

AM03

Notice of administrator's proposals



Companies House

THURSDAY



A09 *A817AY2Q*
14/03/2019 #169
COMPANIES HOUSE

1 Company details

Company number 0 8 6 6 2 1 2 0

Company name in full Arch Hall Limited

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

2 Administrator's name

Full forename(s) Alan

Surname Fallows

3 Administrator's address

Building name/number 1 City Road East

Street Manchester

Post town

County/Region

Postcode M 1 5 4 P N

Country

4 Administrator's name

Full forename(s) Peter James

Surname Anderson

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

5 Administrator's address

Building name/number 1 City Road East

Street Manchester

Post town

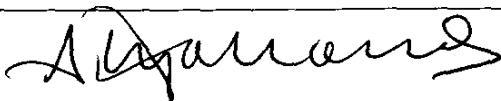
County/Region

Postcode M 1 5 4 P N

Country

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

AM03
Notice of Administrator's Proposals

6		Statement of proposals	
		<input checked="checked" type="checkbox"/> I attach a copy of the statement of proposals	
7		Sign and date	
Administrator's Signature	Signature x		x
Signature date	d 1 d 3	m 0 m 3	y 2 y 0 y 1 y 9

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	Lindsay Moore
Company name	Kay Johnson Gee Corporate Recovery Limited
Address	1 City Road East Manchester
Post town	
County/Region	
Postcode	M 1 5 4 P N
Country	
DX	
Telephone	0161 832 6221



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ①
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

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

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

① You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) Alessandro
Surname Sidoli

3 Insolvency practitioner's address

Building name/number 1 City Road East
Street Manchester
Post town
County/Region
Postcode M 1 5 4 P N
Country

Joint Administrators' Report and Statement of Proposals Pursuant to Paragraph 49 of Schedule B1

**Arch Hall Limited -
In Administration**

ARCH HALL LIMITED - IN ADMINISTRATION

CONTENTS

- 1** *Introduction and Background*
- 2** *Administration Strategy and Objective*
- 3** *Joint Administrators' Receipts and Payments*
- 4** *Financial Position*
- 5** *Proposals*
- 6** *Exit Routes*
- 7** *Pre-administration Costs*
- 8** *Joint Administrators' Remuneration*
- 9** *Estimated Outcome*
- 10** *Proposals approval and next report*

APPENDICES

- A** *Statutory Information*
- B** *Receipts and Payments Account for the Period from 7 March 2019 to 13 March 2019*
- C** *Summary of the Estimated Financial Position of the Company as at 7 March 2019*
- D** *Time Analysis for the Period from 7 March 2019 to 13 March 2019*
- E** *Additional Information in Relation to the Administrators' Fees*
- F** *Estimated Outcome Statement as at 13 March 2019*
- G** *Joint Administrators' Statement on Pre-Packaged Sale*

ARCH HALL LIMITED - IN ADMINISTRATION

1 Introduction and Background

- 1.1 The Company was incorporated on 23 August 2013 as Amsol PPI Limited and changed its name by special resolution to Arch Hall Limited on 16 October 2013.
- 1.2 The Company was formed by Christopher Holmes and Andrew Allcock, who provided loans to the Company, which were subsequently repaid in June 2016.
- 1.3 Christopher Holmes was an experienced Director who had held numerous positions in the industry including Harrington Brooks, Ask Finance, One Advice and the Debt Resolution Forum. In addition, Andrew Allcock is a Chartered Accountant with a number of previous directorships. Mr Allcock subsequently resigned his position as a Director of the Company on 31 May 2017.
- 1.4 At the date of incorporation, the shareholding of the Company was 34% held by Christopher Holmes, 33% held by Andrew Allcock and 33% held by Stuart Holmes. On 18 March 2016, the entire share capital was acquired by Arch Hall Group Limited in a share for share exchange and the Company is currently a 100% subsidiary of Arch Hall Group Limited.
- 1.5 The Company's principal trading activity is claims management, with a focus on Payment Protection Insurance ("PPI") claims for financially distressed individuals who have been subject to some form of insolvency procedure such as Bankruptcy, Individual Voluntary Arrangement, Sequestration or a Debt management plan.
- 1.6 The Company is current regulated by the Ministry of Justice, registration number CRM 33475.
- 1.7 The Company traded from leased premises in Sale.
- 1.8 Mr Christopher Holmes had many years' experience within the industry and had noted a gap to provide claims management services to individuals with debt and insolvency history. It was noted that upon initial contact with a new client, it was an industry standard to ask four qualifying questions, one of which was to establish if the client had a history of previous financial difficulties or debt. If the client answered yes, the instruction would not proceed, as many of the main competitors within the industry, would not act for these individuals as they were deemed high risk.
- 1.9 The Directors were confident that with their wealth of experience and the correct business model, they could offer a service to the financially distressed whilst building a profitable business.
- 1.10 The Company's business acquisition strategy was to secure work via referrals from other claims management companies and insolvency professionals.
- 1.11 The Company traded well from the outset and the average size of contract varied from £1,500 to £2,400. The Company would take hot leads in the region of 200 per day. Historically the Company would generate 50% in respect of fees from successful claims.
- 1.12 As the Company continued to grow at a rapid pace, a subsidiary company, Arch Hall South Limited, was formed to attract additional funding from an individual, who had significant experience within the industry and who would carry out additional claims management activity from a second leased premise in Cheltenham, under the Company's current licence.
- 1.13 However, on 10 July 2018, a change in legislation capped the level of payment that the Company could take from each client down to 20%, which had a massive impact on the Company's overall profitability. The Company's margins were eroded by 40% and at best, the Company struggled to break even. The introduction of this cap disadvantaged the Company as a specialist provider as no provision was made for technical or complex claims.
- 1.14 The fee cap resulted in a major change in the Company's business model, which required more costs upfront and a much longer lead time to revenue.

ARCH HALL LIMITED - IN ADMINISTRATION

- 1.15 In addition, on 31 March 2019, the industry will be regulated via the Financial Conduct Authority ("FCA") rather than the Ministry of Justice. The change in regulator comes with a number of strict requirements that the Director did not feel could be met. The licence fee that is requested by the FCA is dependent upon the level of the Company's turnover and it was calculated that the fee would be in the region of £50,000. In addition to this fee, the Company had to be able to evidence that it had access to funds equivalent to two months of the Company's turnover and these funds were simply not available.
- 1.16 A further strain was placed on the Company's cash flow as the Company's work in progress was not converting in line with the Company's previous performance. The Director attributed this to the pending deadline for the PPI claims to be finalised, which is set for 29 August 2019. Any claims that have not been passed to the Financial Ombudsman prior to this date, will simply fall away.
- 1.17 The Director noted a significant decrease in the banks' responses to the PPI claims. Banks have 28 days in which to respond to the initial letter but the Director advised that in many instances, a response was taking weeks and even months to be received.
- 1.18 The significant decrease in the conversion of the work in progress placed a real strain on the Company's cash flow and this, coupled with the above factors, resulted in the Company struggling to meet its liabilities as and when they fell due.
- 1.19 Alan Fallows of Kay Johnson Gee Corporate Recovery Limited was originally approached by the Director Christopher Holmes, who through his previous work in the industry, knew other Insolvency Practitioners and wished to approach an Insolvency Practitioner whereby there could be no perceived conflict of interest. The Director was already aware of Kay Johnson Gee Corporate Recovery Limited.
- 1.20 An initial meeting was held on 6 February 2019 with the Director and a senior member of his team Kevin Dursley and a follow up meeting was held at the offices of Kay Johnson Gee Corporate Recovery Limited on 22 February 2019, at which the Company's updated financial position was discussed and reviewed.
- 1.21 At the follow up meeting with the Director on 22 February 2019, an updated assessment of the Company's financial position was undertaken.
- 1.22 Based upon the financial information presented at this meeting by the Director, it was established that the Company could not continue to trade in the long term but still retained value for a potential purchaser, which was mainly held in the Company's work in progress, debtor ledger and customer data and as such the Company should be placed into Administration.
- 1.23 As a result, Alan Fallows, Peter James Anderson and Alessandro Sidoli of Kay Johnson Gee Corporate Recovery Limited, 1 City Road East, Manchester, M15 4PN were appointed Joint Administrators of the Company by the sole Director on 7 March 2019. Alan Fallows, Peter James Anderson and Alessandro Sidoli are licensed to act as insolvency practitioners in the UK by the Institute of Chartered Accountants England and Wales.
- 1.24 This firm's Privacy Notice about the way that we will use, and store personal data can be found at www.kjgcr.com/privacy-policy. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.25 I can confirm that the Joint Administrators act jointly and severally in the Administration.
- 1.26 The EU 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.
- 1.27 This report incorporates the Administrators' statement of proposals made under paragraph 49 of Schedule B1, which will be treated as delivered to creditors on 18 March 2019.

ARCH HALL LIMITED - IN ADMINISTRATION

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 instance, it was not considered possible to achieve objective one and rescue the Company as a going concern due to the long-term viability of the business as a direct result of the pending deadline for the processing of PPI claims.

2.3 Therefore, the purpose of the Administration is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up.

Pre-Packaged Sale

2.4 A pre-packaged sale of the Company's business and assets was concluded on 7 March 2019 to Rapid Reclaim Group Ltd ("the Purchaser"). Full information on the sale pursuant to the requirements of Statement of Insolvency Practice 16 can be found at Appendix G and should be read in conjunction with the remainder of this report.

Progress Since Appointment

Administration (including statutory compliance and reporting)

2.5 Following my appointment, the strategy for the Administration was carefully assessed to ensure that a coherent planned process for the case could be achieved. This work will, where appropriate, have included liaison with solicitors to deal with any legal considerations surrounding the Company's insolvency (such as assessing the validity of any 3rd party security in relation to the assets) and liaising with valuation agents about the most appropriate means of realising the value in the Company's business and assets.

2.6 I have also dealt with a number of statutory formalities which are required of me under related legislation. Typically, this includes issuing and filing all appointment notices with creditors and the Registrar of Companies and also advertising my appointment in the London Gazette.

2.7 Where a pre-packaged sale of the Company's assets and business has taken place, I have prepared and issued the report on the transaction as required by Statement of Insolvency Practice 16 and I have also prepared and issued these proposals to creditors outlining how the purpose of the Administration may be achieved.

2.8 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.

Trading

2.9 The Company ceased to trade on appointment and the business and assets were sold to Rapid Reclaim Group Ltd on 7 March 2019 as detailed in my SIP16 letter to creditors attached at Appendix G.

