditors with details of the work I propose to undertake in the Administration and the expenses I consider will be, or are likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which my remuneration will be fixed.
- 10.2 In addition to this, where an Administrator seeks agreement to the basis of their remuneration by reference to time properly spent by him and his staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.
- 10.3 In this case, I am seeking to agree that my remuneration be based on the time properly spent by me and my staff in dealing with the affairs of the Company. The fees estimate and details of the work I propose to undertake in the Administration can be found at Appendix E and further information on the work done since my appointment to the date of this report can be found in section 2.
- 10.4 Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if I consider the estimate will be exceeded during the Administration, I am obliged to seek further approval for any increase in my remuneration. The fees estimate provides details of these matters where relevant and appropriate approval to the basis of my remuneration will be sought as outlined in section 5 of this report.
- 10.5 For information, attached at Appendix D is a time matrix outlining the time spent by me and my staff since the date of our appointment as Administrators. Please note that this time is included within the overall fees estimate provided with this report.
- 10.6 Please note however, that in circumstances where my initial investigations reveal matters for further detailed investigation or previously unknown assets to be realised, I reserve the right to refer back to creditors to establish how I am to be remunerated for such additional work, which may be proposed on a time cost basis. If such work proves necessary, I will revert to creditors with my fees estimate for approval.
- 10.7 I will provide updates on the expenses I consider will be, or are likely to be, incurred during this case with my progress reports in due course.

- 10.8 An Administrator may include details of the remuneration he anticipates will be charged and the expenses he anticipates will be incurred if he becomes the Liquidator in the subsequent CVL. This can be done when seeking approval to the basis of his remuneration as Administrator, or alternatively his fees estimate for the CVL can be provided once the Company has moved into CVL. Please refer to Appendix E to this report for further information.
- 10.9 A copy of "A Creditors' Guide to Administrators' Fees" is available on request or can be downloaded from <http://www.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees>. Please contact Joe Fox of this office on 0114 235 6780 to request a paper copy of this document.

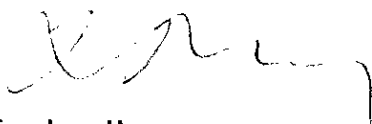
11 Estimated Outcome

- 11.1 An estimate of the outcome of the Administration is attached as Appendix F. This indicates that an anticipated distribution in the sum of £33,864 will be paid to unsecured creditors, however this is dependent upon sufficient realisations being generated and, in particular, the Company's R&D tax credits being successfully recovered
- 11.2 Based on the Administrators' Estimated Financial Position of the Company, the estimated value of the preferential creditors is £2,455 and the estimated value of unsecured creditors is £790,180.
- 11.3 The Company did not grant security to any creditors, accordingly, there is no requirement to create a fund out of the Company's net floating charge property for the benefit of unsecured creditors (known as the Prescribed Part).

12 Proposals approval and next report

- 12.1 I am seeking a decision of creditors on the approval of the Proposals by correspondence. The letter issued to creditors with this report contains further information about the decision process.
- 12.2 The Administrators are required to provide a progress report within one month of the end of the first six months of the Administration and a further report will be issued at this time.

For and on behalf of
Scanimal Trackers Limited



Lisa Jane Hogg
Joint Administrator

Appendix A

Statutory Information

13 Company information

Company name	Scanimal Trackers Limited
Trading name(s)	None
Registered number	08630018
Registered office address	Wilson Field, The Manor House, 260 Ecclesall Road South, Sheffield, S11 9PS
Former registered office address	12 Post Office House, Castle Street, Cirencester, GL7 1QA
Trading address(es)	12 Post Office House, Castle Street, Cirencester, GL7 1QA
Court details	High Court of Justice, Chancery Division, Leeds District Registry
Court reference number	611 of 2017

