

# AM03

## Notice of administrator's proposals



Companies House

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refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 9 1 4 7 9 9 4

Company name in full HC Facility Management Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Martin C

Surname Armstrong

### 3 Administrator's address

Building name/number Allen House

Street

Post town Sutton

County/Region Surrey

Postcode

Country United Kingdom

### 4 Administrator's name ①

Full forename(s) Andrew R

Surname Bailey

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number Allen House

Street

Post town Sutton

County/Region Surrey

Postcode

Country United Kingdom

#### ② Other administrator

Use this section to tell us about  
another administrator.

AM03

Notice of Administrator’s Proposals

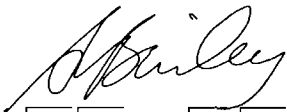
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Statement of proposals

<input checked="" type="checkbox"/>	I attach a copy of the statement of proposals	
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Sign and date

Administrator’s Signature	Signature ✕ 	✕																		
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# AM03

## Notice of Administrator's Proposals



### Presenter information

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

Contact name Carisse Hollett

Company name

Address

Post town Sutton

County/Region Surrey

Postcode

Country United Kingdom

DX

Telephone 020 8661 7878



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



### Important information

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



### Where to send

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

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



### Further information

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

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

**Joint Administrators' Proposals and Statement of Practice 16 Disclosure  
relating to**

**HC FACILITY MANAGEMENT LIMITED ("the Company") – In Administration**

Issued on: 12 April 2021

Delivered to creditors on: 12 April 2021

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Martin Armstrong and I are the Joint Administrators of the Company and these are our statutory proposals relating to the Company.

This statement is made in order to comply with the Joint Administrators responsibilities under Statement of Insolvency Practice ("SIP") 16.

SIPs are guidance notes issued by Insolvency regulators setting out required practice and harmonising Insolvency Practitioners approach.

SIP 16 pre-packaged sale in an Administration concerns arrangements under which the sale of all or part of a Company's business or assets is negotiated prior to the appointment of an Administrator and the Administrator effects the sale immediately on or shortly after their appointment.

## **1. STATUTORY INFORMATION**

### **Company Information**

Company name:	HC FACILITY MANAGEMENT LIMITED
Trading name:	HOTELCARE
Company number:	09147994
Date of incorporation:	25 July 2014
Trading address:	5th Floor, Bellerive House, 3 Muirfield Crescent, London, England, E14 9SZ
Current registered office:	5th Floor, Bellerive House, 3 Muirfield Crescent, London, England, E14 9SZ

### **Appointment Details**

Administrators	Martin Armstrong and Andrew Bailey
Administrators' address	Allen House, 1 Westmead Road, Sutton, Surrey, SM1 4LA
Date of appointment	1 April 2021
Court name and reference	High Court of Justice 000632 of 2021
Appointment made by:	The Directors in accordance with paragraph 29 of schedule B1 to the Insolvency Act 1986
Actions of Administrators:	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.

**Officers of the Company:**

<b>Name of Director</b>	<b>Appointed</b>
Antony Francis Brooks	17 November 2017
Joel Daniel Moore	2 April 2018
Paul Rafferty	23 February 2018

**The shareholders of the company are as follows:**

<b>Name of Shareholder</b>	<b>Type / Amount of shares</b>
Corporate Cleaning Ltd	10,000

**Charges**

<b>Name</b>	<b>Created</b>	<b>Satisfied</b>
Bibby Financial Services Ltd	5 March 2021	Outstanding
Barclays Bank PLC	12 May 2020	Outstanding
Leumi Abl Limited	19 September 2019	Satisfied
Shawbrook Bank Limited	22 November 2017	Satisfied

**2. CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE ADMINISTRATORS**

The company was incorporated on 25 July 2014. The intention of the business was to provide first class cleaning services to hotels nationally.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, impacted global financial markets. Travel restrictions have been implemented by many countries and as a result, business volumes declined dramatically and economies have shrunk temporarily.

Market activity has impacted in many sectors. With global disruption and fewer transactions, and the global response to COVID-19 means that the company was faced with an unprecedented set of circumstances.

The pandemic substantially effected the Company’s revenue, reducing a turnover of over £1M per week to nil. The company had an infrastructure, fixed costs, which it took action to reduce.

The lack of demand over the course of the last year due to COVID restrictions, the fact that there is unlikely to be any change pre 21st June 2021 and even post 21st June 2021 made it impossible to predict with any degree of accuracy the demand for the company’s services.

A further consequence of the pandemic was that it left the Company with no ability to make payment to HMRC in respect of VAT and PAYE/NIC. This included the deferred VAT period from April 2020 totalling £1,300,000. In addition, the PAYE/NIC due for the end of the financial year 2020 of circa £900,000 could not be paid.

A review was undertaken to understand the Company's ability to repay the HMRC debt over an extended period which highlighted a payment plan would be needed in excess of five years. Discussions took place with HMRC who advised that they were unable to agree a time to pay plan over such an extended period. No shorter period of repayment was realistic or achievable for the Company.

The Company ensured that any PAYE/NIC received from CJRS had been remitted to HMRC on an ongoing basis but has been unable to maintain further HMRC liabilities during the course of 2020/21 which was resulted in a cumulative liability of in excess of £3,500,000.

The Company's file was being dealt with by HMRC Large VAT Debt Team who have been fully engaged with at every stage throughout our engagement. Given the level of company's existing liability to HMRC it was considered likely that that HMRC would take enforcement steps against the Company when able to do so.

Creditors should note that, unless otherwise stated, this section of our proposal has been prepared based on information provided to me by the directors of the Company and not from our personal knowledge as Administrators.

A summary of the Company's recent trading performance is shown below.

	2019	2018
<b>Fixed Assets</b>		
Intangible Assets	1,859,325	2,026,243
Tangible Asset	<u>107,845</u>	<u>135,345</u>
	1,967,170	2,161,588
<b>Current Assets</b>		
Debtors	6,906,056	6,278,140
Cash at Bank	<u>84,103</u>	<u>74,515</u>
Creditors	<u>(9,103,063)</u>	<u>(8,508,491)</u>
<b>Net current Liabilities</b>	(2,112,904)	<u>(2,155,836)</u>
Total assets less current liabilities	(145,734)	5,752
<b>Net Liabilities / assets</b>	<u>145,734</u>	<u>5,752</u>

It should be noted that the management accounts have not been verified for accuracy and therefore may not reflect the Company's true trading position.

Prior to the commencement of the Administration Turpin Barker Armstrong acted as advisors to the Board as a whole acting on behalf of the Company. No advice was given to the individual directors regarding the impact of the insolvency of the company on their personal financial affairs. Whilst not formally in office at that time, Turpin Barker Armstrong was still required to act in its dealings with the Company in accordance with the Insolvency Code of Ethics.