ARCH HALL LIMITED - IN ADMINISTRATION

Realisation of assets

- 2.10 Realisation of the assets included in the sale to Rapid Reclaim Group Ltd are detailed in full at Appendix G.
- 2.11 It should be noted that a large portion of the consideration due will be treated as deferred consideration and continued work will be required by the Joint Administrators and their staff to reconcile the information provided by the purchaser on weekly basis.
- 2.12 This reconciliation work will include a review of the weekly collections undertaken and provided by the Purchaser, against the information contained within the back up of the claims management system as at the date of the Administration.
- 2.13 It is anticipated that the level and complexity of this work will be significant as the level of claims as at the date of Administration stood at 15,751. Whilst the work involved in this exercise will be extensive, the initial review of the work in progress and debtor ledger has highlighted that the return to the Administration estate will be greater than the associated costs and will result in a return to the unsecured creditors.

Cash at Bank

- 2.14 Immediately following appointment correspondence was issued to Barclay's Bank Plc, with whom the Company banks. A request has been made for all accounts held in the name of the Company to be frozen and up to date statements provided in order that the accounts may be reconciled and the credit balance secured.
- 2.15 The Joint Administrators will undertake a detailed review of the funds held to establish what funds are due to the Administration estate and what funds may also be due to the purchaser of the assets under the terms of the sale and purchase agreements, full details of which are provided at Appendix G.
- 2.16 Furthermore, it has been highlighted that a number of the client settlements were paid into a World Pay account held in the name of Reach Support Services Limited ("Reach"), a company with the common Director Christopher Holmes and which is wholly owned by Arch Hall Group Limited.
- 2.17 Upon appointment the Joint Administrators have issued correspondence to Reach to gain access to this account so that a full reconciliation may be undertaken and any funds due to the Administration estate are secured by return.
- 2.18 The work undertaken by the Administrator and his 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. Where assets remain to be realised, these will be dealt with as the Administration progresses and further updates will be provided to creditors in my progress reports.
- 2.19 Further information on the estimated outcome of the Administration can be found in section 9 below.

Creditors

- 2.20 Following appointment, all creditors were written to, to confirm the appointment of the Joint Administrators and request full details of their claims and any supporting evidence. Whilst this work may not necessarily have a financial benefit to the creditors, it is a statutory duty of the Joint Administrators to contact all creditors. Included with the notification to creditors was a questionnaire which gives creditors the opportunity to provide information on the way the Company conducted its business. This information will assist me with my statutory investigations, details of which are below.
- 2.21 It is anticipated that due to the level of asset realisations, a dividend will be payable to the unsecured creditors.

ARCH HALL LIMITED - IN ADMINISTRATION

- 2.22 It has been noted that the vast majority of the Company's creditors consist of referrers or introducers of work or insolvency specialists. In order to establish the exact nature and level of their claims within the Administration estate, it will be necessary to undertake a full review of all agreements held between the Company and the creditors.
- 2.23 In essence, the creditors provide the Company with leads or referrals of clients with PPI claims and upon the successful pay out to the client, the Company receives their fee and payment also crystallises to the referrer of the client.
- 2.24 A detailed review of all agreements will be completed to establish the exact terms and conditions that were agreed with the Company and also how the Company entering into Administration may impact the agreement for example, an insolvency procedure such as Administration, may automatically terminate any existing agreement. As further claims are settled the level of these claims are likely to increase and this will need to be closely monitored by the Administrators.
- 2.25 It will be essential to complete this exercise to be able to establish the exact level of all final claims within the Administration estate and to make future dividend payments for the financial benefit of the Company's creditors.

Investigations

- 2.26 Some of the work the Administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (**CDDA 1986**) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Administrators can pursue for the benefit of creditors.
- 2.27 In order to comply with the above legislation steps have been taken to secure all of the Company's books and records, both manual and electronic, in order that a full review of the same may be undertaken to submit the statutory report on the conduct of the Director of the Company to the Department of Business, Energy and Industrial Strategy.
- 2.28 The Company's bank has also been contacted to advise of our appointment and request the delivery up of copy bank statements for the two years preceding the commencement of the Administration. Upon receipt of the same, a full review will be undertaken to establish if there are any areas of concern that require further investigation or may possibly result in a recovery for the benefit of the creditors.
- 2.29 In addition, all creditors of the Company have been written to including a creditor questionnaire inviting creditors to provide information on any concerns regarding the way in which the Company's business has been conducted and on any potential recoveries for the benefit of the Administration estate. A detailed review of all creditor responses received will be completed and any matters of concern that are highlighted, will be duly followed up that may include additional enquiries of third parties and where applicable the instruction of a solicitor to commence any appropriate legal or recovery action.

3 Joint Administrators' Receipts and Payments

- 3.1 A summary of receipts and payments for the Administration period from the date of my appointment to 13 March 2019 is attached at Appendix B.
- 3.2 I can confirm that upon my appointment and the completion of the pre-packaged sale, the initial consideration due under the terms of the sale and purchase agreement and the licence to occupy totalling £8,327.00 was duly received and is currently held in my solicitor's client account. Arrangements are currently being made for the transfer of these funds to the Administration estate.

ARCH HALL LIMITED - IN ADMINISTRATION

4 Financial Position

- 4.1 A Statement of the Company's Affairs has not yet been provided as the appointment of the Joint Administrators only commenced on 7 March 2019. A request for the Statement of Affairs was sent to the Director on 8 March 2019 giving the Director eleven days to return the same.
- 4.2 Attached at Appendix C is a summary of the Estimated Financial Position of the Company as at 7 March 2019, together with a list of creditors names and addresses along with details of their debts (including details of any security held by them). Creditors should note that the estimated financial position is before the costs of the Administration procedure are considered.
- 4.3 The estimated to realise figures utilised within the estimated financial position have been taken from the Agent's restricted market, ex-situ sale of the assets, as detailed in full at Appendix G of this report. This valuation was utilised as if the pre-packaged sale via the Administration had not proceeded, it was most likely that the assets would have been sold on a forced sale, ex-situ basis via Liquidation.
- 4.4 I have the following observations to make in relation to the Estimated Financial Position of the Company.
- 4.5 A review of the Company's last full, filed accounts for the year ending 31 July 2017 confirmed that the Company held no tangible assets at that date. Further to these accounts, it has been evidenced that the tangible assets consisting of office furniture and equipment, were historically owned by the ultimate holding company, Arch Hall Group Limited. Prior to the commencement of the Administration, documentation was provided to evidence that these assets had been sold to the Company. Therefore, for the purpose of the estimated financial position, the office furniture and equipment has been attributed with a book value as per the consideration paid by the Company and the estimated to realise value has been taken from the Agent's ex-situ valuation as detailed at Appendix G.
- 4.6 The customer data included within the sale and purchase agreement was not included within the Company's historic accounts but information provided by the Director to the Agent indicated that the future claims had a potential value of £47,513. As the customer data had not been capitalised, it has been attributed with a book value of nil. In the event that the Company had ceased to trade and entered into Liquidation, it would be highly likely that a subsequent forced sale of the Company's assets would follow and as detailed at Appendix G, this would have the worst result for the estate and the creditors. It has been highlighted that to maximise the value held within the customer data, an experienced purchaser with the relevant expertise and infrastructure would be essential, which in a forced sale scenario would be unlikely. Therefore, the customer data has been attributed with a nil estimated to realise value as per the Agent's ex-situ valuation as detailed at Appendix G.
- 4.7 The work in progress book value has been taken from information extracted from the Company client management system, which was provided to the Agent by the Director. The Agent advised that the work in progress had a current book value of £725,438. A forced sale scenario such as Liquidation would greatly diminish the value of the work in progress as this would most likely involve a significant break in trade and thus the claims being managed. The key to maximising the value in the work in progress is continued, expert management of the claims so that they are concluded in a timely manner and before the deadline of 29 August 2019 as detailed at Appendix G. The work in progress has been attributed with an estimated to realise value of £25,000 as per the Agent's ex-situ valuation as detailed at Appendix G.
- 4.8 The Company's book debt value has been taken from information extracted from the Company client management system, which was provided to the Agent by the Director. The Agent advised that the debtor ledger had a current book value of £595,780 after provisions. As noted at Appendix G, the Company's debtor ledger consists of clients who have historical, financial issues and therefore it is critical that the debtors are consistently chased and immediately upon settlement from the banks. Any break in such collection, which would be

ARCH HALL LIMITED - IN ADMINISTRATION

inevitable with a forced sale scenario, would vastly diminish the return to creditors. The book debts have been attributed with an estimated to realise value of £10,000 as per the Agent's ex-situ valuation as detailed at Appendix G.

- 4.9 Immediately prior to the commencement of the Administration, the Director advised that there was cash at bank of £29,121.67. Following appointment correspondence has been issued to the bank to confirm and secure the updated balance.
- 4.10 As detailed at paragraph 2.22, it has been noted that the vast majority of the Company's creditors consist of referrers or introducers of work or insolvency specialists. In order to establish the exact nature and level of their claims within the Administration estate, it will be necessary to undertake a full review of all agreements held between the Company and the creditors and therefore the final creditor balance will be subject to fluctuation.
- 4.11 The preferential creditors relate to the claims of the Company's employees that would have crystallised in the event that the Company had ceased to trade and subsequently entered into Liquidation. The employee preferential claims are in respect of unpaid holiday pay and arrears of wages to the £800 statutory limit.
- 4.12 Again, the unsecured employee claims relate to the claims of the Company's employees that would have crystallised in the event that the Company had ceased to trade and subsequently entered into Liquidation. The employee non-preferential claims are in respect of redundancy, pay in lieu of notice and arrears of wages above the £800 statutory limit.
- 4.13 The vast majority of the Company's trade and expense creditors consist of referrers or introducers of work or insolvency specialists. In order to establish the exact nature and level of their claims within the Administration estate, it will be necessary to undertake a full review of all agreements held between the Company and the creditors.

5 Proposals

- 5.1 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:
- 5.2 If, having realised the assets of the Company the Administrators think that a distribution will be made to the unsecured creditors other than by virtue of section 176A(2)(a) (known as the Prescribed Part), they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrators to an end and will move the Company automatically into Creditors' Voluntary Liquidation (CVL) in order that the distribution can be made. In these circumstances, it is proposed that the Administrators in office at the date of conversion to CVL will become the Joint Liquidators in the CVL. The acts of the Joint Liquidators may be undertaken by either or both of them.
- 5.3 Court approval is not required to enable the Administrators to make a distribution to the unsecured creditors of the Prescribed Part. If, however, a distribution to unsecured creditors not limited to the Prescribed Part is anticipated, the Administrators may consider making an application to Court to seek permission to distribute this in the Administration. If permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.
- 5.4 If the Administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company.
- 5.5 See Section 6 below on **Exit Routes** for further information on the exit routes available from Administration.