14 Details of the Company's Directors, Secretary and Shareholdings

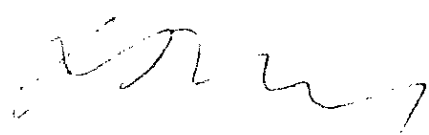
	Date appointed	Date resigned	Shareholding
Directors			
Mark Stuart Ellison	4 November 2016	-	-
Stewart Everett	16 March 2015	-	2,000 1p ordinary shares, 28%
Franklyn Keith Musto	14 July 2016	-	874 1p ordinary shares, 12%
Alexander Shipp	30 March 2016	-	1,200 1p ordinary shares, 17%
Mitchell Ian Butterworth	30 July 2013	30 March 2016	1,000 1p ordinary shares, 14%
Edward McGrotty	30 March 2016	30 September 2016	-
Roger McSweeney	14 July 2016	9 February 2017	200 1p ordinary shares, 3%
John Douglas Taylor	4 November 2016	25 May 2017	-
Secretary	None appointed		

15 Administrators' Details

Name of Administrators	Lisa Jane Hogg and Robert Neil Dymond
Address	Wilson Field, The Manor House, 260 Ecclesall Road South, Sheffield, S11 9PS
Telephone Number	0114 235 6780
Fax Number	0114 262 0661
Administrators' IP Number	9037, 10430
Authorising Body	Institute of Chartered Accountants in England and Wales
Date of Appointment	30 June 2017

Scanimal Trackers Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 30/06/2017 To 07/07/2017 £	From 30/06/2017 To 07/07/2017 £
	ASSET REALISATIONS		
30,000.00	Intellectual Property Rights	NIL	NIL
Uncertain	Tax Refund	NIL	NIL
		NIL	NIL
	PREFERENTIAL CREDITORS		
(2,455.37)	Employee wage arrears-preferential	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(212,688.46)	Trade & Expense Creditors	NIL	NIL
(24,928.63)	Employee wage arrears - unsecured	NIL	NIL
(74,422.00)	Directors' loans	NIL	NIL
(262,721.00)	Loans from investors and shareholders	NIL	NIL
(1,210.83)	HM Revenue and Customs - VAT	NIL	NIL
(55,209.56)	HM Revenue and Customs - PAYE	NIL	NIL
(159,000.00)	Connected company loan - Equine Re	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(72.38)	Ordinary Shareholders (nominal value)	NIL	NIL
		NIL	NIL
(762,708.23)		NIL	NIL
	REPRESENTED BY		
			NIL



 Lisa Jane Hogg
 Joint Administrator

Insolvency Act 1986

Scanimal Trackers Limited
Estimated Statement Of Affairs as at 30 June 2017

	Book Value £	Estimated to Realise £	£
ASSETS			
Intellectual Property Rights	320,179.00		30,000.00
Tax Refund	175,000.00		Uncertain 30,000.00
LIABILITIES			
PREFERENTIAL CREDITORS:-			
Employee wage arrears-preferential		2,115.40	2,115.40
			27,884.60
DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003			
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			
			NIL
			27,884.60
Estimated prescribed part of net property where applicable (to carry forward)			NIL
			27,884.60
DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003			
			NIL
			27,884.60
Estimated prescribed part of net property where applicable (brought down)			NIL
			27,884.60
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Trade & Expense Creditors		212,688.46	
Employee wage arrears - unsecured		21,357.00	
Directors' loans		74,422.00	
Loans from investors and shareholders		262,721.00	
HM Revenue and Customs - VAT		1,210.83	
HM Revenue and Customs - PAYE		55,209.56	
Connected company loan - Equine Register		159,000.00	
			786,608.85
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)			(758,724.25)
			(758,724.25)
Issued and called up capital			
Ordinary Shareholders (nominal value)		72.38	
			72.38
TOTAL SURPLUS/(DEFICIENCY)			(758,796.63)