As required by the Insolvency Code of Ethics, Martin Armstrong and I considered the various threats to our objectivity arising from this prior involvement. Given that it was anticipated that there would be a pre-package sale of the Company's business and assets, safeguards were introduced to reduce any threats to our objectivity from arising. A detailed valuation was received from a suitable valuer and a



sufficient marketing campaign was undertaken to ensure the best value was achieved for the assets in the circumstances.

We concluded that those threats were at an acceptable level such that we could still act objectively and hence could be appointed Administrators of the Company.

On 1 April 2021, Martin Armstrong and I were appointed by the Board of Directors as Joint Administrators of the Company and took over from the Board responsibility for the management of the affairs, business and property of the Company. The appointment permitted the Joint Administrators to take any actions required either jointly or alone, and I have been the Administrator primarily involved in dealing with the Company's affairs.

### **3. OBJECTIVES OF THE ADMINISTRATION AND THE ADMINISTRATORS' STRATEGY FOR ACHIEVING THEM**

As Administrators of the Company, Martin Armstrong and I are officers of the Court, and must perform our duties in the interests of the creditors as a whole in order to achieve the purpose of the Administration, which is to achieve one of the three objectives set out in the insolvency legislation, namely to:

- (a) rescue the Company as a going concern; or
- (b) achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or
- (c) realise property in order to make a distribution to one or more secured or preferential creditors.

Objective (a) could not be achieved as no purchaser could be found for the shares of the Company and the nature of the Company's trading and its financial circumstances meant that a Company Voluntary Arrangement was not appropriate.

As a result, we are seeking to achieve objective (b) for the Company. We believe this objective has been achieved, as the pre pack sale of the business and assets has created a better return for creditors than if the Company has been placed into Liquidation.

The insolvency legislation has set a 12 month maximum duration for Administrations, unless the duration is extended by the Court or the creditors. If we are unable to complete the Administration of the Company within 12 months then we will either apply to the Court or seek a decision from the creditors to extend the duration of the Administration.

### **4. ACTIONS OF THE ADMINISTRATORS FOLLOWING APPOINTMENT**

The manner in which the affairs and property of the Company have been managed since the appointment of the Joint Administrators and how they will continue to be managed are set out below.

As mentioned above it was decided that the objective of the Administration was best achieved via a pre-package sale of the business and its assets of the Company. As a result, immediately following our appointment, we sold the business and assets of the Company and the Company ceased trading.

This transaction was carried out immediately upon our appointment in order to protect and realise the assets of the Company for the best possible value.

Since our appointment we have undertaken routine statutory and compliance work, such as filing a notice of appointment at Companies House, issuing a notice to the London Gazette advising of the Administration and writing to secured creditors and HM Revenue & Customs advising of our appointment. These tasks are required by statute or regulatory guidance are necessary for the orderly conduct of the proceedings, and whilst they do not produce any direct benefit for creditors they still have to be carried out.

The Company's tangible and intangible assets were sold on 1 April 2021, to a connected party, 4E Services Limited ("the purchaser") by way of a pre-pack sale following Administration.

The purchaser is connected to the majority shareholder of the Company, and also has common directors to the Company, being Joel Moore Paul Rafferty and Anthony Brooks. We provided no advice to the purchaser, who sought their own independent legal advice.

The total sale consideration was £558,212.83 with the initial £100,000 payment due on completion and then eleven equal monthly instalments of £41,655.71, on the last business day of each calendar month beginning on 30 April 2021. The deferred consideration is subject to a debenture on the purchasing company. There are no other options, buy-back agreements, deferred consideration or other conditions other than those disclosed in this report. The sale is not part of a wider transactions.

The sale includes the transfer of all persons employed by the Company as at the date of completion of the sale in accordance with the Transfer and Undertaking (Protection of Employment) Regulations. This means the buyer will be responsible for the ongoing employee liability and any potential redundancy payments will be met by the purchaser. The employees will therefore no longer be creditors in the Administration, and this reduces preferential creditors and further reduces unsecured creditors.

The sale also includes a Trigger Event Clause, whereby anytime the purchaser fails to pay a subsequent instalment within 3 business days, suspends or threatens to suspend payment, applies to court for a moratorium, a petition is filed against the purchaser, an application is made for the appointment of an Administrator, a person becomes entitled to appoint a Receiver a creditor levies action or there is a change of control of the purchaser, the entire balance becomes payable.

The sale also includes the ability, after payment of the third subsequent instalment, for the parties to agree in writing that the time for payment can be extended for up to six calendar months. The Administrators are not obliged to agree but if the extension is due to COVID-19 restrictions the Administrator shall agree to such an extension.

Outlined below is a breakdown of how the assets were apportioned.

Goodwill and Business Intellectual Property	£147,998
Fixtures and Fittings	£2,000

Seller's Records	£1
Business Contracts	£1
Book Debts	£408,212.83

We summarise below some of the other key matters dealt with since our appointment:

- Prepared and issued SIP 16 report to creditors and the Insolvency Service;
- Issued Notice to the Directors regarding the ongoing duties and obligations to assist the Joint Administrators and submit a Statement of Affairs;
- Wrote to Company's pre-appointed bankers requesting the Company's account be frozen and the balance transferred to the Administration account;
- Notified HM Revenue & Customs of our appointment;
- Notified the bank of our appointment;
- Commencing investigations into the Company's affairs;
- Corresponding with Creditors.

As indicated above, the purpose of the Administration is to achieve objective (b), to achieve 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.

In order to help us achieve this objective we have a wide range of powers, as set out in the insolvency legislation, and we must perform our functions as quickly and efficiently as is reasonably practicable. We must also act in the interest of the creditors of the Company as a whole, other than where objective (c) is being pursued where we need only ensure that we do not unnecessarily harm the interests of the creditors of the Company as a whole.

The following comprises our disclosure to creditors in order to meet the requirements of Statement of Insolvency Practice 16 as regards the pre-pack sale.

#### Role of the Insolvency Practitioner

Martin Armstrong and I were introduced to the Board of the Company by David Rutter of Turpin Barker Armstrong Corporate Finance on 27 January 2021 to discuss the financial affairs of the Company. David Rutter had been engaged for advice with regard to the company's invoice finance facilities and sourcing alternative finance. David Rutter had previously assisted the directors in sourcing finance to facilitate a management buy-out in 2019. The severe effect of the pandemic on the Company's business had resulted in the directors needing to seek advice on all options including a potential re-finance. It was understood that the directors had been seeking advice from an alternative firm of insolvency practitioners prior to our involvement. The directors had advised that they wished to obtain further opinion on the position of the company and the options available and accordingly David Rutter introduced the directors to the Insolvency department of Turpin Barker Armstrong.