ARCH HALL LIMITED - IN ADMINISTRATION

- 5.6 The Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.
- 5.7 If the Administrators consider it necessary to extend the period of the Administration, which may prove necessary in this instance due to the ongoing collection of the additional consideration due under the terms of the sale of the business, they will seek the consent of creditors or the approval of the Court to the extension. Creditors may consent to an extension for a period of up to one year and the Court can order that the Administrators' term of office be extended for a specified period determined by it.
- 5.8 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed, they be authorised to sanction the basis of the Administrators' remuneration and disbursements and any proposed act on the part of the Administrators without the need to report back to creditors generally, to include any decision regarding the most appropriate exit route from the Administration.
- 5.9 The basis of the Administrators' remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by them:
- As a percentage of the value of the assets they have to deal with, or
 - By reference to time properly spent by the Administrators and their staff managing the Administration, or
 - As a set amount
- 5.10 In accordance with Statement of Insolvency Practice 9, issued by the Association of Business Recovery Professionals, the Administrators be authorised to draw Category 2 disbursements as and when funds are available, in accordance with their firm's published tariff. Details of Category 2 disbursements charged by the firm can be found at Appendix E.
- 5.11 Where no Creditors' Committee is appointed the remuneration and disbursements of the Administrators shall be fixed by a decision of creditors or where the Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the Prescribed Part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with insolvency legislation. The Administrators will also seek approval for any unpaid pre-administration costs detailed in this report and their discharge from liability in the same manner.
- 5.12 In this case, the Administrators are seeking to approve the basis of their remuneration as follows:
- By reference to the time properly spent by the Administrators and their staff in attending to matters arising in the Administration and;
- Further details about the proposed fee basis can be found in Section 8 below and Appendix E.
- 5.13 The Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.
- 6 Exit Routes**
- 6.1 All Administrations automatically come to an end after the period of one year, unless the Company's creditors agree to extend this period, or the Court orders the Administrator's term of office be extended for a specified period of time.

ARCH HALL LIMITED - IN ADMINISTRATION

- 6.2 At the time of drafting these Proposals I believe that an extension to the period of Administration may be necessary, however will confirm the position to creditors in a subsequent progress report in due course. An extension may be necessary due to the open-ended nature of the collection of the Company's work in progress, which forms part of the additional consideration due under the terms of the sale of the business and its assets to the purchaser.
- 6.3 Based on information currently available, the information on the exit route(s) we believe may be appropriate in this Administration is/are set out below.

Creditors Voluntary Liquidation

- 6.4 Based on present information, the Administrators think a dividend will be paid to the unsecured creditors other than by virtue of the Prescribed Part. As a result, the Administrators will either make an application to Court to enable them to make a distribution to unsecured creditors in the Administration or they 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 Joint Liquidators of the CVL.

Dissolution of the Company

- 6.5 Based on present information, the Administrators think that a distribution will be available to the unsecured creditors other than from the Prescribed Part. This will be distributed in due course within the Administration and a notice will thereafter be filed at Court and with the Registrar of Companies with the Administrators' final report, for the dissolution of the Company.
- 6.6 In the event that the Company has insufficient funds to permit a distribution to its creditors, they will file the relevant notice at Court and with the Registrar of Companies with the Administrators' final report, for the dissolution of the Company.
- 6.7 It is proposed that the Joint Liquidators will be authorised to act jointly and severally in the subsequent liquidation.
- 6.8 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 Joint Liquidators of the subsequent CVL.
- 6.9 Once the distribution has been made, a notice will be filed at Court and with the Registrar of Companies with the Administrators' final report, for the dissolution of the Company.
- 6.10 The Administrators' appointment will end following the registration of the notice by the Registrar of Companies.

7 Pre-administration Costs

- 7.1 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 it doing so), and "unpaid pre-

ARCH HALL LIMITED - IN ADMINISTRATION

administration costs" are pre-administration costs which had not been paid when the company entered Administration.

- 7.2 Below is information on the pre-administration costs incurred in this case, together with details of any amounts which remain unpaid, where applicable.
- 7.3 I instructed Middleton Barton ("the Agent") to value the Company's assets and provide a detailed inventory. The Agent also assisted with the marketing of the business and assets and provided a recommendation to the offer for the purchase of the business.
- 7.4 I instructed Bermans Solicitors to provide legal advice throughout the pre-appointment period, draft notices to be filed at court and draw up the Sale and Purchase Agreement between the Company and the Purchaser. Bermans solicitors was instructed based on its experience on providing legal advice in insolvency matters.
- 7.5 Instructing the above pre-appointment was necessary in order to prepare the pre-packaged sale and achieve the best result for the creditors.
- 7.6 More information on how pre-administration costs were incurred can be found at Appendix G.
- 7.7 Pre-appointment fees charged and expenses incurred by the Administrators are as follows:

Kay Johnson Gee Corporate Recovery Limited	Negotiation of the sale to Rapid Reclaim Group Ltd and collating information from the Company.	£9,987 plus VAT	Nil	N/a	£9,987 plus VAT
Middleton Barton	Valuation of tangible and intangible assets, marketing the business and its assets and providing recommendation for acceptance of offer received	£7,500 plus VAT and disbursements of £45 plus VAT	Nil	N/a	7,500 plus VAT and disbursements of £45 plus VAT
Bermans Solicitors	Dealing with associated sale contract	£2,585 plus VAT and £50 Court fee	Nil	N/a	£2,585 plus VAT and £50 Court Fee

- 7.8 The Joint Administrators' pre-appointment fees and expenses were detailed in the letter of engagement, which was signed by the Director on 25 February 2019.
- 7.9 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.

8 Joint Administrators' Remuneration

- 8.1 As Joint Administrators, we are required to provide creditors with details of the work we propose to undertake in the Administration and the expenses we consider will be, or is likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which my remuneration will be fixed.
- 8.2 In addition to this, where Administrators seek agreement to the basis of their remuneration by reference to time properly spent by them and their staff in attending to matters arising in the Administration, a fee's estimate outlining the time and estimated cost of the work to be done must also be provided.

ARCH HALL LIMITED - IN ADMINISTRATION

- 8.3 In this case, we are seeking to agree that our remuneration be based on the time properly spent by us and our staff in dealing with the affairs of the Company. My fees estimate and details of the work we 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.
- 8.4 Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if we consider the estimate will be exceeded during the Administration, we are obliged to seek further approval for any increase in our remuneration. The fees estimate provides details of these matters where relevant and appropriate approval to the basis of our remuneration will be sought as outlined in section 5 of this report.
- 8.5 For information, attached at Appendix D is a time matrix outlining the time spent by us and our staff since the date of my appointment as Administrator. This time is included within the overall fees estimate provided with this report.
- 8.6 In circumstances where my initial investigations reveal matters for further detailed investigation or previously unknown assets to be realised, we reserve the right to refer back to creditors to establish how we are to be remunerated for such additional work, which may be proposed on a time cost basis. If such work proves necessary, we will revert to creditors with our fees estimate for approval.
- 8.7 We will provide updates on the expenses we consider will be, or are likely to be, incurred during this case with our progress reports in due course.
- 8.8 Administrators may include details of the remuneration they anticipate will be charged and the expenses they anticipate will be incurred if they become the Joint Liquidators in the subsequent CVL. This can be done when seeking approval to the basis of their remuneration as Administrators, or alternatively their 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.
- 8.9 A copy of "A Creditors' Guide to Administrators' Fees" is available on request or can be downloaded from www.kjgcr.com/guides-to-fees. If you would prefer this to be sent to you in hard copy please contact Lindsay Moore of this office on 0161 212 8388.

9 Estimated Outcome

- 9.1 An estimate of the outcome of the Administration as at 13 March 2019 is attached as Appendix F.
- 9.2 The estimated outcome statement has been prepared to reflect the consideration to be received for the pre-packaged sale.
- 9.3 Based on the Estimated Financial Position attached to this report, the estimated value of the unsecured creditors is £566,993.59.
- 9.4 There are no preferential creditors in this matter. The employees of the Company transferred to the Purchaser under the terms of the sale.
- 9.5 Based upon the estimated outcome statement, it is anticipated that a dividend to the unsecured creditors of approximately 25p/£ will be made.
- 9.6 Please be aware that this fund may fluctuate during the course of the Administration and further updates will be provided in our progress reports in due course.
- 9.7 The Company has no unsatisfied qualifying floating charges. Accordingly, there is no requirement for the Administrators to create a fund out of the Company's net floating charge

ARCH HALL LIMITED - IN ADMINISTRATION

property for the benefit of unsecured creditors (known as the **Prescribed Part**), which only applies to charges created after 15 September 2003.

10 Proposals approval and next report

- 10.1 I am seeking a decision of creditors on the approval of my proposals by deemed consent and also for approval of my fees by a decision by correspondence. The letter issued to creditors with this report (or the link to this report) contains further information about this decision process.
- 10.2 The Administrators are required to provide a progress report within one month of the end of the first six months of the Administration and we will report to you again at this time.

For and on behalf of
Arch Hall Limited



Alan Fallows
Joint Administrator

Enc

ARCH HALL LIMITED - IN ADMINISTRATION

Appendix A

Statutory Information

11 Company information

Company name	Arch Hall Limited
Trading name(s)	None
Registered number	08662120
Registered office address	Marshall House 2 Park Avenue Sale Cheshire M33 6HE England
Former registered office address	N/a
Trading address(s)	Marshall House 2 Park Avenue Sale Cheshire M33 6HE
Court details	High Court of Justice, Business and Property Courts in Manchester Insolvency and Companies
Court reference number	000190 of 2019

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

Director(s)			
Christopher Holmes	09/09/2016	N/a	N/a
Andrew Allcock	23/08/2013	31/05/2017	N/a
Shareholder			
Arch Hall Group Limited			100
Secretary			
None registered			

13 Joint Administrators' Details

Name of Administrators	Alan Fallows, Peter Anderson and Alessandro Sidoli
Address	Kay Johnson Gee Corporate Recovery Limited 1 City Road East Manchester M15 4PN
Telephone Number	0161 832 6221
Fax Number	0161 834 8479
Administrator's IP Number	9567, 15336 and 14270
Authorising Body	Institute of Chartered Accountants England and Wales
Date of Appointment	7 March 2019

ARCH HALL LIMITED - IN ADMINISTRATION

Appendix B

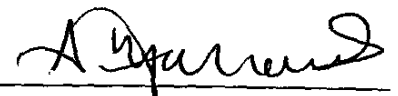
Receipts and Payments Account for the Period from 7 March 2019 to 13 March 2019

Arch Hall Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 13/03/2019

S of A £		£	£
	ASSET REALISATIONS		
2,500.00	Office Furniture & Equipment	NIL	
35,000.00	Customer Data	NIL	
25,000.00	Work in Progress	NIL	
10,000.00	Book Debts	NIL	
29,121.67	Cash at Bank	NIL	
			NIL
	PREFERENTIAL CREDITORS		
(17,270.25)	Employee Preferential Claims	NIL	
			NIL
	UNSECURED CREDITORS		
(462,542.96)	Trade & Expense Creditors	NIL	
(67,803.56)	Employee Non-Preferential Claims	NIL	
(29,145.23)	HM Revenue & Customs (PAYE/NIC)	NIL	
(10,858.94)	HM Revenue & Customs (Corporation	NIL	
(64,446.46)	HM Revenue & Customs (VAT)	NIL	
			NIL
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	NIL	
			NIL
(550,545.73)			NIL