Wilson Field Limited
Scanimal Trackers Limited
B - Company Creditors

Key	Name	Address	£
CA00	ANLX	Unit 20 Bumpers Enterprise Centre, Vincients Road, Chippenham, Wiltshire, SN14 6QA	5,314.56
CB00	BPE Solicitors LLP	St James House, St James Square, Cheltenham, GL50 3PR	3,093.39
CC00	CPA Global	Finance Department, Liberation House, Castle Street, St Helier, Jersey, JE1 1BL	1,341.64
CD00	Mr Anand Doobay	64 Ulverston Road, Walthamstow, London, E17 4BW	10,493.00
CE00	Equine Register Limited	12 Castle St, Cirencester, GL7 1QA	159,000.00
CE01	Mr Stewart Everett	The Bothy, Whiteway, Cirencester, Gloucestershire, GL7 7BA	13,666.00
CH00	HM Revenue & Customs (VAT)	Enforcement and Insolvency Service (EIS), Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	1,210.83
CH01	HM Revenue & Customs (PAYE)	Enforcement and Insolvency Service (EIS), Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	55,209.56
CH02	HM Revenue & Customs (CT)	Enforcement and Insolvency Service (EIS), Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	0.00
CH03	HSBC Bank plc	HSBC Bank PLC, Customer Credit Services, PO Box 6277, Coventry, CV3 9JS	29.05
CK00	Kingscott Dix (Cheltenham) Ltd	Malvern View Business Park, Stella Way, Bishops Cleeve, Cheltenham, GL52 7DQ	4,800.00
CK01	JA Kemp	14 South Square Gray's inn, London, WC1R 5JJ	47,594.88
CM00	Mr Edward McGrotty	2 Thessaly Gate, Cirencester, GL7 2TG	27,332.00
CM01	Mr Roger McSweeney	15 Belvedere, Bath, Somerset, BA1 5ED	30,000.00
CO00	Otter HR Ltd	27 Fore Street, Teignmouth, Devon, TQ14 8DZ	10,800.00
CS00	Sanderson Recruitment plc	First Floor, Clifton Down House, 54A Whiteladies Road, Clifton, Bristol, BS8 2NH	43,008.00
CS01	Spin Software SRL	Str Elena Doamna 20-22, IASI, Jud.IASI, ROMANIA	96,735.99
CS02	Mr Adrian Shipp	Tanglewood, Grittlewood, Chippenham, Wiltshire, SN14 6AP	27,332.00
CS03	Mrs Vanessa Shipp	Grittleton House, Grittleton, Chippenham, Wiltshire, SN14 6AP	15,392.00
CS04	Ms Isabel Shipp	Grittleton House, Grittleton, Chippenham, Wiltshire, SN14 6AP	5,833.00
CS05	Mr Christian Shipp	Grittleton House, Grittleton, Chippenham, Wiltshire, SN14 6AP	30,134.00
CS06	Mr Alex Shipp	Spring House, Little Somerford, Chippenham, Wiltshire, SN15 5BH	60,756.00
CS07	Mrs J Surgay	c/o Keith Musto, 35-37 High Street, Burnham On Crouch, Essex, CM0 8AG	116,205.00
23 Entries Totalling			765,280.90

Wilson Field Limited
Scanimal Trackers Limited
C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Called Up Shares	Paid Up
HB00	Mr Ian Butterworth	Daubeney's, High St, Colerne, Chippenham, Wiltshire, SN14 8D	Ordinary	10.00	1,000	1,000.00
HD00	Mr Chaytanand Doobay	64 Ulverston Road, Walthamstow, London, E17 4BW	Ordinary	1.33	133	133.00
HD01	Mr Ramon Delgado	Henclos, Lamb Lane, Crickhowell, Powys, NP8 1AS	Ordinary	1.00	100	100.00
HE00	Mr Stewart Everett	The Bothy, Whiteway, Cirencester, Gloucestershire, GL7 7BA	Ordinary	20.00	2,000	2,000.00
HH00	Mr Alexander Hobday	The Bays, 7 Kings Road, Sturminster, Essex, CM0 7EJ	Ordinary	0.50	50	50.00
HH01	Mr Martin Hook	19 Barham Road, London, SW20 0EX	Ordinary	0.11	11	11.00
HH02	Mr Russell Hartley	Speisbury Down House, Dean, Oxon, OX7 3LD	Ordinary	0.27	27	27.00
HH03	Mr Daniel Hiscox	Downsview, Ashcombe Lane, Kingston, Lewes, East Sussex, B	Ordinary	0.16	16	16.00
HM00	Mr Anthony McGarelgroves	Clapton Revel, Falcons Croft, Wooburn Moor, High Wycombe,	Ordinary	0.67	67	67.00
HM01	Mr Keith Musto	35-37 High Street, Burnham On Crouch, Essex, CM0 8AG	Ordinary	8.74	874	874.00