Given David Rutter's prior engagement to source finance in 2019 and subsequent engagement in 2021 (as a consequence of the pandemic) it was appropriate to review our ethical considerations with respect to the insolvency assignment. It was noted that neither Martin Armstrong or I have had any prior relationship with the company or the directors. We have reviewed and considered this in accordance with the Insolvency Code of Ethics.

We concluded that a reasonable person in possession of all of the facts would conclude that those threats were at an acceptable level such that we could still act objectively and hence could be

appointed Administrators of the Company. Further information can be provided in this regard and creditors can request further information.

Prior to the commencement of the Administration. We advised the Board as a whole, acting on behalf of the Company, about the Company's financial difficulties and provided advice about the options available to the Company to help determine an appropriate course of action to take.

No advice was given to the individual directors regarding the impact of the insolvency of the Company on their personal financial affairs. Whilst not formally in office at that time, we were still required to act in my dealings with the Company in accordance with the Insolvency Code of Ethics.

As Administrators' we are officers of the Court and have taken over the management of the Company from the Board. As indicated above, the purpose of this Administration is to achieve objective b), 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.

In order to help us achieve the objective we have a wide range of powers, as set out in the insolvency legislation, and we must perform our functions as quickly and efficiently as is reasonably practicable. We must also act in the interests of the creditors of the Company as a whole other than where objective c) is being pursued we need only ensure that we do not unnecessarily harm the interests of the creditors of the Company as a whole.

#### Pre-appointment considerations

The pre-pack sale of the business enables us to achieve the objective set out above as it achieves a better result for the creditors as a whole than would be likely if the Company had been placed into Liquidation without first being in Administration, as we have indicated above.

The transfer of the employees to the purchaser means that the Company has a reduced level of preferential creditors in respect of claims by employees. We also consider that the outcome achieved as a result of the pre-pack sale was the best available outcome for creditors of the Company as a whole in the circumstances of the case.

### **CONSIDERATIONS AND COMPARISONS TO ALTERNATIVE RECOVERY MECHANISMS**

We visited all options with the Board including the viability of a time to pay arrangement with HMRC amongst other options. Set out below is a summary of advice and why it was recommended that the company be placed into Administration and effecting a pre-pack sale of the Company's business and assets.

#### Doing nothing

We confirmed that the Company was insolvent and that continued trading without taking action to deal with the position could result in personal liability for the Company's debts being payable by the Board members personally. Whilst the provisions of wrongful trading may not apply at present there was a clear risk of breach of duty claims if the ongoing position was not addressed.

The company also owed money to HMRC and doing nothing would eventually result in HMRC presenting a Winding Up petition to the company. This would result in loss of any value in the business and termination of all employee contracts.

#### Time to pay proposals to HMRC ("TTP")

Prior to our engagement, another firm of insolvency practitioners had been engaged by the Company and had been in dialogue with HMRC concerning their liability and discussions had been had regarding the outline for a TTP.

HMRC had advised that they would be unwilling to support any TTP of three to five years in duration. Given the size of the outstanding HMRC liability and the uncertainty surrounding the future of the hospitality sector it was clearly challenging for the directors to put forward terms with any certainty.

However, what was apparent was that even if there was a steady improvement in performance then it would take at least five years for any repayment. We revisited these discussions with HMRC and it was confirmed that they would not support a TTP over this long term period. In addition to the stance of HMRC, the Board expressed concern about committing to a long term TTP.

#### Company Voluntary Arrangement (CVA)

A CVA is a procedure that allows a Company to compromise its debts, typically by making contributions from future trading profits if they can be generated.

Following on from discussions regarding the TTP we discussed the option of the TTP essentially being applied in a CVA which is a formal insolvency procedure. Having reviewed the Company's accounting records and discussed the ongoing trading prospects, it appeared that the Company was not in a position to propose an arrangement that is likely to be approved by creditors at present.

On a similar basis to the concerns raised over the TTP, the Board raised concerns about committing to any terms of a CVA when there is so much uncertainty and they would be required to comply with these terms over the long term to ensure that the CVA was implemented.

It was considered that a CVA proposal was unlikely to be considered and accepted by creditors given the uncertainty and therefore not a viable option.

#### Compulsory Liquidation

We discussed the possibility of the Members or the Board petitioning the Court to wind up the Company and place it into Compulsory Liquidation.

The board considered that it is likely that there will be better realisations for creditors if the company is first placed into administration and effecting a pre-pack sale of the Company's business and assets and preserve jobs.

#### Creditors' Voluntary Liquidation ("CVL")

Placing the Company into a Creditors Voluntary Liquidation was considered but based upon discussions it was agreed that a CVL would be inappropriate.

It was more likely that there will be better realisations for creditors if the Company is first placed into Administration and there would be a chance to sell the whole business as a going concern or achieve a partial sale and preserve jobs.

It is important to note that the CVL was discussed at length with the Board as it was apparent that any sale of the business and assets would mean that the purchaser would inherit a TUPE liability of in excess of £2,200,000.

A liquidation is a terminal event that is generally considered to sever TUPE. The Board made it clear that they wish to avoid any insolvency process where it may be perceived that they have sought to avoid this liability and place the burden for the employee liabilities with the Government to pay.

### Administration

Having taken the board's views into account and reviewed the available information, it was considered that an administration was an appropriate insolvency route for the company on the following grounds:

- It will enable the maximising of asset realisations from any sale of the business and assets compared to alternative options;
- Preservation of employee jobs;
- Protect the interests of creditors and enabling the best return to creditors including HMRC.

The risk with a CVL was that it would require notice to all creditors in advance of any liquidation where it was considered that a seamless transition would be preferable. Due to the nature of the business, if there was any gap in provision of service to the respective hotels then it was expected that any ongoing contracts would be terminated.

Accordingly, an Administration was considered as the appropriate route going forward. The option of a trading Administration was also considered but this would inevitably result in significantly increased costs such as wages and monthly overheads. In addition, if the business and assets were to be marketed for sale then it was considered that this could be carried out prior to Administration.

Following discussions with the Board and our independent and professional valuation agents it was considered that a 14 day marketing period would be sufficient to test the market and identify any interested parties.

The Board had also expressed their interest in purchasing the business and assets via a connected company.

The position with this case, as it is with many businesses, is that the goodwill of the business sits in the individuals involved.