REPRESENTED BY

NIL



Joint Administrator

ARCH HALL LIMITED - IN ADMINISTRATION

Appendix C

Summary of the Estimated Financial Position of the Company as at 7 March 2019

Insolvency Act 1986

Arch Hall Limited
Estimated Statement Of Affairs as at 7 March 2019

	Book Value £	Estimated to Realise £
ASSETS		
Office Furniture & Equipment	10,000.00	2,500.00
Customer Data	NIL	NIL
Work in Progress	725,438.00	25,000.00
Book Debts	595,780.00	10,000.00
Cash at Bank	29,121.67	29,121.67
		<u>66,621.67</u>
LIABILITIES		
PREFERENTIAL CREDITORS:-		
Employee Preferential Claims		17,270.25
		<u>17,270.25</u>
		49,351.42
DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003		
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS		
		<u>NIL</u>
		49,351.42
Estimated prescribed part of net property where applicable (to carry forward)		<u>NIL</u>
		49,351.42
DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003		
		<u>NIL</u>
		49,351.42
Estimated prescribed part of net property where applicable (brought down)		<u>NIL</u>
		49,351.42
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	462,542.96	
Employee Non-Preferential Claims	67,803.56	
HM Revenue & Customs (PAYE/NIC)	29,145.23	
HM Revenue & Customs (Corporation Tax)	10,858.94	
HM Revenue & Customs (VAT)	<u>64,446.46</u>	
		<u>634,797.15</u>
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)		<u>(585,445.73)</u>
		(585,445.73)
Issued and called up capital Ordinary Shareholders		100.00
		<u>100.00</u>
TOTAL SURPLUS/(DEFICIENCY)		<u><u>(585,545.73)</u></u>

Kay Johnson Gee Corporate Recovery Limited
Arch Hall Limited
B - Company Creditors

Key	Name	Address	£
CA0001	A A G Gardner & Sons Ltd	43 Taunton Road, Sale, Cheshire, M33 5DD	108.00
CA0002	Affinity Communications Ltd	3 Ryder Avenue, Altrincham, Cheshire, WA14 1LX	5,308.25
CA0003	Aquacool Ltd	Cobra Court, 2 Scholar Green, Streitford, Manchester, M32 0TR	142.20
CA0004	Arch Hall Group Ltd	59 Granary Way, Sale, Cheshire, M33 4GF	36,584.83
CA0005	Aviva Life Services UK Ltd	, Wellington Row, York, YO90 1WR	188.00
CB0001	Bridgewood Financial Management	Poynt South, Upper Parliament Street, Nottingham, NG1 65LF	2,367.96
CC0001	Creative Solutions T/A Polkadot	Kingfisher Court 201-203, Broadway, Salford Quays, Manchester, M50 2UE	1,644.72
CD0001	Dataline Northern Ltd	Data House, 160 Cross Street, Sale, Cheshire, M33 7AQ	6,506.37
CD0002	Data Day Shredding Ltd	Location 1 497, Oldham Road, Manchester, M40 5AA	30.00
CD0003	Douglas Brown Associates	Quebec Building, Bury Street, Manchester, M3 7DN	1,779.70
CD0004	DCB Consultants	54 Banks Lane, Stockport, SK1 4JX	40,672.00
CE0001	Emerson Management Services Ltd		16,773.24
CF0001	Firequeen	23-37, Broadstone Road, Reddish, Stockport, SK5 7AR	60.41
CF0002	Francotyp Postalia Ltd	74, Questor Powdermill Lane, Dartford, Kent, DA1 1EF	528.00
CHM1	H M Revenue & Customs (VAT)	5th Floor, Regian House, James Street, Liverpool, L75 1AD	64,446.46
CHCHM3	HBOS Plc	2nd Floor New Uberior House 11, Earl Grey Street, EH3 9BN	1,440.00
CHCHM4	HMRC Paye	Paye Ref :12/WA95985	29,145.23
CHCHM5	HMRC Vat	VRN :172369983	64,446.46
CHCHM6	HMRC Corporation Tax	UTR: 7843514641	10,858.94
CIN1	H M Revenue & Customs (PAYE & NIC)	Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE	29,145.23
CIN2	H M Revenue & Customs (CORP TAX)	Corporation Tax Services, BX9 1AX	10,858.94
CICIN3	Invive Ltd	6th Floor Chancery Place 50, Brown Street, Manchester, M2 2JG	1,221.22
CICIN4	Ismart Consumer Services		17,311.60
CJ0001	JPJB Ltd	4 Stanley Drive, Timperley, Altrincham, WA15 7QF	58,850.42
CL0001	Logican Solutions Ltd	4 Leicester Avenue, Manchester, M7 4HA	2,484.00
CL0002	Lead The Way (UK) Ltd	The Old Post Office 63, Saville Street, North Shields, Tyne & Wear, NE30 1AY	12,252.00
CM0001	Managed Ink Ltd	Unit J SK14 Industrial Park, Broadway, Hyde, SK14 4QF	15,272.51
CM0002	MDN Consultancy Ltd	National House 80-82, Wellington Road North, Stockport, SK4 1HW	13,052.55
CM0003	Money Management Team Ltd	Ribban Court 20, Dallam Lane, Warrington, WA2 7NG	38,492.44
CO0001	O2	260 Bath Road, Slough, Berkshire, SL1 4DX	241.68

Signature

Kay Johnson Gee Corporate Recovery Limited
Arch Hall Limited
B - Company Creditors

Key	Name	Address	£
CO0002	Octopus Office Products	Unit 10 Enterprise Centre 2, Chestergate, Stockport, SK3 0BR	1,088.83
CR0001	Reach Client Services	Marshall House 2, Park Avenue, Sale, Cheshire, M33 6HE	420.55
CR0002	Reclaim Finance	24 Harkness Street, Manchester, M12 6BT	2,067.79
CR0004	Royal Mail Group	Rowland Hill House, Boythorpe Road, Chesterfield, S49 1HQ	4,359.72
CS0001	Sage UK Ltd	, North Park, Newcastle Upon Tyne, NE13 9AA	699.96
CT0001	The Mailing Room	Southerly 7, Waterfold Business Park, Bury, Manchester, BL9 7BR	436.13
CT0002	The Shredding Alliance Ltd	842 Garstang Road, Barton, Preston, PR3 5AA	338.40
CT0003	The Compliance Support Team	Raillex Business Park, Crossens Way, Southport, PR9 9LY	3,600.00
CT0004	Trafford Park Dairy	Unit 16, Bridgewater Centre, Trafford Park, M41 7TE	285.04
CU0001	UK Consumer Links Ltd	6th Floor 49, Peters Street, Manchester, M2 3NG	17,835.00
CW0001	We Fight Any Claim	Tintern House, William Brown Close Llantarnam Park, Cwmbran, NP44 3AB	49,481.31
CW0002	Whistl UK Ltd	Meridian House, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1TB	4,167.50
42 Entries Totalling			566,993.59

Signature _____

Kay Johnson Gee Corporate Recovery Limited
Arch Hall Limited
B2 - Company Creditors - Consumer Creditors

Key	Name	Address	£
0 Entries Totalling			0.00

Signature _____

Kay Johnson Gee Corporate Recovery Limited
Arch Hall Limited
C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Shares	Called Up per share	Total Amt. Called Up
HA00	Arch Hall Group Limited	Marshall House, 2 Park Avenue, Sale, Manchester, M33 6HE	Ordinary	100.00	100	1.00	100.00
1 Ordinary Entries Totalling				100.00	100		

Signature _____

ARCH HALL LIMITED - IN ADMINISTRATION

Appendix D

Time Analysis for the Period from 7 March 2019 to 13 March 2019

Time Entry - SIP9 Time & Cost Summary

ARCH01 - Arch Hall Limited
All Post/Appointment Project Codes
From: 07/03/2019 To: 13/03/2019

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Assistant Manager	Senior Administrator	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	0.80	0.00	7.00	0.00	0.00	0.00	7.80	2,880.00	369.23
Case Specific	0.00	0.00	1.20	0.00	0.00	0.00	1.20	432.00	360.00
Cashiering	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.00	0.40	0.00	0.00	0.00	0.40	144.00	360.00
Investigation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.00	0.00	3.50	0.00	0.00	0.00	3.50	1,260.00	360.00
Statutory Compliance	1.80	0.00	0.00	0.00	0.00	0.00	1.80	610.00	450.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	2.60	0.00	12.10	0.00	0.00	0.00	14.70	5,526.00	375.92
Total Fees Claimed								0.00	
Total Disbursements Claimed								0.00	

Arch Hall Limited (the Company)

Fees Information in accordance with The Insolvency (England and Wales) Rules 2016 and Statement of Insolvency Practice 9

Fees Overview

Prior to an insolvency practitioner agreeing the basis of his 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.

In addition, where the Administrator proposes to take all or any part of this remuneration based on the time he and his 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.

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.

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 will provide an update and seek approval to increase the previously agreed **fees estimate**.

Work anticipated and the likely return to creditors

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.

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.

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

In this case, it is being proposed that the basis of my remuneration as Administrator will be based on the time spent by me and my staff in dealing with the Company's affairs. Attached to this document is my **fees estimate**, together with an explanation of the work I propose undertaking.

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 cashier when estimating the total hours to be spent on each part of the work.

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 and provide a revised estimate and seek further approval for my increased fees.

In addition, it is proposed that the Joint Administrators will be remunerated on 45% of any realisations from the successful recovery of any antecedent transactions and misfeasance claims.

Outline of work to be done by the Administrator

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

Administration (including statutory compliance & reporting)

Administrators are required to carry out certain tasks in nearly every insolvency assignment, namely administrative duties and dealing with the Company's creditors. Whilst these tasks are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not necessarily produce any direct financial benefit for creditors, but nonetheless still have to be undertaken.

This work includes:

- 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 the Administrator's statement of proposals for achieving the purpose of the Administration and thereafter providing periodic progress reports to members and creditors (typically every 6 months)
- 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 and holding periodic meetings of the creditors' committee 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
- Submitting a statutory report to the Insolvency Service 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

Realisation of assets

As outlined in the Administrators' proposals, since appointment the Administrator and his staff have pursued the realisation of the Company's assets via a pre-packaged sale to Rapid Reclaim Group Limited, full details of which can be found at Appendix G of the proposals.

It should be noted that a large portion of the consideration due under the sale and purchase agreement will be treated as deferred consideration and continued work will be required by the Joint Administrators and their staff to reconcile the information provided by the purchaser on weekly basis.

This reconciliation work will include a review of the weekly collections undertaken and provided by the purchaser, against the information contained within the backup of the claims management system as at the date of the Administration.