Wilson Field Limited
Scanimal Trackers Limited
C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Called Up Shares	Paid Up
HM02	Mr Roger McSweeney	15 Belvedere, Bath, Somerset, BA1 5ED	Ordinary	2.00	200	200.00
HM03	Mrs Gillian Anne Musto	c/o Keith Musto, 35-37 High Street, Burnham On Crouch, Esse	Ordinary	1.16	116	116.00
HR00	Mr Daniel Rosenfield	12 Woodland Gardens, London, N10 3UA	Ordinary	0.11	11	11.00
HS00	Ms Jo Surgay	c/o Keith Musto, 35-37 High Street, Burnham On Crouch, Esse	Ordinary	13.50	1,350	1,350.00
HS01	Mr Alexander Shipp	Spring House, Little Somerford, Chippenham, Wiltshire, SN15	Ordinary	12.00	1,200	1,200.00
HS02	Mr Jon Sheehan	Epcombs, Hertingfordbury, Herts, SG14 2LB	Ordinary	0.83	83	83.00
16 Ordinary Entries Totalling				72.38	7,238	7,238.00

Time Entry - Detailed SIP9 Time & Cost Summary

SCAN01A - Scanimal Trackers Limited
From: 01/05/2017 To: 30/06/2017
Project Code: PRE

Classification of Work Function	Directors & IP's	Manager & Senior Administrator	Administrators	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
ADAP : Appointment	0.20	1.30	0.00	0.00	1.50	529.00	352.67
ADCA : Cashiering	0.00	0.00	0.00	0.20	0.20	47.00	235.00
ADCR : Case Reviews	0.00	0.00	4.80	0.00	4.80	1,264.00	263.33
ADDI : Directors/Client	0.00	0.00	1.50	0.00	1.50	390.00	260.00
ADGA : File Maintenance	0.00	0.50	4.00	0.00	4.50	1,407.50	312.78
ADSC : Statutory and Compliance	0.00	0.00	19.30	0.00	19.30	5,018.00	260.00
ADSO : Strategic Overview	1.10	16.80	0.50	0.00	18.40	6,291.50	341.93
Admin and Planning	1.30	18.60	30.10	0.20	50.20	14,947.00	297.76
ADSV : Site Visit	0.00	0.30	11.10	0.00	11.10	3,088.50	278.24
Case Specific Matters	0.00	0.00	11.10	0.00	11.10	3,088.50	278.24
CRCO : Communications with Creditors	0.00	0.10	0.00	0.10	0.20	53.00	265.00
CREM : Employees	0.00	0.00	0.70	0.00	0.70	182.00	260.00
CRTV : Tax and VAT	0.00	0.00	0.50	0.00	0.50	130.00	260.00
Creditors	0.00	0.10	1.20	0.10	1.40	365.00	260.71
REIS : Identifying, Securing and Insuring	0.40	0.80	0.00	0.00	1.20	464.00	386.67
REPB : Property Business and Asset Sales	2.60	9.20	9.90	0.00	21.70	6,910.00	318.43
Realisation of Assets	3.00	10.00	9.90	0.00	22.90	7,374.00	322.01
Total Hours	4.30	28.70	52.30	0.30	85.60	25,774.50	301.10