It was apparent that the key relationships with customers existed with the Board of Directors and if there was to be a purchase by an unconnected party then it would be essentially that the directors were taken on by the unconnected purchaser. The directors were made aware that it would be appropriate to discuss the position with any interested parties and were supportive of doing so if an interest was expressed.

### Valuation of the business and assets

Middleton Barton, a firm of professional, independent valuation agents were instructed to provide an independent professional valuation of the Company's assets. The valuer responsible for preparing the valuation was by Neil Duckworth, who has confirmed that he is a member of The Royal Institution of Chartered Surveyors (RICS).

The valuer has the appropriate knowledge to oversee an instruction of this nature on the basis that they have considerable experience in dealing with similar assets and knowledge of the industry. The agent confirmed that they had also been involved and dealt with a similar business recently. Middleton Barton were therefore considered suitable for assisting in this matter and have confirmed that they hold adequate professional indemnity insurance in place. They also confirmed that they held no previous involvement in respect of the Company and no conflict of interest arose.

As there was a live business the potential value of the assets in-situ was considerably higher than on an ex-situ basis.

Middleton Barton was asked to prepare a sales memorandum document that undertook a marketing campaign utilising their database of potential interested parties and contacts.

Asset category	<b>Valuation basis &amp; amount (£)</b>		<b>Sale Consideration (£)</b>
	(e.g. Market value in-situ)	(e.g. Market value ex-situ or Orderly Liquidation Value etc)	
<u>Unencumbered Assets</u>			
Office Furniture & Equipment	Nil	Nil	2,000
<u>Intangible assets</u>			
Goodwill & Intellectual property	25,000	Nil	147,998
Seller's records		-	1
Business contacts		-	1
Debtor ledger*		530,000	408,212.83
<b>Total</b>	<b>25,000</b>	<b>Nil</b>	<b>558,212.83</b>

\*the value of the ledger was based upon maintenance of good relationships with customers and maintaining the levels of service provision following a restructuring event.

#### Marketing of the business and assets

Middleton Barton were instructed by the Company to commence marketing of the business and assets on 25th February 2021. This marketing involved online marketing, mailshots to include industry specific targeted mailing and a direct contact campaign.

Middleton Barton undertook a marketing campaign for the business opportunity. The marketing included the following activities:

- Advertising of the opportunity on their website.
- Mailing of the opportunity to 4,938 high net worth individuals and companies specialising in the acquisition of distress assets and businesses of this nature.
- A deadline was set for offers at 12 noon on the 10 March 2021.

The marketing campaign attracted four interested parties in addition to the connected party who had expressed an interest. Therefore, four non-disclosure agreements were issued, signed and returned.

On receipt of further financial information none of the unconnected parties pursued their interest. As a result, no further offers were received.

Due to the above circumstances and only having one offer, professional opinion was obtained whether acceptance of the offer would present the best realisation for the Administration and creditors overall.

Professional valuation advice confirmed that there was no merit in undertaking a further marketing campaign because it was likely to prolong completion and present unnecessary costs and liabilities. In addition, it was felt that marketing the business at this stage would frustrate the current interest, offer received and potentially negatively affect the value of the business.

It was also acknowledged that continued trading of the company was not in the best interest of creditors as the company was unable to pay its liabilities as they fell due. At the time of the marketing campaign it was noted that the protection from Winding-Up petitions was due to expire at the end of March 2021. The directors also needed to be mindful of their fiduciary duties and continued trading even during a period when protections were place to prevent enforcement by creditors posed a risk to the directors.

#### Details of the pre-pack sale

As required by Statement of Insolvency Practice 16 ("SIP 16") the business was marketed for a period of 14 days, up to a deadline for offers at 12 noon on the 10 March 2021.

Following negotiations, the sum of £558,212.83 with the initial £100,000 payment due on completion and then eleven equal monthly instalments of £41,655.71, on the last business day of each calendar month beginning on 30 April 2021.

Outlined below is again a breakdown of how the assets were apportioned.

Goodwill and Business Intellectual Property	£147,998
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Fixtures and Fittings	£2,000
Seller's Records	£1
Business Contracts	£1
Book Debts*	£408,212.83
<b>TOTAL</b>	<b>£558,212.83</b>

Following negotiations, the directors submitted a global offer of £150,000 for the business and assets of the company (excluding the debtor ledger which they made an offer for separately). This included all fixtures and fittings, stock, seller's records, customer database and any associated goodwill and intellectual property rights. This was significantly in excess of the value attributed by the valuation.

In addition, the directors offered to pay a sum equivalent to 40% of the value of trade debtors for the current debtor ledger due to the company on the date of the completion of the sale of the company. I would reiterate that this will be a fixed amount as 40% of the value of the debtor ledger on the date of completion. It is not 40% of realisations to be achieved from the debtor ledger in due course. Therefore it provides the Administration with certainty over realisable value and is not dependent upon future realisations from the Company's ledger.

It should be noted that the purchaser is also inheriting known liabilities (suppliers and other payroll/pension related costs) associated to the debtor ledger of circa £360,000. They will need to be paid by the purchaser to ensure collection of the debtor ledger.

The sum presented is to be paid by way of an initial payment of £100,000 on completion followed by 11-monthly equal consecutive instalments for the balance of the consideration.

In considering the offer with a view to achieving the best realisation available it was understood that trading the business was not an option due to insufficient working capital available to trade. In addition, as soon as the company entered any formal procedure this may have a negative impact upon the company due to its approved supplier status with some clients. The company's clients generally hold the right to terminate any contract in the event of the insolvency of the company and this will materially inhibit the ability to sell the business to any unconnected party.

In this instance the purchaser is a connected party and has not approached the pre-pack pool for their opinion on the pre-pack sale. The connected party has been made aware of their ability to do so. We have discussed this option with the directors. However, they retain the view that they have received appropriate advice throughout and they consider their offer to be fair and robust for the reasons provided. Therefore, for the extra cost involved they do not believe that it is warranted in these circumstances.

Connected party purchasers are encouraged to, but are not required to, prepare a viability statement indicating how their business will survive for at least 12 months from the date of the purchase, and detailing what they will do differently from the Company in Administration in order that the business will not fail. In this instance the connected purchaser has prepared a viability statement and a copy is attached with these proposals at Appendix 6.

#### Consideration in accepting the offer from the connected party

Following receipt of the connected party offer we entered into discussions about the basis and the terms of the offer. As set out above, the business and assets had been subject to a comprehensive

marketing process but it was imperative that their offer was considered fair albeit it was the only offer received. The directors accepted and understood the basis of these ongoing discussions and the rationale behind it.

We reminded the directors that it was important that we demonstrated clearly to creditors why their offer was acceptable and compared this with alternative routes if we felt that their offer was inadequate.