It is anticipated that the level and complexity of this work will be significant as the level of claims as at the date of Administration stood at 15,751. Whilst the work involved in this exercise will be extensive, the initial review of the work in progress and debtor ledger has highlighted that the return to the Administration estate will be greater and will result in a return to the unsecured creditors.

Cash at Bank

Immediately following appointment correspondence was issued to Barclay's Bank Plc, with whom the Company banks. A request has been made for all accounts held in the name of the Company to be frozen and up to date statements provided in order that the accounts and any held funds within, may be reconciled.

The Joint Administrators will undertake a detailed review of the funds held to establish what funds are due to the Administration estate and what funds may also be due to the purchaser of the assets under the terms of the sale and purchase agreements.

Furthermore, it has been highlighted that a number of the client settlements were paid into a World Pay account held in the name of Reach Support Services Limited ("Reach"), a company with the common Director Christopher Holmes and which is wholly owned by Arch Hall Group Limited. Upon appointment the Joint Administrators have issued correspondence to Reach to gain access to this account so that a full reconciliation may be undertaken and any funds to the Administration estate are secured by return.

Work done by the Administrator, his staff and any third parties engaged to assist the Administrator in realising the Company's assets will, it is anticipated, provide a financial benefit to creditors. This will result in a distribution to the unsecured creditors of the Company. Further information on the likely outcome of the Administration process will be provided in the Administrators' subsequent progress reports.

Creditors (claims and distributions)

As 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. Based on the estimated financial statement, I currently think that after taking into consideration the costs of realising the assets and dealing with the statutory formalities of the Administration process and the related costs and expenses, a distribution will be available to the unsecured creditors. I will either deal with the review and adjudication of creditors' claims in the Administration or if appointed liquidator, in the subsequent liquidation, if and when it is determined that a dividend is to be declared to creditors.

It should be noted that the above is based on the estimated financial statement drafted by the Administrators and the projected realisable value of the Company's assets, which at this stage is unconfirmed, together with the anticipated costs of the Administration. I will confirm the likely return to creditors in my future progress reports.

It has been noted that the vast majority of the Company's creditors consist of referrers or introducers of work or insolvency specialists. In order to establish the exact nature and level of their claims within the Administration estate, it will be necessary to undertake a full review of all agreements held between the Company and the creditors.

In essence the creditors provide the Company with leads or referrals of clients with PPI claims and upon the successful pay out to the client, the Company receives their fee and payment also crystallises to the referrer of the client.

A detailed review of all agreements will be completed to establish the exact terms and conditions that were agreed with the Company and also how the Company entering into Administration may impact the agreement for example, an insolvency procedure such as Administration, may automatically terminate any existing agreement.

It will be essential to complete this exercise to be able to establish the exact level of all final claims within the Administration estate and to make future dividend payments for the financial benefit of the Company's creditors.

The Company has no secured creditors and the Company's employees were transferred to the purchaser under the Transfer of Undertaking (Protection of Employment) Regulations 2006 and therefore there are no anticipated preferential creditors within the Administration estate.

Investigations

As 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).

This work may not necessarily lead to any financial benefit to creditors yet is work I am required to undertake by statute. I have included the time I consider will be needed to comply with the above legislation within **Administration** above.

If however, my initial investigations reveal that further recoveries may be available for the insolvent estate, all work undertaken to pursue these recoveries will be estimated within this time category.

At this stage, I do not foresee any substantial investigation work will be required but if following the conclusion of my initial investigations I consider that further investigation work is then required to pursue assets of the Company, I will provide creditors with an update on my **fees estimate** in due course.

There are currently no known areas of investigation and therefore the enclosed fee estimate does not include any time that may have to spent on any investigative matters that may subsequently come to light.

Administrator's Expenses

As also noted, I am required to provide creditors with details of the expenses I consider will be, or are likely to be, incurred in the Administration. These may include expenses such as agent's costs for assisting in the disposal and realisation of the company's physical assets or other routine expenses associated with an insolvency case such as statutory advertising costs or the office holder's specific penalty bond.

Below is a summary of the expenses I consider will be, or are likely to be, incurred in this case. I will provide a further update to creditors in my subsequent progress reports.

Expense	Estimated cost £
Statutory advertising	73.55 plus VAT per advert
Specific penalty bond	450.00 plus VAT
External storage of company's books and records	50.00 plus VAT
Credit Safe Searches and AML Checks	10.00 plus VAT
Bank Charges	10.00
Category 2 disbursements charged by the firm:	
Business mileage	45p per mile
Internal Meeting Room	

	150.00 plus VAT per meeting
--	--------------------------------

Kay Johnson Gee Corporate Recovery Limited's Charge-out rates and Category 2 disbursements policy

Attached to this document are details of my firm's current charge out rates and policy regarding the re-charge of Category 2 disbursements.

Category 2 disbursements 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. Any Category 2 disbursements which this firm proposes to charge in this case are reflected in the table of expenses above. Approval to charge these will be sought from creditors when the basis of my remuneration as Administrator is fixed.

It should be noted that my firm's charge-out rates may increase periodically. If any such increases impact on the **fees estimate** for the Administrator, creditors will be notified accordingly.

**Estimate of Fees and Expenses for
Arch Hall Limited (In Administration)
To 13/03/2019**

	Total Hours	Avg Hourly Rate £	Time Cost £	Disbursements £	Expenses £
Classification of Work Function					
Admin & Planning					
Appointment Notification/Formalities	7.60	301.58	2,292.00		
Case Filing	5.20	220.67	1,147.50		
Case Planning	8.50	336.88	2,863.50		
File Maintenance and Case Review	8.40	316.79	2,661.00		
Meeting and/or Internal Discussion	9.10	334.45	3,043.50		
Statutory Reporting	52.40	305.41	16,003.50		
Case Specific					
Preparation of S.o.A/Dec of Solvency	4.40	370.91	1,632.00		
Cashiering					
Cashiering/Invoicing	2.00	285.00	570.00		
Creditors					
Employee	6.00	374.00	2,244.00		
General Communication	11.50	288.52	3,318.00		
H M Revenue & Customs	8.40	245.48	2,062.00		
Postage/Mail	1.00	175.00	175.00		
Unsecured Creditors	32.50	332.74	10,814.00		
Investigation					
CDDA Reporting	7.40	326.96	2,419.50		
Investigation					
Collection of Books and Records	5.10	174.71	891.00		
Completion & Submission of CDDA	3.70	338.51	1,252.50		
Investigation					
Investigating antecedent transactions	7.30	315.41	2,302.50		
SIP 2 Review	14.80	268.55	3,974.50		
Realisation of Assets					
Agents/Solicitors	13.70	333.28	4,566.00		
Realisation of Assets					
Bank Reconciliation	20.60	250.02	5,150.50		
Realisation of Assets					
Banking/Cashiering	17.30	244.91	4,237.00		
Identifying, Securing & Insuring Assets	17.00	277.70	13,052.00		
Realisation of Property / Other Assets	61.70	286.24	17,661.00		
	<u>355.60</u>	<u>293.40</u>	<u>104,332.50</u>		
Disbursements					
Category 1 Disbursements				667.10	
Category 2 Disbursements				<u>158.82</u>	
				<u>825.92</u>	
Expenses (*)					
					<u>0.00</u>
Totals	<u>355.60</u>	<u>293.40</u>	<u>104,332.50</u>	<u>825.92</u>	<u>0.00</u>

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

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

Category 1 Disbursements

**Estimate of Fees and Expenses for
Arch Hall Limited (In Administration)**

Category 1 Disbursements

Category 1 Disbursements	667.10
	<u>667.10</u>

Category 2 Disbursements

Category 2 Disbursements	158.82
	<u>158.82</u>

Notes:

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

ARCH HALL LIMITED - IN ADMINISTRATION

Appendix E

Additional Information in Relation to Joint Administrators' Fees

14 Fee Basis

- 14.1 The Administrators are seeking to agree the basis of their remuneration in this case as time properly spent by him and his 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 Administrators consider 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.
- 14.2 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 Administrators and their staff propose to charge for each part of that work and the time they anticipate each part of that work will take.
- 14.3 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.
- 14.4 In this case, we 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.

15 Expenses

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

Statutory advertising	Gazette Direct	Cost - £73.55 plus VAT per advert	73.55 plus VAT
Administrator's bond	Willis Tower Watson	Cost - £450 plus VAT	450 plus VAT
Document storage	Cerberus	Cost - £50.00	50.00
Credit Safe/AML Checks	Encompass	Cost	10.00
Bank Charges	Handelsbanken	Cost	10.00
Staff related travel expenses	Direct cost of Administrator & his staff	Cost - 45p per mile	£8.82

16 Staff Allocation and the Use of Sub-Contractors

- 16.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 16.2 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 Administrators' remuneration is being proposed on a time cost basis, details of our current charge-out rates can be found below.

ARCH HALL LIMITED - IN ADMINISTRATION

16.3 We are not proposing to utilise the services of any sub-contractors in this case.

17 Joint Administrators' Disbursements

17.1 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.

17.2 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.

17.3 We would advise that the following Category 2 disbursements are currently charged by this firm:

Internal Meeting Room	150.00 plus VAT per meeting
Business mileage	45p per mile

17.4 Separate approval will be sought for the authorisation of this firm's Category 2 disbursements from creditors.

18 Charge-out Rates

18.1 A schedule of Kay Johnson Gee Corporate Recovery Limited charge-out rates for this assignment effective from 1 October 2018 is detailed below. Please note this firm records its time in minimum units of 6 minutes.