Time Entry - Detailed SIP9 Time & Cost Summary

SCAN01A - Scanimal Trackers Limited
From: 30/06/2017 To: 07/07/2017
Project Code: POST

Classification of Work Function	Directors & IP's	Senior Administrator	Manager & Administrator	Administrators	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
ADCR Case Reviews	0.00	0.00	0.00	0.30	0.00	0.30	78.00	260.00
ADDI Directors/Client	0.00	0.00	0.00	1.30	0.00	1.30	338.00	260.00
ADSC Statutory and Compliance	0.60	4.10	0.00	18.40	0.00	23.10	6,437.00	278.86
ADSO Strategic Overview	0.20	0.00	0.00	0.00	0.00	0.20	100.00	500.00
Admin and Planning	0.80	4.10		20.00	0.00	24.90	6,953.00	279.24
CRGO Communications with Creditors	0.00	0.00	0.00	0.20	0.10	0.30	65.00	216.67
CREM Employees	0.00	0.00	0.00	0.60	0.00	0.60	156.00	260.00
CRTV Tax and VAT	0.30	0.00	0.00	0.60	0.00	0.90	306.00	340.00
Creditors	0.30		0.00	1.40	0.10	1.80	527.00	292.78
REIS Identifying, Securing and Insuring	0.20	0.50	0.50	0.00	0.00	0.70	265.00	378.57
REPB Property Business and Asset Sales	0.30	0.30	0.30	0.20	0.00	0.90	301.00	376.25
Realisation of Assets	0.50	0.80		0.20	0.00	1.50	566.00	377.33
Total Hours	1.60	4.90		21.60	0.10	28.20	8,048.00	285.32

Appendix F

Additional Information in Relation to Administrator's Fees

16 Fee Basis

- 16.1 The Administrators are seeking to agree the basis of their remuneration by reference to time properly spent by the Administrators and their staff in dealing with the affairs of the Company. Attached to this appendix are details of the work the Administrator proposes to undertake and the expenses the Administrator considers will be, or are likely to be, incurred. Information about the work done to date can be found in the body of the Administrators' Report and Statement of Proposals at Section 2.
- 16.2 Where a time cost basis is being sought, the Administrators' fees estimate will be included in this information, which also provides details of the rates the Administrator and his staff propose to charge for each part of that work and the time he anticipates each part of that work will take.
- 16.3 The fees estimate is based on information about the Company's affairs available to the Administrators at the present time. Should any matters arise which impact on this estimate, such as additional investigatory matters or potential realisable assets, further time or cost will be incurred and it may be necessary to revise the Administrators' estimate of fees.
- 16.4 In this case, I do not anticipate that it will be necessary to seek further approval to increase the level of the fees estimate if the time incurred is in excess of the fees estimate enclosed with this report.

17 Expenses

Fees Information in accordance with The Insolvency Rules 2016 and SIP 9

Fees Overview

- 17.1 Prior to an insolvency practitioner agreeing the basis of their remuneration as Administrator, details of the work proposed to be done and the expenses it is considered will be, or are likely to be, incurred in dealing with a company's affairs must be provided to creditors.
- 17.2 In addition, where the Administrator proposes to take all or any part of this remuneration based on the time they and their staff will spend dealing with the affairs of the insolvent company, a fees estimate must also be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.
- 17.3 It should be noted that a fees estimate may be provided to a particular milestone or for a designated period in a case, where it is not possible to accurately estimate the work that will need to be done at the outset.
- 17.4 Creditors should be aware that the fees estimate is based on all of the information available now and may be subject to change due to unforeseen circumstances that may arise during the Administration. If it is considered that the fees estimate will be exceeded, the Administrator must provide an update and seek approval to increase the previously agreed fees estimate.

Work anticipated and the likely return to creditors

- 17.5 Some of the work undertaken by an insolvency practitioner is required by statute and may not necessarily provide a financial benefit to creditors. Examples of this work include investigations required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 or dealing with the claims of former employees via the National Insurance Fund.