As set out above, the key elements of the business included the goodwill which was entwined with the key personnel and also the ongoing contracts with the customers. It was identified that the customer contracts would have termination clauses allowing them to terminate these contracts and this will continue to apply. The purchaser is accepting the risk.

Attached to this was the existing debtor ledger which was also entwined with the goodwill and customers. If there was any cessation of trade or if customers choose to terminate contracts then this could clearly impact upon the collectability of the ledger. With regard to the debtor ledger it is not unreasonable to be cautious regarding the collectability given the current position of the hospitality sector. The pandemic has impacted upon both large and small businesses. Most of the company's customers involve hotels and other accommodation providers but many of these businesses will have been impacted by the pandemic and accordingly their ability to pay monies to the company as debtors.

As further consideration for this offer we also needed to take into consideration that the business presently employs over 1,000 staff. The purchaser will be inheriting all the associated liabilities of these staff which is calculated to be in excess of £2,200,000. Retaining these staff is important to preserving the contracts and therefore the value in the debtor ledger.

As set out above, the purchaser is also inheriting other significant liabilities in the region of £360,000 relating to suppliers and pension/payroll costs which it will be required to discharge.

Therefore, the offer put forward by the connected party includes a package of different elements that need to be taken into consideration together. No individual element such as the goodwill or the debtor ledger can be stripped out and sold separately as each is reliant upon the other. Importantly the sale will ensure that over 1,000 members of staff will retain their jobs and rather than their liabilities being placed on the Government this can be avoided as part of the sale.

Taking all these factors into consideration we believe that the offer put forward by the connected party is fair in these circumstances. The offer has also been recommended to be accepted by our agents.

The directors have also agreed to an anti-embarrassment clause to be inserted within the sale agreement so that the Administration will benefit if there is any sale of the business and assets within 12 months.

As an additional consideration as part of any pre-pack sale we also considered the ongoing viability of the connected party purchaser. In this case we are satisfied with the explanations by the directors of why they believe that the purchaser will be viable going forward.

We should add that this Company is in financial difficulties solely due to the pandemic. This sale is also being completed in advance of any clear exit from the pandemic and knowledge of future prospects. It is important that the offer should be considered in this light.

## Conclusion

As previously stated, we considered that the sale of the business and assets to the connected party purchaser represents the best outcome in the circumstances.

The sale consideration to be achieved and also the outcome is in the public interest and enabled a significant amount of jobs to be saved and was the best available outcome for creditors. The pre-pack sale assisted in achieving the statutory purpose of the Administration that we are seeking to achieve in respect of the Company.

On 1 April 2021, a valuation of the assets of the Company was prepared by Middleton Barton, a firm of professional, independent valuation agents were instructed to provide an independent professional valuation of the Company's assets. The valuer responsible for preparing the valuation was by Neil Duckworth, who has confirmed that he is a member of The Royal Institution of Chartered Surveyors (RICS), an independent firm of valuers who have confirmed that they hold Professional Indemnity Insurance.

The assets were sold for £558,212.83 on 1 April 2021. An outline of the different types of assets sold and the amount for which they were sold, together with a comparison against the valuation realised, are detailed above.

In addition to the above, we have undertaken routine statutory and compliance work set out at Appendix 7. These are tasks that are required by statute or regulatory guidance or are necessary for the orderly conduct of the proceedings, and whilst they do not produce any direct benefit for creditors, they still have to be carried out.

## **5. FINANCIAL POSITION OF THE COMPANY**

We have asked the directors to prepare a summary of the Company's estimated financial position as at 1 April 2021, which is known as a Statement of Affairs, but they have not yet prepared it. The directors have been issued with a deadline of 18 April 2021 to provide this document, and as of yet it has not been received. We anticipate receiving this shortly.

In the interim we have prepared an estimate of the financial position of the Company. Attached is a copy of the estimate at Appendix 1, together with a list of names and addresses of all known creditors and the amounts of their debts. Although this information in respect of consumer creditors for payments made in advance and consumer creditors for payments made in advance will be removed before the proposals are filed at Companies House, we are required to include it with these proposals by rule 3.35 of the Insolvency (England and Wales) Rules 2016. As a result, this is a valid use of the personal data of the individual creditors and is not a breach of the General Data Protection Regulations (GDPR)).

## **Book debts**

The Company financed its book debt ledger, and as a result it is subject to security by Bibby Financial Services Ltd. At the time of our appointment the ledger had a book value of £967,847 in invoiced work and £52,684 in work in progress still to be invoiced. The ledger consists entirely of invoices payable by businesses within the hospitality sector with potential for bad debts, termination of contracts and contra claims arising. The purchaser was also expecting to inherit circa £360,000 of costs relating to suppliers and payroll/pension related costs that would need to be paid in order to recover the ledger. In addition, the significant TUPE liability also needed to be taken into consideration.

Middleton Barton valued the ledger at £530,000 on the basis of contracts being preserved and recommended acceptance of the subsequent offer once they became aware of the additional supplier payments that would need to be met by the purchaser.

The purchaser offered to pay a sum equivalent to 40% of the value of trade debtors and work in progress for the current debtor ledger due to the Company on the date of the completion of the sale of the company as referred to previously.

On the basis of current information, there is also a credit held in the invoice finance facility of £84,000, which will be payable into the Administration.

## **Goodwill and Business Intellectual Property**

The Company has historically serviced a range of blue-chip customers including mainly prominent hotel chains and individual private client hotel chains.

In respect to intellectual property, the Company has a website at [www.hotelcare.co.uk](http://www.hotelcare.co.uk), all trading styles and associated logo for the 'Hotelcare' brand, any associated email addresses and contact numbers etc.

We are not aware of any trademarks, patents or designs which are registered or pending registration.

A valuation was undertaken by Middleton Barton who provided an in-situ value of £25,000 for these assets. This value was based on an assumption that all tangible assets are offered for sale at the same time. The valuation also took into account the significant TUPE liabilities associated with the business and the current restricted trading conditions.

These assets were sold to the purchaser for £147,998 which is in excess of the valuation.

## **Fixtures and Fittings**

The chattel assets of the company are limited to a small quantity of IT and on-site cleaning equipment of limited realisable value.

A value of £2,000 was assigned to the fixtures and furniture in the asset and sale agreement to the purchaser.

## **Seller's Records**

A value of £1 was assigned to the records in the asset and sale agreement to the purchaser.

## **Business Contracts**

The Company holds a number of longer term contracts with customers, however these contracts do not guarantee sales volumes and would most certainly be determined in an insolvency scenario.