Appointment Takers	450
Managers	300 to 360
Senior Administrator/Administrator	220 to 250
Cashier/Support Staff	110 to 180

ARCH HALL LIMITED - IN ADMINISTRATION

Appendix F

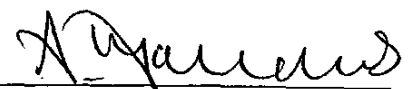
Estimated Outcome Statement as at 13 March 2019

Arch Hall Limited
(In Administration)
Joint Administrators' Estimated Outcome Statement
To 13/03/2019

Statement of Affairs £		Realised / Paid	Projected	Total £
	ASSET REALISATIONS			
2,500.00	Office Furniture & Equipment	NIL	10,000.00	10,000.00
NIL	Customer Data	NIL	2,375.65	2,375.65
25,000.00	Work in Progress	NIL	181,359.50	181,359.50
10,000.00	Book Debts	NIL	48,734.50	48,734.50
29,121.67	Cash at Bank	NIL	29,121.67	29,121.67
		NIL	271,591.32	271,591.32
	COST OF REALISATIONS			
	Bordereau	NIL	(450.00)	(450.00)
	Pre-Appointment Administrators' Fees	NIL	(9,987.00)	(9,987.00)
	Post Appointment Administrators' Fees	NIL	(104,332.50)	(104,332.50)
	Pre Appointment Agent Fees	NIL	(7,545.00)	(7,545.00)
	Pre-Appointment Legal Fees	NIL	(2,635.00)	(2,635.00)
	Company Search Fee *	NIL	(10.00)	(10.00)
	Storage Costs *	NIL	(50.00)	(50.00)
	Mileage	NIL	(8.82)	(8.82)
	London Gazette Advertising	NIL	(147.10)	(147.10)
	Bank Charges	NIL	(10.00)	(10.00)
		NIL	(125,175.42)	(125,175.42)
	PREFERENTIAL CREDITORS			
(17,270.25)	Employee Preferential Claims	NIL	NIL	NIL
		NIL	NIL	NIL
	UNSECURED CREDITORS			
(462,542.96)	Trade & Expense Creditors	NIL	116,802.61	116,802.61
(67,803.56)	Employee Non-Preferential Claims	NIL	NIL	NIL
(29,145.23)	HM Revenue & Customs (PAYE/NIC)	NIL	8,453.18	8,453.18
(10,858.94)	HM Revenue & Customs (Corporation Tax)	NIL	3,881.62	3,881.62
(64,446.46)	HM Revenue & Customs (VAT)	NIL	17,278.49	17,278.49
		NIL	(146,415.90)	(146,415.90)
	DISTRIBUTIONS			
(100.00)	Ordinary Shareholders	NIL	NIL	NIL
		NIL	NIL	NIL
<u>(585,545.73)</u>		<u>NIL</u>	<u>(0.00)</u>	<u>(0.00)</u>

REPRESENTED BY

NIL NIL NIL



Alan Fallows
Joint Administrator

ARCH HALL LIMITED - IN ADMINISTRATION

Appendix G

Joint Administrators' Statement on Pre-Packaged Sale

Our Ref: ADF/PJA/ALS/LM/AC/CS/DRM/ADM310A/ARCH01

Your Ref:

13 March 2019

TO ALL KNOWN CREDITORS

When telephoning please ask for:

Lindsay Moore

Direct Line:

0161 212 8388

Dear Sirs

Arch Hall Limited - In Administration (the Company)

I am writing to advise you that I, together with my partners Peter James Anderson and Alessandro Sidoli, was appointed Joint Administrator of the Company on 7 March 2019 and enclosed with this letter is formal notice of my appointment.

Please note that we are licensed to act as Insolvency Practitioners by the Institute of Chartered Accountants England and Wales. As such, we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

The objective of Administration is to facilitate the rescue of a company as a going concern but if that is not reasonably practicable in all the circumstances, to implement the next best alternative in the interest of the Company's creditors as a whole.

Sale of the Company's business and assets

In this case, immediately following my appointment, a sale of the Company's business and assets was concluded to Rapid Reclaim Group Ltd. A pre-packaged sale was considered necessary as most of the value in the Company is held in the Company's work in progress, which consists of ongoing PPI claims from clients with poor credit history or who have previously been subject to some form of insolvency process such as an Individual Voluntary Arrangement or bankruptcy.

The sale of the work in progress as a standalone asset would most likely involve a significant break in the claims being managed. The Company's customers require assurance that their ongoing claims will be progressed and completed prior to the deadline of 29 August 2019 set for PPI claims to be concluded. Any break in trade whilst trying to sell the work in progress gives uncertainty to these customers and as any settlement made on a PPI claim must be made directly to the client, it is essential that the book is worked by staff who have the time, experience and understanding to collect the outstanding fees from clients who have a poor financial history. It is key to ensure that payment is secured immediately after pay out occurs.

By utilising the pre-pack Administration process, the business can be preserved in addition to preserving and protecting the value in the debtor ledger and the work in progress. It has been noted that the Company's work in progress holds significant value to the right purchaser.

As the PPI industry has a deadline for claims to be made set for 29 August 2019, the Company had historically planned a future strategy to utilise the information held within the client database. It has been noted that the Company's database contains information that is utilised to generate future claims such as the mis-selling of bank accounts or mortgages.

Email : info@kjglp.com Address : Kay Johnson Gee
Office : 0161 832 6221 1 City Road East
Fax : 0161 834 8479 Manchester
Web : kjglp.com M15 4PN

Alan David Fallows, Peter James Anderson and Alessandro Sidoli are licenced as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales. Kay Johnson Gee Corporate Recovery Ltd. Registered number 08656267, VAT number 172 6533 05. Registered address, 1 City Road East, Manchester, M15 4PN.

Where Alan David Fallows, Peter James Anderson and Alessandro Sidoli act as Administrators they do so as agents only and without personal liability. The firm's privacy policy is available at www.kjgc.com/privacy-policy.



Again, the utilisation of such information will be dependent upon any potential purchaser operating within the same industry so there is no breach of the General Data Protection Regulations ("GDPR") and also having the correct skill set to utilise the information effectively.

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 the Insolvency legislation.

Attached at Appendix A is further information in relation to the pre-packaged sale which provides a detailed explanation of the circumstances surrounding it.

Administrators' Proposals

Also enclosed with this letter is my Report and Statement of Proposals for achieving the purpose of Administration, which includes information on the background to the Administration and the actions that have been taken since my appointment.

Under the provisions of insolvency legislation, I am giving creditors notice that my Report and Statement of Proposals for achieving the purpose of Administration is also now available for viewing and downloading from the following website <https://www.ips-docs.com/>. This report includes information on the background to the Administration and the actions that have been taken since my appointment.

To access these documents:

1. Enter login code ARCH01
2. Where prompted, enter password ARCH01X (case sensitive) and login

Creditors may at any time request a hard copy of this report by contacting Lindsay Moore on 0161 212 8388 or via lindsaymoore@kjgcr.com or by writing to my office.

As I anticipate the Company has sufficient property to enable a distribution to the unsecured creditors other than from the prescribed part fund of any net floating charge property, under insolvency legislation, I am required to seek a decision from the Company's creditors as to whether they approve my Proposals.

It is my intention to seek a decision from creditors about the approval of my Proposals by deemed consent, together with a decision by correspondence about the basis of my remuneration (see below for further information). A notice providing further information about this procedure is enclosed with this letter.

Unless 10% in value of the Company's creditors object to the approval of my Proposals by deemed consent by 3 April 2019, then the creditors will be treated as having made the proposed decision to approve my Proposals.

Administrators' Remuneration and Discharge

As Administrator, I am also required to seek the approval of creditors to the basis of my remuneration (which may include any unpaid pre-administration costs) and any Category 2 disbursements as well as my discharge from personal liability immediately upon my appointment ceasing to have effect. I intend to deal with this by seeking decisions of creditors by correspondence and enclosed with this letter is a notice providing further information about decision procedures.

Details of the work I propose undertaking in the Administration and the expenses I consider will be, or are likely to be, incurred can be found in my Report and Statement of Proposals. I am required to provide all creditors with this before any resolution is passed regarding the basis of my fees.

As I am proposing that my remuneration will be based on time spent by me and my staff in dealing with the affairs of the Company, my Report and Statement of Proposals also includes my fees estimate.

Invitation to form a Creditors' Committee

Creditors may decide whether a creditors' committee should be established in the Administration. Please note that a committee cannot be formed unless a majority of voting creditors resolve to establish one. A committee in an Administration must also have at least three but not more than five members.

Information on the role of a creditors' committee can be found at <https://www.r3.org.uk/Liquidation-Creditors-Committees-and-Commissioners-A-Guide-for-Creditors>.

I am also therefore giving notice of an invitation to form a creditors' committee and am seeking a decision of creditors via correspondence on this matter. The enclosed voting form allows you to indicate whether you wish to vote in favour of the establishment of a creditors' committee and if so, to make a nomination for representation on the committee. Any nominations for membership must be delivered to the Administrator by 3 April 2019 and can only be accepted if the Administrator is satisfied as to the creditor's eligibility under R17.4 of the Insolvency Rules 2016.

A creditor is eligible to be a member of a committee if they have proved their debt, the debt is not fully secured and the proof has not been wholly disallowed for voting purposes or rejected for the purpose of any distribution or dividend. A body corporate may be a member of a committee but must appoint a duly authorised representative to act on their behalf.

Please note that if a creditors' committee is formed, it will be for the committee to approve the basis of my remuneration and discharge from personal liability, rather than the general body of creditors.

Next steps

Enclosed with this letter is a voting form to enable you to vote in the Administration. I would ask you to complete and return this form to my office by no later than 3 April 2019 together with a proof of debt form or your vote will be disregarded as will any voting forms returned after this date.

Claiming as a creditor

Under Insolvency Legislation, an Administrator may, depending on the circumstances of the case, decide to treat a 'small debt' of the Company (*meaning a debt not exceeding £1,000 inclusive of VAT*), as having been proved, without a creditor having to submit a proof in respect of their claim. Where a dividend is anticipated and it is intended that any of the Company's debts will be treated in this way, notice will be given to the affected creditors, who will be entitled to any dividend paid in respect of their debt, without proving.

In such circumstances, if there is a discrepancy or difference between the amount a creditor believes they are owed and the Company's records, or should such any creditor wish to participate in any decisions made by creditors, it will be necessary for a creditor to submit a proof regardless of this provision.

The above does not preclude you from submitting a proof now if you are a creditor owed less than £1,000. Alternatively, if you do not consider that you are a creditor of the Company, please notify us and we will update our records.

If you are a creditor of the Company owed more than £1,000, you will be required to submit a proof of the debt owed to you as at the date of my appointment before you can participate in the proceedings. Enclosed with this letter is a form for you to provide full details of your claim which should be completed and returned to my office as soon as possible.

If you believe that you hold any form of security or reservation of title, would you please forward details in writing to me as soon as possible.

Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 of the Value Added Tax Act 1994. Relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account.

Insolvency Practitioners have no role in administering VAT bad debt relief. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.

You can also find useful information for creditors online through R3, the insolvency profession's trade body at www.creditorinsolvencyguide.co.uk.

Information request

As Administrator, I have a duty to consider the conduct of those who have been directors of the Company at any time during the last three years. I also have a duty to consider whether any civil proceedings should be taken against the directors or others for the recovery of, or contributions to, the Company's assets.

Creditors are invited to provide information on any concerns regarding the way in which the Company's business has been conducted, and on potential recoveries for the estate. If you have any matters you wish to bring to my attention, please forward details to me or alternatively complete the attached questionnaire and return it to my office.

Privacy and Data Protection

As part of my role as Administrator, I would advise you that I may need to access and use data relating to individuals. In doing so, I must abide by data protection requirements. Information about the way that we will use, and store personal data in relation to insolvency appointments can be found at www.kjgcr.com/privacy-policy. If you are unable to download this, please contact my office and a hard copy will be provided to you.

To the extent that you hold any personal data of the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

Your ability to opt out

Creditors have the right to elect to opt out of receiving further documents about the Administration, however where you choose to opt out, please be aware that you will continue to receive documents where:

- The Insolvency Act requires me to deliver a document to all creditors,
- It is notification of change in the appointed Administrator or the Administrator's contact details,
- It is notification about a dividend or proposed dividend, or
- It is a notice which the court orders to be sent to all creditors

Opting-out will not affect your entitlement to receive a dividend, in circumstances where a dividend is to be paid.