- 17.6 Where the work to be done is anticipated to produce a financial benefit to creditors, this will be stated and it may be necessary for the Administrator to instruct third parties to assist in this process because of a particular expertise that the third party may bring such as valuation, tax or legal advice.
- 17.7 Where it is practical to do so, an Administrator will provide an indication of the likely return to creditors when seeking approval for the basis of his remuneration. Again due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of a company's assets at the outset of a case, this may not be possible. An Administrator is however, required by statute to provide periodic reports to creditors on the progress of a case which will include an update as to the likely return creditors may expect.

Proposed Fee Basis

- 17.8 In this case, it is being proposed that the basis of my remuneration as Joint Administrator will be based on the time spent by me and my staff in dealing with the Company's affairs.
- 17.9 Attached to this document is my fees estimate, together with an explanation of the work I propose undertaking.
- 17.10 Each part of the work to be undertaken will necessarily require different levels of expertise and therefore related cost. In order to aid understanding, for the purposes of my fees estimate, I have indicated the rates and grades of staff such as myself, the case manager, the case administrator and support staff when estimating the total hours to be spent on each part of the work.
- 17.11 This fees estimate is produced on the basis of all the work I currently propose will be necessary in the Administration. If I consider the fees estimate will be exceeded I will notify creditors accordingly, provide a revised estimate and seek further approval for my increased fees.

Outline of work to be done by the Administrator

- 17.12 Below are details of the work I propose undertaking in support of the above fees estimate for the Administration:

Administration (including statutory compliance & reporting)

- 17.13 Under insolvency legislation the Administrator must comply with certain statutory compliance requirements which may not bring any direct financial benefit to the creditors of the Company.
- 17.14 This work can include but is not limited to the following:
- Complying with Insolvency code of ethics, Money Laundering and Bribery Act legislation, including periodic reviews
 - Notifying creditors of the Administrator's appointment and other associated formalities including statutory advertising and filing relevant statutory notices at Companies House
 - Reporting to creditors regarding any pre-packaged sale of the business
 - Preparing and issuing periodic progress reports to members and creditors
 - Lodging periodic returns with the Registrar of Companies for the Administration
 - Complying with statutory duties in respect of the Administrator's specific penalty bond
 - Creation and update of case files on the firm's insolvency software
 - Redirection of the Company's mail to the Administrator's office where necessary
 - Establishing creditors' committee. Periodic meetings and reporting and associated filing formalities (if a committee is appointed)
 - Securing the Company's books and records
 - Pension regulatory reporting and auto-enrolment cancellation
 - Completion and filing of the notice of the Company's insolvency to HMRC

- Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA) including the review of the Company's books and records and the identification of potential further asset realisations which may be pursued in the Administration
- Filing a statutory return to the Department for Business, Innovation and Skills under the CDDA
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter)
- Opening, maintaining and managing the Administration estate cashbook and bank account(s)
- Dealing with all post-appointment VAT and corporation tax compliance
- Liaison with secured creditors, obtaining charge documents and validating the security
- Dealing with former employees to provide support and assistance in lodging any claims they may be entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund and the Company
- Convening any meetings of creditors as requested or as deemed necessary
- Maintaining case files
- Dealing with the formalities with regards closing the case.

Realisation of assets

17.15 As the Company's assets have been sold via a pre-packaged sale, the Joint Administrators will have minimal realisations to make in this case, however there are aspects of the appointment that will require further work. Such work undertaken can include but is not limited to the following:

- Pursuing any identified antecedent transactions
- Dealing with any other identified assets as required
- Recovering funds due under the terms of the sale agreement
- Instructing tax accountants to complete returns to recover the R&D tax credits
- Obtaining information to assist in the preparation and submission of tax returns

17.16 The Joint Administrators will also seek to identify any other Company assets they have not been advised of which may result in the valuation and sale of further Company assets, including any necessary site visits to inspect and secure the assets and instructions to solicitors and agents as deemed necessary to assist with the valuation, marketing and sale of any assets.