The ongoing business is heavily reliant on personal relationships between current management and key procuring heads within the client organisations. Retaining contracts and the awarding of new contracts going forward rely on these relationships.

A value of £1 was assigned to the contracts in the asset and sale agreement to the purchaser.

## **Cash at Bank**

The company operated a sterling account with Barclays Bank Plc. As at the date of Administration, it is understood that the account held the balance of approximately £4,000.

## **Inter Company Loan - Corporate Cleaning Ltd ("CC Ltd ")**

CC Ltd is a shareholder of HCHM, which loaned funds to the Company of approximately £740,000. CC Ltd holds no assets and it is anticipated that it will be placed into Liquidation, therefore no recovery is anticipated in respect of the inter-company loan. We understand that this loan arose at the time of the prior acquisition and we will review this transaction as part of the Administrators' investigations.

## **Preferential creditors**

Former employees have preferential claims in respect of unpaid wages (up to a maximum of 800) and any accrued holiday. Employees are entitled to recover sums due to them, up to certain statutory limits, by making a claim against the National Insurance fund.

The Administration and effecting a pre-packaged sale of the Company's business and assets meant that all employee jobs were saved and there would be no redundancies.

Employees of the company are currently owed substantial arrears of back pay, employment benefits and any entity purchasing the company is likely to be required to make good on these arrears if continuity of staff engagement is to be achieved. The ongoing support of staff is critical to the supply of services to clients and failure to address this issue would result in the critical loss of client relationships.

Moreover, any purchaser would be reliant on maintaining the existing workforce and there are substantial Transfer and Undertaking (Protection of Employment) Regulations liabilities associated with a purchase which are calculated to be in excess of £2,200,000.

It should be noted that the terms of the sale agreement to the purchaser, constitutes a 'relevant transfer' for the purpose of the Transfer of Undertakings (Protection of Employment) Regulations ('TUPE'). Accordingly, the contract of employment and any liabilities in connection to them, of all staff employed by the Company as at the date of Administration, were transferred to the purchaser.

HMRC are secondary preferential creditors for certain specified debts, such as VAT, PAYE, employee National Insurance Contributions, student loan deductions and Construction Industry Scheme deductions.

Secondary preferential debts are payable after all ordinary preferential debts have been paid in full, and before non-preferential unsecured debts.)

### **Prescribed part**

There are provisions of the insolvency legislation that require an Administrator to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company gave a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property." A Company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge. An Administrator has to set aside:

- 50% of the first £10,000 of the net property; and
- 20% of the remaining net property;

up to a maximum of £800,000

The Company gave a fixed and floating charge to Bibby Financial Services Ltd on 5 March 2021 and Barclays Bank Plc on 12 May 2020. Bibby Financial Services Ltd and Barclays Bank Plc has been fully repaid. Barclays Bank plc applied their terms of offset to repay their CBILS facility from the company's cash at bank shortly prior to the Administration.

As a result, there are no fixed and floating charge creditors at the date of the Administration and the prescribed part provisions will not apply.

## **6. ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**

We have not attached a receipts and payments account covering the period since the date the Company entered into Administration, because we have yet to receive funds.

We can confirm that solicitors are holding the £100,000 in consideration of the first instalment from the purchaser and Bibby are holding their credit balance. It will be received imminently.

## **7. PROPOSED FUTURE ACTIONS OF THE ADMINISTRATORS TO ACHIEVE THE OBJECTIVE OF THE ADMINISTRATION**

We believe that completing the pre-packaged sale of the Company's business and assets, immediately following our appointment as Joint Administrators has achieved the objective of the Administration of the Company, being to achieve 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.

Had the Company been placed into Liquidation rather than Administration, it would have resulted in the immediate cessation of trade and likely resulted in significantly reduced value being achieved for the Company's assets. In addition, staff would have been made redundant resulting in increased creditor claims and costs within the insolvency estate.

In order to achieve the objective of the Administration of the Company we propose to undertake investigations into the Company's affairs to establish whether there are any potential asset recoveries or conduct matters that justify further investigations, taking into account the likely level of recoveries

and anticipated costs. We will also be dealing with creditor enquiries, whilst completing our statutory duties.

Based on current known information about the Company's financial position, and after taking into account the anticipated office holders' fees and expenses, a dividend will not be paid to unsecured creditors.

## **8. ADMINISTRATORS' REMUNERATION AND EXPENSES**

We attach a copy of our practice fee recovery policy at Appendix 3.

Agreement to the basis of the Joint Administrators remuneration is subject to specific approval of a Creditors Committee or if there is no Committee or the Committee fails to determine the basis of the Joint Administrators' remuneration, the creditors.

The Joint Administrators' are entitled to receive remuneration for their services. Rule 18.16 of the Rules permit remuneration to be fixed either as:

- By reference to time costs;
- By reference to a percentage basis of the value of the property which the Joint Administrators have to deal; or
- A fixed fee.

Some work cannot be identified with enough certainty for us to seek remuneration on a fixed or percentage basis. For these tasks, we propose to seek approval on a time cost basis. i.e. by reference to time properly spent by us and members of staff of the practice at our standard charge out rates.

When we seek approval for our fees on a time cost basis we have to provide a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the total estimated time costs without further approval from those who approved the fees.

Attached at Appendix 12 is a "Fees estimate summary" that sets out the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that I think each part of the work will take. It includes a summary of that information in an average or "blended" rate for all of the work being carried out within the estimate. In summary, we are seeking to be remunerated on a time cost in respect of the work our staff and we undertake in respect of the following categories of work.

### Administration:

This represents the work that my staff and we have to undertake in respect of the routine administrative functions of the case, including preparing, reviewing and issuing statutory reports. It also includes my control and supervision of the work done by our staff on the case together with the supervisory functions of our managers.

Such work does not give direct financial benefit to the creditors, but we have to undertake it in order to meet our obligations under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that we must follow.

### Realisation of assets:

This represents the work we will undertake to protect and then realise the Company's assets. It also includes work in connection with supervising the professional advisors that we instructed to assist in realising the Company's assets.

More details about those professional advisors is set out below. If the Company's assets are recovered, we will first use the proceeds to meet the costs and expenses of the case and then distribute any balance to the creditors in the statutory order of priority.

#### Creditors:

Claims of creditors – We need to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of my management of the case, and to ensure that we have accurate information about who to send notices and reports to. We will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. We are required to undertake this work as part of our statutory functions.

Dividends – We have to undertake certain statutory formalities in order that we can pay a dividend to preferential creditors. This includes writing to creditors who have not lodged proofs of debt and reviewing the claims and supporting documentation lodged by creditors in order to formally agree their claims, which may involve requesting additional information and documentation from the creditors.