Although a creditor who has opted out is entitled to participate in the making of decisions in relation to the Administration, please note that by opting out you will not be given notice of decisions being sought. In circumstances where you opt out and the Company moves into another insolvency procedure (most likely creditors' voluntary liquidation), you will also be treated as having opted out of the subsequent insolvency.

In order to opt out of receiving further documents, please make your request in writing, signed and dated by you or (if a company) someone entitled to sign on the creditor company's behalf. You will become an opted-out creditor when the notice is received by my office. You may at any time revoke your election to opt out by a further notice in writing, sent in the same way.

Future communications

To minimise costs in the Administration, I am giving notice that all future documents in relation to the Administration are to be made available for viewing and downloading at <https://www.ips-docs.com/>, without further notice to creditors and that I will not be obliged to deliver any such documentation, unless it relates to:

- A notice of intention to declare a dividend,
- A document for which personal delivery is required,
- A document which is not delivered generally to all, or a class of creditors or members, or

If, however, I consider it is a document which should specifically be brought to the attention of creditors in the Administration then I will either deliver it by post or make creditors aware of its availability on the website in the alternative.

To access details relating to this case on the above website, you will need the following login information: To access these documents:

1. Enter login code ARCH01
2. Where prompted, enter password ARCH01X (case sensitive) and login

Creditors may at any time request a hard copy of this report by contacting Lindsay Moore on 0161 212 8388 or via lindsaymoore@kjgcr.com or by writing to my office.

Please see below for an indication as to when documents may be posted online:

Document	When available
Notice of approval of the Administrator's proposals	Within 1 week of the decision date noted in the section on Next Steps above
Periodic progress report	Within 1 month of each 6-month period from the date of appointment of the Administrator
Final progress report	On the Administrator ceasing to act

Creditors may at any time request a hard copy of any documents currently available for viewing on the above website and all future documents by contacting Lindsay Moore on 0161 212 8388 or via email at lindsaymoore@kjgcr.com or by writing to my office.

If there is any further information or explanation you require in the first instance please contact Lindsay Moore on 0161 212 8388.

Yours faithfully
For and on behalf of
Arch Hall Limited

A handwritten signature in black ink, appearing to read 'Alan Fallows', with a stylized flourish at the end.

Alan Fallows
Joint Administrator

Enc

Appendix A

Arch Hall Limited - In Administration (the Company)

Overview

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.

Prior to the appointment of an Administrator, an insolvency practitioner may act in an advisory capacity to the 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. We would confirm that the directors were advised to take their own independent advice on their position in this regard. 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.

The role of an Administrator once the Company has entered Administration is for him to perform his 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.

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.

In this case, the Administrator has pursued the second objective of achieving a better result than if the Company had been wound up and considers that the pre-packaged sale enables the statutory purpose of Administration to be achieved and that the outcome achieved was the best available for creditors as a whole in all the circumstances.

Set out below is further information containing a summary of the circumstances relevant to the pre-packaged sale of all or part of the Company's business and assets to Rapid Reclaim Group Ltd in accordance with the provisions of Statement of Insolvency Practice 16 (SIP16).

Background

The Company was incorporated on 23 August 2013 as Amsol PPI Limited and changed its name by special resolution to Arch Hall Limited on 16 October 2013.

The Company was formed by Christopher Holmes and Andrew Allcock, who provided loans to the Company, which were subsequently repaid in June 2016.

Cristopher Holmes was an experienced Director who had held numerous positions in the industry including Harrington Brooks, Ask Finance, One Advice and the Debt Resolution Forum. In addition, Andrew Allcock is a Chartered Accountant with a number of previous directorships. Mr Allcock subsequently resigned as a Director of the Company on 31 May 2017.

At the date of incorporation, the shareholding of the Company was 34% held by Christopher Holmes, 33% held by Andrew Allcock and 33% held by Stuart Holmes. On 18 March 2016 the entire share capital was acquired by Arch Hall Group Limited in a share for share exchange and the Company is currently a 100% subsidiary of Arch Hall Group Limited.

The Company's principal trading activity is claims management, with a focus on PPI claims for financially distressed individuals who have been subject to some form of insolvency procedure such as Bankruptcy, Individual Voluntary Arrangement, Sequestration or a Debt management plan.

The Company is current regulated by the Ministry of Justice, registration number CRM 33475.

The Company traded from leased premises in Sale.

Mr Christopher Holmes had many years' experience within the industry and had noted a gap to provide claims management services to individuals with debt and insolvency history. It was noted that upon initial contact with a new client, it was an industry standard to ask four qualifying questions, one of which was to establish if the client had a history of previous financial difficulties or debt. If the client answered yes, the instruction would not proceed, as many of the main competitors within the industry, would not act for these individuals as they were deemed high risk.

The Directors were confident that with their wealth of experience and the correct business model, they could offer a service to the financially distressed whilst building a profitable business.

The Company's business acquisition strategy was to secure work via referrals from other claims management companies and insolvency professionals.

The Company traded well from the outset and the average size of contract varied from £1,500 to £2,400. The Company would take hot leads in the region of 200 per day. Historically the Company would generate 50% in respect of fees from successful claims.

As the Company continued to grow at a rapid pace, a subsidiary company, Arch Hall South Limited, was formed to attract additional funding from an individual, who had significant experience within the industry and who would carry out additional claims management activity from a second leased premise in Cheltenham, under the Company's current licence.

However, on 10 July 2018, a change in legislation capped the level of payment that the Company could take from each client down to 20%, which had a massive impact on the Company's overall profitability. The Company's margins were eroded by 40% and at best, the Company struggled to break even. The introduction of this cap disadvantaged the Company as a specialist provider as no provision was made for technical or complex claims.

The fee cap resulted in a major change in the Company's business model, which required more costs upfront and a much longer lead time to revenue.

In addition, on 31 March 2019, the industry will be regulated via the FCA rather than the Ministry of Justice. The change in regulator comes with a number of strict requirements that the Director did not feel could be met. The licence fee that is requested by the FCA is dependent upon the level of the Company's turnover and it was calculated that the fee would be in the region of £50,000. In addition to this fee, the Company had to be able to evidence that it had access to funds equivalent to two months of the Company's turnover and these funds were simply not available.

A further strain was placed on the Company's cash flow as the Company's work in progress was not converting in line with the Company's previous performance. The Director attributed this to the pending deadline for the PPI claims to be finalised, which is set for 29 August 2019. Any claims that have not been passed to the Financial Ombudsman prior to this date, will simply fall away.

The Director noted a significant decrease in the banks' responses to the PPI claims. Banks have 28 days in which to respond to the initial letter but the Director advised that in many instances, a response was taking weeks and even months to be received.

The significant decrease in the conversion of the work in progress placed a real strain on the Company's cash flow and this coupled with the above factors, resulted in the Company struggling to meet its liabilities as and when they fell due.

Initial introduction

Alan Fallows of Kay Johnson Gee Corporate Recovery Limited was originally approached by the Director Christopher Holmes, who through his previous work in the industry, knew other Insolvency Practitioners and wished to approach an Insolvency Practitioner whereby there could be no perceived conflict of interest. The Director was already aware of Kay Johnson Gee Corporate Recovery Limited.

An initial meeting was held on 6 February 2019 with the Director and a senior member of his team Kevin Dursley and a follow up meeting was held at the offices of Kay Johnson Gee Corporate Recovery Limited on 22 February 2019, at which the Company's updated financial position was discussed and reviewed.

The Administrator does not believe that there is any significant personal or professional relationship between the Company or its directors and Kay Johnson Gee Corporate Recovery Limited and carried out the appropriate conflict review prior to accepting the appointment. I would confirm that I was formally engaged by the Company on 25 February 2019.

Pre-appointment considerations

At the follow up meeting with the Director on 22 February 2019 held at the office of Kay Johnson Gee Corporate Recovery Limited, an updated assessment of the Company's financial position was undertaken.

Based upon the financial information presented at this meeting by the Director, it was established that the Company could not continue to trade in the long term but still retained value for a potential purchaser, which was mainly held in the Company's work in progress, debtor ledger and customer data.

In order that advice could be finalised, a request was put to the Director for the provision of detailed information regarding the Company's assets and liabilities.

Upon receipt of the information, independent agents and valuers Middleton Barton ("the Agent") of Suite 26, First Floor, Barton Arcade, Deansgate, Manchester, M3 2BH were instructed to provide a full inventory and valuation of the Company's tangible and intangible assets.

The Agent secured a full inventory of the Company's tangible assets consisting of office and IT equipment and the intangible assets. It was confirmed that the majority of the value held in the Company's assets was held in the Company's work in progress, debtor ledger and customer data.

The following courses of alternative action were considered with management prior to the Administrators' appointment and the pre-packaged sale:

- Distressed sale of the business and assets as a going concern by management. This was not considered a viable option as previous approaches had been made by the Director to other companies operating within the same industry who confirmed they had no desire to work with financially distressed clients as the associated risk of being unable to collect the outstanding fees, is viewed by many as too high.
- Sale of the business and assets as a going concern by the Administrator. This option was not considered appropriate as this would involve a potentially protracted marketing process. This option would result in a period of trading in Administration which required funding and the Administrators would not have sufficient funds to meet the significant overheads of continuing to trade the business. The Company has no current, external funder in respect of an overdraft or loan facility, whom the Administrators may make an approach for continued support whilst trying to locate a purchaser.
- In addition, whilst the Director has advised that the majority of the letters of engagement with clients allow for a sale to a new entity, thus avoiding the need to re-engage all clients, it has been

highlighted that the banks would require new letters of authority from all clients and this exercise alone, would incur great expense and time, which the Administrators would be unable to meet.

- Sale of assets by the Administrator after a period of marketing to third parties. A piecemeal sale of the assets by the Administrator was not considered the best route which is confirmed by the valuation provided by the Agent. Most of the value in the Company is held in the Company's work in progress, which consists of ongoing PPI claims. The sale of the work in progress as a standalone asset would most likely involve a significant break in the claims being managed. The Company's customers require assurance that their ongoing claims will be progressed and completed prior to the deadline of 29 August 2019 set for PPI claims to be concluded. The break in trade whilst trying to sell the work in progress gives uncertainty to these customers and may likely jeopardise the return to the Administration estate.
- Liquidation and subsequent forced sale of the Company's assets. This route would have achieved the worst result for the estate and the creditors as a whole. More information on the estimated realisations through a sale of the assets in a Liquidation are detailed later in this report. A Liquidation would also result in the immediate redundancy of all of the Company's 38 employees.
- A Company Voluntary Arrangement ("CVA"). A CVA was not considered the best route as the Company is cash flow insolvent and has no source of ongoing funding. Furthermore, the Company is no longer taking on new work and this coupled with the cap on the Company's fees and subsequent reduced margins, has ensured that the Company can no longer viably trade moving forward. In addition, the Company would be unable to meet the requirements of the FCA, if it continued to trade via a CVA.
- Informal payment plan. Similar to the CVA, this route was not considered appropriate as the Company is cash flow insolvent and has no source of ongoing funding.