17.17 If further assets are identified, and these are of significant value, the Joint Administrators will obtain relevant insurance cover for those assets.

Creditors (claims and distributions)

17.18 As Joint Administrator, I will deal with all secured, preferential and unsecured creditor correspondence and claims as received, including any claims of creditors under retention of title. If a dividend becomes available I will either deal with the review and adjudication of creditors' claims in the Administration or in the subsequent liquidation and with all formalities associated with the declaration and distribution of the dividend.

17.19 If applicable I will appoint a solicitor to advise and deal with any materially disputed claim.

17.20 I will undertake appropriate investigations into and obtain valuations of the Company's assets and will confirm the likely return to creditors in future progress reports.

Investigations

17.21 As Joint Administrator, I am required to conduct investigations into the conduct of the director(s) of the Company and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 (Investigations by Office Holders in Administrations and Insolvent Liquidations).

17.22 This work may not necessarily lead to any financial benefit to creditors yet is work I am required to undertake by statute.

- 17.23 If however, my initial investigations reveal that further recoveries may be available for the insolvent estate, then work will be undertaken to pursue these recoveries either in the Administration proceedings or in any subsequent Liquidation proceedings.
- 17.24 The potential extent and cost of this work is unknown, but could be substantial if an antecedent transaction or similar action is identified and pursued through to a settlement being achieved. Such work could include;
- instructions to and meetings with solicitors to progress a claim; lengthy and detailed correspondence with any defendant or other party involved
 - mediation or other resolution meetings with defendants to seek to agree a settlement for the benefit of creditors
 - the obtaining of any relevant insurance to cover the costs of legal proceedings
 - full legal proceedings which could consist of an application to court, numerous court hearings and other associated work.
- 17.25 On the attached fee estimate the investigations costs are calculated from a sample of cases which reflect the extent of work which could be undertaken on cases where an antecedent transaction or similar action has been identified and pursued through to a settlement being achieved. All work undertaken to pursue these recoveries will be recorded within this time category.

Expenses

- 17.26 Below is a table which outlines the expenses that the Joint Administrators consider at this stage will be, or are likely to be, incurred in dealing with the Company's affairs. An update to creditors will be provided in future progress reports.

Expense	Estimated Cost £
Company search fees	50.00
Bond	40.00
Post-appointment advertisements	73.50
Postage Stationary, Photocopying etc	470.00
Documents upload charge	150.00
Insolvency Software fee	150.00
Storage of books and Records	160.00
Final Advert	73.50
Travel and subsistence	349.73
Legal fees	5,000
Valuation fees	2,000
Land registry fees	50.00

- 17.27 Below is a table which outlines the expenses that I consider at this stage will be, or are likely to be, incurred in dealing with the Company's affairs. I will provide an update to creditors in future progress reports.

Expense	Provider	Basis of fee arrangement	Cost to date (£)	Estimated total cost (£)
Taxation services	To be decided	To be determined	Nil	5,000.00
Statutory advertising	Courts Advertising	Fixed cost	73.50	73.50
Administrators' bond	Marsh	Fixed cost	96.00	96.00

18 Staff Allocation and the Use of Sub-Contractors

- 18.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 18.2 The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. Where the basis of the Administrator's remuneration is being proposed on a time cost basis, details of our current charge-out rates can be found below.
- 18.3 We are not proposing to utilise the services of any sub-contractors in this case.

19 Administrators' Disbursements

- 19.1 Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. Any Category 1 disbursements we anticipate being incurred in this case are included in the table of expenses above.
- 19.2 Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.
- 19.3 The Category 2 disbursements currently charged by Wilson Field are provided below.
- 19.4 Separate approval will be sought for the authorisation of this firm's Category 2 disbursements from creditors.

20 Charge-out Rates

- 20.1 A schedule of Wilson Field's charge-out rates for this assignment effective from 1 August 2016 is detailed below. Please note this firm records its time in minimum units of 6 minutes.