#### Investigations:

The insolvency legislation gives me powers to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure and also in respect of matters such as misfeasance and wrongful trading. I am required by the Statements of Insolvency Practice to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of creditors. I am not aware of any specific matters that require investigation. The fixed fee sought covers the investigations.

If we identify potential recoveries, or matters for further investigation, then we will need to undertake additional work to investigate them in detail and attempt recovery where necessary. We cannot fix the basis of our remuneration for dealing with such unknown or uncertain assets at present, and if such assets are identified we will seek approval for an appropriate fee basis.

We are also required by legislation to report to the Secretary of State on the conduct of the directors. We have to undertake this work to enable me to comply with this statutory obligation, which is of no direct benefit to the creditors, although it may identify potential recovery actions.

More details of the tasks included in these categories are included in the fees estimate. We estimate that the total time costs that we will incur in undertaking these tasks in this case will be £77,718.50 at a "blended" rate of £320.89 per hour as detailed in our Fee Estimate at Appendix 12.

We consider that this is a more complex, as highlighted by the information provided above, and consider that after taking into account the nature and value of the assets involved, this demonstrates why the fixed fee is expected to produce a fair and reasonable reflection of the work that we anticipate will be necessarily and properly undertaken.



This fees estimate has been provided to creditors at an early stage in my administration of the case and before I have full knowledge of the case. While all possible steps have been taken to make this estimate as accurate as possible, it is based on my current knowledge of the case and my knowledge and experience of acting as office holder in respect of cases of a similar size and apparent complexity. As a result, the fees estimate does not take into account any currently unknown complexities or difficulties that may arise during my administration of the case.

If our time costs incurred on the case exceed the estimate, or are likely to exceed the estimate, we will provide an explanation as to why that is the case in the next progress report we send to creditors. Since we cannot draw remuneration in excess of our fees estimate without first obtaining approval to do so, then where we consider it appropriate in the context of the case, we will seek a resolution to increase the fee estimate so that we will then be able to draw additional remuneration over and above this fees estimate.

We only anticipate needing to seek approval to draw fees in excess of the estimate if any currently unknown complexities or difficulties arise during my administration of the case; or if our initial investigations identify further areas of investigation, potential further asset recoveries and any associated recovery actions; or if the realisation of assets gives rise to the need to participate in arbitration or legal proceedings.

Expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements.

Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate.

Expenses are split into:

- category 1 expenses, which are payments to persons providing the service to which the expense relates who are not an associate of the office holder; and
- category 2 expenses, which are payments to associates or which have an element of shared costs. Before being paid category 2 expenses require approval in the same manner as an office holder's remuneration.

Attached at Appendix 3 is a copy of our practice fee recovery policy. We can advise that from the period of appointment to 8 April 2021. 13.90 total of hours have been spent working on the Administration at an average charge out rate of £299.42 a copy of which is attached at Appendix 4.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk>

Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at <https://turpinbainsolvency.co.uk/fees-and-links>.

There are different versions of these Guidance Notes, and in this case please refer to the April 2017 version. Please note that we have also provided further details in the practice fee recovery sheet.

We have used the following agents or professional advisors since our appointment as Joint Administrators:

Professional Advisor	Nature of Work	Fee Arrangement
Middleton Barton Valuation	Valuer/Auctioneer	Time costs
Katten Muchin Rosenman UK LLP	Solicitors	Time costs

The choice of professionals was based on our perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. We also considered that the basis on which they will charge their fees represented value for money. We have reviewed the charges they have made and am satisfied that they are reasonable in the circumstances of this case.

#### **Middleton Barton Valuation (“MBV”)**

MBV were engaged to:

- provide valuations of the Company’s properties across the UK;
- review lease agreements held on the Company’s properties; and
- investigate realisation strategies for the Company’s properties.

We note that MBV have encountered issues gaining access to the Company’s properties which has delayed and added extra cost to their services.

As at the date of these proposals, MBV have not yet issued an invoice in respect to this matter, however, they have advised that their pre-appointment costs total £20,000 plus VAT.

We don’t anticipate that further work will be carried out by MBV to achieve realisations regarding the Company’s properties.

#### **Katten Muchin Rosenman UK LLP**

Katten Muchin Rosenman UK LLP have been instructed to provide ongoing assistance and advice to the Joint Administrators in relation to all Administration matters.

Katten Muchin Rosenman UK LLP is a law firm headquartered in London with offices in the UK, Europe and the Middle East. The Corporate Recovery & Insolvency team is ranked in Chambers and Partners and Legal 500 for both London and the South. Katten Muchin Rosenman UK LLP were instructed in this matter as they have the requisite knowledge and experience in dealing with such matters.

As at the date of these proposals Katten Muchin Rosenman UK LLP have not furnished us with an invoice for their outstanding post-appointment time costs but they have advised that their costs are £48,188 plus vat.

Type of expense	Amount incurred/accrued since appointment	Amount still to be paid
Specific Bond	£1,050.00	£1,050.00
Statutory Advertising	£81.75	£81.75
Valuation Fees	£20,000	£20,000

Legal Fees	£48,188	£48,188
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We have not been able to draw any expenses in this matter.

We anticipate that expenses totalling £73,096.75 will arise in these proceedings, as detailed in Appendix 8.

Information about the expenses with an element of share costs that we intend to recover, and the basis on which they are to be recovered, are included in our practice fee recovery policy.

We anticipate that category 1 and category 2 expenses will arise in this case.

We have already commented in this report about the likelihood of a return being made to each class of creditor of the Company. This sets out in numerical form the anticipated realisations that will be made, based on the estimated value of the Company's assets as detailed earlier in my report, together with the estimated payments to be made, based on my proposed remuneration and estimated expenses as detailed above. While every effort has been taken to make this as accurate as possible, creditors will appreciate that it will be affected by any differences between the amounts actually realised compared with the estimated value of assets, and by any differences between actual expenses incurred and those included in my estimate.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>.

## 9. PRE-ADMINISTRATION COSTS

The Board of Directors instructed us to assist them in placing the Company in Administration on 2 February 2021.

Our current pre-administration costs are £70,907 plus vat. We are seeking approval of our pre-administration costs of £60,000 plus vat. We will write of the balance of our costs for our internal accounting purposes.

Attached at Appendix 5 is a detailed time cost table showing the pre-appointment time costs incurred by category and staff grade at our firm.

The following statement sets out our pre-administration costs incurred.

The statement also shows those fees and expenses that were paid prior to the Administration and those where approval is being sought to pay them from Administration funds.