Trading the business

Trading the business with a view to a post appointment sale by an Administrator was not considered appropriate for the following reasons:

- The lack of funding in order to trade. As has been highlighted above, the Company is cash flow insolvent and the Administrators would not have sufficient funds to meet the significant overheads of continuing to trade the business.
- The Company has no current, external source of funding to whom the Administrators may make an approach for continued support whilst trying to locate a purchaser.
- The Administrators would have to affect a sale of the Company within a short time period due to the pending FCA deadline of 31 March 2019 upon which the Company will no longer be regulated by the Ministry of Justice. Following the move to the FCA as the industry's regulator, the Administrators would need to apply for a new licence and would have insufficient funds to pay the fee licence.
- The Company operates within a niche market and is heavily reliant upon the expertise of the senior management and other members of staff to continue to trade. The uncertainty of a sale by an Administrator could lead to key staff leaving the business and result in the cessation of trading. It has been noted that any break in trade would significantly impact the value and recoverability of the Company's work in progress and debtor ledger. A going concern sale would therefore not be possible.
- The marketing undertaken by the Agent also highlighted that there was no appetite from any of the market leaders to purchase the Company. Many similar companies operating within the same market have no desire to work with financially distressed clients as the associated risk of being unable to collect the outstanding fees, is viewed by many as too high.

- Trading in an Administration also increases costs meaning that the net proceeds of a sale by an Administrator would be lower than that of a pre-packaged sale.
- The Company's customers require assurance that their ongoing claims will be progressed and completed prior to the deadline of 29 August 2019. Trading in an Administration gives uncertainty to these customers as there is a high risk of the Company ceasing to trade.

Consultations with funders

At present, the Company does not have any source of external funding such as a loan or overdraft facility with the bank. It has been highlighted that due to the Company's limited business model, the pending date for the expiration of pursuing a PPI claim and the impending change in regulator, the Company would be considered as high risk for any potential, external funder.

The Director was not in a position to introduce funds into the Company. Furthermore, the Director would be unable to provide any form of security due to his own personal financial position, as he is subject to a pending bankruptcy petition.

Consultations with major creditors

It was noted that the Company does not have any single major creditor. Creditors were not approached for funding due to the specialised nature of the business. As has been highlighted above, the Company has no real competitors and a large majority of the Company's creditor balance is made up of referrers and insolvency specialists who referred their work out to the Company. These creditors have no appetite to fund or trade within this industry.

In addition, there was no commercial reason to approach the Company's creditors as the Company was no longer taking on any new work and it had been highlighted that it was unsuitable for the Company to propose a CVA to its creditors as the Company is cash flow insolvent and has no source of ongoing funding.

Comparative outcome

The following table provides a comparative outcome of the value achieved through an in-situ, pre-packaged sale in Administration against the outcome obtained in Liquidation or under a ex-situ, restricted marketing period post Administration.

Details of Assets	Value achieved through an in-situ, pre-packaged sale in Administration	Anticipated value in Liquidation, or under a ex-situ, restricted marketing period post Administration
	£	£
Office Furniture and Equipment	10,000.00	2,500.00
Customer Data	2,375.65	0.00
Debtors	48,734.50	19,493.80
Work in Progress	181,359.50	30,266.95
Totals	242,469.65	52,260.75

Charges

The Company has no unsatisfied, registered charges.

Marketing of the business and assets

Marketing a business is an important element in ensuring that the best available consideration is obtained for it in the interests of the Company's creditors as a whole. The Administrator advised the

Company prior to his appointment, that any marketing should conform to the marketing essentials set out in SIP16 which includes the following key considerations:

- The business should be marketed as widely as possible, proportionate to its nature and size in the time available using whatever media or other sources that are likely to achieve this outcome;
- Previous marketing of the business prior to the Administrator's involvement may not provide justification to avoid further marketing. The Administrator must be satisfied as to the adequacy and independence of any prior marketing undertaken by the Company;
- Marketing should have been undertaken for an appropriate length of time to satisfy the Administrator that the best outcome for creditors as a whole has been achieved;
- Any marketing attempts must by default, include the use of the internet.
- At the initial meetings held with the Director it was highlighted that he had made some previous, initial approaches to other claims management companies within the industry in respect of selling the business and its assets. One of the companies approached, is a leading claims management firm and whilst they confirmed they would consider working the book moving forward, they would not be willing to pay any consideration for the same, due to the associated risks of collecting fees from the financially distressed clients.
- The advice of the Agent was sought and it was advised that a marketing strategy could be implemented in which the Company's identity and specific location was not disclosed in the initial marketing material and that any third party that made an expression of interest would first have to sign a non-disclosure agreement to protect the value of the business. This marketing strategy was deemed appropriate as if the identity of the Company was released into the public domain, the Company's customers may have approached other competitors within the market and the work in progress was highly likely to have been eroded.
- The business and assets were marketed at www.mbvaluation.com from 28 February 2019 and final offers were requested by midday on 4 March 2019. In addition, a mailshot was circulated to 5,081 parties from the Agent's mailing list of business buyers and investors. I can confirm that two enquiries were received, which resulted in the issue of one non-disclosure agreement. Upon receipt of the signed non-disclosure agreement, further financial information was released and this resulted in the submission of the offer from Rapid Reclaim Group Ltd.
- The end of the marketing period was chosen because the majority of the value in the Company is held in the Company's work in progress and customer data, which consists of ongoing PPI claims. The Company's customers require assurance that their ongoing claims will be progressed and completed prior to the deadline of 29 August 2019 set for PPI claims to be concluded. Any significant delay in progressing these claims that would be encountered whilst trying to sell the work in progress gives uncertainty to these customers and would likely jeopardise the return to the Administration estate.
- Furthermore, due to the pending deadline for the change in regulator for the industry a short period of marketing was considered appropriate. As the Company had limited remaining funds with no new business, the viability of the business in the mid-term was very uncertain and it was essential to secure a sale as soon as possible, to preserve the remaining value.

Valuation of the business and assets

The Company's assets were valued on 5 March 2019 by Neil Duckworth of Middleton Barton who is a RICS chartered surveyor. The Agent has confirmed his independence and that he carries adequate professional indemnity insurance.

As we believed we would be able to sell the business, we sought a market value as a whole to compare offers. In the event that offers may have been lower than these values, we also sought

individual valuations so that we could assess whether any offer merited acceptance, or if we should sell the assets on a piecemeal basis.

The rationale for the basis of selecting a restricted market valuation was that the Company was unable to trade past the 31 March 2019 due to the pending change in regulator to the industry.

The following valuations have been provided by the Agent:

- Market Value 'In Situ'/Going Concern basis (Together as a whole parcel, in existing workplace). The valuation provided for this basis was £80,000.
- Market Value 'Ex Situ' (For piecemeal disposal, assuming a marketing period under 90 days). The valuation provided for this basis was £37,500.

The above offer was received from the Purchaser and recommended by the Agent. The Agent recommended the offer based on the following reasons:

- The offer exceeds the opinion of Market Value ex situ or Liquidation
- No other in situ/going concern type purchasers expressed an interest
- The acceptance of the offer will avoid the removal and sale costs associated with a piecemeal sale, thus providing further benefit to the estate
- The acceptance of the offer will preserve the value held in the Company's database and maximise the recovery of the work in progress and debtor ledger, which is highly time critical.
- The adoption of this strategy preserves the business going forward and therefore all the jobs. This is seen to be very much within the spirit of the Enterprise Act 2002.

Details of the assets sold and the nature of the transaction

The business and assets, including all office equipment, work in progress, the debtor ledger and customer data, were sold to Rapid Reclaim Group Ltd ("the Purchaser") on 7 March 2019. The Purchaser is an unconnected party to the Company. For the avoidance of doubt there is no connected parties between the Company and the Purchaser including common Directors and shareholders.

The Company has no qualifying floating charges or granted any other form of security over the Company's asset to any third party.

The Director has not given any personal guarantees to any of the Company's creditors.

Assets

- The Purchaser bought the Company's tangible assets, which consisted of office furniture and equipment along with the debtor ledger, work in progress and the customer data. The Company's only other asset was the cash at bank.
- The Joint Administrators also granted the Purchaser a licence to occupy the trading premises at Second Floor, Marshall House, 2 Park Avenue, Sale, Manchester, M33 6HE for the period of one month from 7 March 2019. The terms of the licence to occupy stated that the purchaser was to pay the sum of £3,327 inclusive of VAT to cover the rent and services charges that would fall due under the period of occupation.

- A full review of the Company's bank accounts is currently being undertaken to establish what, if any, portion of the funds held will represent debtor proceeds that will be due to the purchaser under the terms of the sale and purchase agreement.

Sale consideration

- All assets sold were uncharged assets.
- The terms of the completed sale and purchase agreement state that the purchase is to make the following payments:
- £10,000 for the office furniture and equipment, with £5,000 payable upon completion and £5,000 payable within one month of completion.
- 25% of all PPI revenue collected from the Company's debtor ledger. The Purchaser is to provide weekly updates in respect of the ongoing collection and make payment to the Administrators of any payments due within three business days of the last business day of each week following completion.
- 25% of all PPI revenue generated by the Purchaser, which has been derived from the Company's work in progress. The purchaser is to provide weekly updates in respect of the ongoing collection and make payment to the Administrators of any payments due within three business days of the last business day of each week following completion.
- 5% of any revenue generated from the Company's customer data.
- £1.00 for any goodwill held by the Company, payable upon completion.
- £1.00 for any business intellectual property rights, payable upon completion.
- £1.00 for the seller's records, payable upon completion.

No security was secured in respect of the deferred consideration for the sale of the office furniture and equipment as it was not deemed commercially viable to seek security over the deferred element of £5,000. Furthermore, it was highlighted that the vast majority of the deferred consideration due under the sale and purchase agreement related to the Company's work in progress, debtor ledger and customer data. Weekly reconciliations will be undertaken to closely monitor the recovery of these assets and ensure payments are received in line with the agreement. In addition, as these assets are subject to fluctuation, it was concluded that trying to seek security would prove problematic.

The following information provides the details of the assets and the apportionment of the sales consideration and has compared it to the valuation provided by the Agent:

Details of Assets	Consideration	Valuation provided by the agent
	£	£
Office Furniture and Equipment	10,000	5,000
Debtor Ledger	48,734.50	20,000
Work in Progress	181,359.90	50,000
Customer Data	2,375.65	5,000
Goodwill	1.00	0.00
Business Intellectual Property	1.00	0.00
Seller's records	1.00	0.00
Totals	242,473.05	80,000.00

The Agent advised that he considered the Company's work in progress constituted all of the Company's goodwill.