WILSON FIELD LIMITED CHARGE OUT RATES AND DISBURSEMENT POLICY

In accordance with Statement of Insolvency Practice 9 ("SIP 9") covering fees and disbursements, we are required to disclose to you our policy for recovering non-specific disbursements, and the charge out rates for the various grades of staff who may be involved in this case.

Remuneration

The office holder(s) will seek approval from creditors to draw remuneration on a time cost basis, in accordance with the rates detailed below.

	Hourly charge out rate (£)	
Grade	01/02/2014 to 31/10/2014	01/11/2014 onwards
Director/Insolvency Practitioner	350-500	500
Manager	260-400	400
Assistant Manager	N/A	395
Team Leader	N/A	390
Senior Administrator	240	330
Administrator (1-5 years' experience)	120-240	230-300
Secretarial & Support	100-130	130

All time is recorded in 6 minute units.

Category 1 Disbursements

In accordance with SIP 9, these do not require the approval of creditors and are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include advertising, room hire, insurance, travel expenses etc.

Category 2 Disbursements

In accordance with SIP 9, these require the prior approval of creditors.

Category 2 disbursements are charged in accordance with the liquidator's prevailing recovery policy at the time the disbursement is incurred. The rates applicable from 1 August 2016 are detailed below:

Disbursement	Charge	
Search fees	£10 per document	On appointment
Document Upload Centre charge	£150	On appointment
Room Hire where meeting held at Wilson Field office	£100	On appointment (where appropriate)
Mileage	45p per mile	On appointment (where appropriate)
Postage, stationery, photocopying etc	£10 per member and creditor per year	On appointment and annually
Insolvency software fee	£150 per year	On appointment and annually
Storage of books and records	£80 per box per year	Once records are logged and then annually
Document management fee	£150 per year	Annually on 1 st August

In common with all professional firms, our charge out rates increase from time to time. We reserve the right to change the rates without prior notice to you. Any change will be reported in the next statutory report to creditors.

B'down / Grade	Partner	Cost (£)	Manager	Cost (£)	Other Senior Professionals*	Cost (£)	Assistants & Support Staff	Cost (£)	Total Hours	Total Cost
Admin and Planning (inc appointment/cashiering/case reviews/director client/file maintenance/out of office call/statutory and compliance/strategic overview)	5.00	2,500.00	15.00	4,950.00	65.00	16,900.00	15.00	1,950.00	113.15	26,300.00
Creditors (inc calculations/distributions/creditors claims/communications with creditors/employees/Tax and VAT/Creditor services/prescribed part calc&dis)	2.00	1,000.00	2.00	660.00	50.00	13,000.00	2.00	260.00	44.78	14,920.00
Investigations (inc CDDA report/antecedent transactions/Investigation and review)	2.00	1,000.00	2.00	660.00	20.00	5,200.00	13.00	1,690.00	83.04	8,550.00
Realisation of Assets (inc debt collection/identifying securing and insuring/property business and asset sales/ROT)	2.00	1,000.00	3.00	990.00	30.00	7,800.00	3.00	390.00	33.47	10,180.00
Total No Hrs	11.00	5500.00	22.00	7,260.00	165.00	42,900.00	33.00	4,290.00	274.44	59,950.00

This information has been obtained from Wilson Field's time recording module. Six ABM rates of a similar size have been selected and an average calculated. The charge out rate information opposite has been obtained from the rate and disbursement policy. As the Administrator charge out rate varies dependent on experience, the highest amount has been taken into account to be prudent. There are four different grade of staff that make up the Manager column, therefore an average of the four rates has been taken in account to calculate the above figures.

*In order to be prudent the higher charge out rate has been applied.

Grade	Hourly charge out rate (£/hr)	SIP Column
Director/JP	500	Partner
Manager	400	Manager
Assistant Manager	395	Manager
Team Leader	390	Manager
Senior Administrator	330	Manager
Administrator	230-300	Other Senior Professional
Secretarial & Support	130	Assistants & Support Staff