The following work was undertaken in the lead up to the Administration:

- Advice and assistance provided to the Board in respect of the Company's financial situation, insolvency options and the process of an Administration;
- Instructing solicitors and negotiating the terms of a sale and purchase agreement with the purchaser;

- Instructing and liaising with agents to gather information for the purposes of putting together a sale document to issue to potential interested parties;
- Discussions with agent regarding the various offers received;
- Advising the Board on the sale process;
- Advising the Board in relation to the Administration appointment and providing consents to act;
- Liaising with key stakeholders during the sale negotiations;
- Preliminary preparations for the Joint Administrators SIP 16 memorandum.

We also assisted the Board take the appropriate steps to place the Company into Administration. This task, together with some of the other tasks mentioned above are required by statute or regulatory guidance, and whilst they do not produce any direct benefit for creditors, they still have to be carried out.

<b>Supplier</b>	<b>Incurred</b>	<b>Paid</b>	<b>Outstanding</b>
Turpin Barker Armstrong	70,907.00	NIL	70,907.00
Katten Muchin Rosenman UK LLP	48,188	NIL	48,188
Middleton Barton Valuation	20,000	NIL	20,000
<b>TOTAL</b>	<b>139,095</b>	<b>NIL</b>	<b>139,095</b>

If a Creditors' Committee is appointed, it will be for the Committee to approve payment of the pre-administration costs that have not yet been paid.

If a Committee is not appointed, then since the pre-administration costs that have not yet been paid cannot be approved as part of these proposals, we will be seeking a separate decision from the creditors in accordance with rule 3.52 at the same time we seek a decision from them on whether or not to approve these proposals.

Katten Muchin Rosenman UK LLP undertook the necessary legal formalities to put the company into Administration. Their costs for providing that work are £48,188 plus vat.

## **10. ADMINISTRATORS' INVESTIGATIONS**

We have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration. I am also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf. We should be pleased to receive from you any information you have that you consider will assist us in this duty. We would stress that this request for information forms part of our normal investigation procedure.

## **11. EU REGULATION ON INSOLVENCY PROCEEDINGS**

We consider that these are “COMI proceedings” since the Company’s registered office and its trading address is in the United Kingdom, such that its centre of main interest is in the United Kingdom.

## **12. ADMINISTRATORS’ PROPOSALS**

In order to achieve the objective set out at section 3 above, Martin Armstrong and I formally propose to creditors that:

- (a) We continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that we:
  - (i) Continue to deal with creditor queries and record details of claims submitted;
  - (ii) Continue to collect consideration due from the sale of the business and assets;
  - (iii) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company; and
  - (iv) do all such things and generally exercise all their powers as Administrators as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals.
- (b) the Administration of the Company will end by filing notice of dissolution with the Registrar of companies. The Company will then automatically be dissolved by the registrar of companies three months after the notice is registered.
- (c) Alternatively, if having realised the assets of the Company, the joint Administrators are of the opinion that distribution will be made to unsecured creditors other than out of the prescribed part, taking into account the possible recoveries from the sale of the assets the Administration will end by placing the Company into Creditors’ Voluntary Liquidation, and propose that Martin Armstrong and Andrew Bailey are appointed Joint Liquidators of the Company and that we be authorised to act either jointly or separately in undertaking our duties as Liquidators.

Creditors may nominate a different person(s) as the proposed liquidator(s), but they must make the nomination(s) at any time after these proposals are delivered to them, but before they are approved. Information about the approval of the proposals is set out at section 13.

- (d) Alternatively, if having realised the assets of the Company, the Joint Administrators are of the opinion that the Company has no property which might permit distribution to its unsecured creditors, but there are further matters which would be better dealt with in a liquidation, the Administration will end by the presentation of a winding up petition to the court for the compulsory liquidation of the Company, and we propose that the Administration will end by the presentation of a winding up petition to the Court for the compulsory liquidation of the Company,

and propose that Martin Armstrong and Andrew Bailey are appointed Joint Liquidators of the Company by the Court.

- (e) Alternatively, if having realised the assets of the Company, the Joint Administrators are of the opinion that the Company has no property which might permit a distribution to any class of creditors, the Administration of the Company will end by their making an application to Court for an order that the Administration ceases.
- (f) Alternatively, if having realised the assets of the Company, the Joint Administrators' are of the opinion that the purpose of the Administration has been sufficiently achieved, the Administration of the company will end by giving notice to the Court, creditors and Registrar of Companies that the objective of the Administration has been achieved.

### **13. APPROVAL OF PROPOSALS**

#### **VIRTUAL MEETING**

We are seeking resolutions at a virtual meeting from the creditors to approve our proposals, approve our pre-administration costs, fix the basis of our remuneration, and to approve our category 2 expenses.

If a creditor wishes to vote on the resolutions, they must access the phone number and password included in the Notice attached to this report at Appendix 10.

If a creditor has not already submitted proof of their debt, they should complete the enclosed form and return it to me, together with the relevant supporting documentation. A vote on the resolutions by a creditor will not count unless they have lodged proof of their debt by no later than 4 p.m. the day before 6 May 2021.

If a creditor does not wish to attend the virtual meeting in person and wishes to nominate a person as their proxy holder, or alternatively request the Chair of the meeting to act as their proxy holder, they should complete and return the enclosed proxy form. Proxy forms must be lodged before the meeting.

Creditors are also invited to determine whether to form a Creditors' Committee, and a notice of invitation to form a Creditors' Committee and further instructions are enclosed. To enable the creditors to make an informed decision as to whether they wish to either seek to form a Committee, or to nominate themselves to serve on a Committee, further information about of the role of the Committee and what might be expected from its members has been prepared by R3 and can be found is available at the link <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/28872/page/1/administration/>

Attached at Appendix 9 is a proof of debt form.

#### **Creditors Committee**

Creditors are also invited to determine whether to form a Creditors' Committee, and a notice of invitation to form a Creditors' Committee and further instructions are enclosed. To enable the creditors to make an informed decision as to whether they wish to either seek to form a Committee, or to nominate themselves to serve on a Committee, further information about of the role of the Committee and what might be expected from its members has been prepared by R3 and can be found is available at the link <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/28872/page/1/administration/>

The Committee will be formed if sufficient creditors are willing to act. The minimum number of Committee members is three and the maximum is five. The Committee represents the interests of the creditors as a whole, rather than the interest of certain parties or individuals and it is a statutory function to assist the Joint Administrators to discharge their responsibilities.

If a Committee is formed, it is for that body to approve:

- The basis of the Joint Administrators' fees.
- The drawing of certain disbursements; and
- The Joint Administrators discharge from liability in respect of any actions taken during the Administration.

It should be noted that Committee members are not remunerated for their time other than receiving travel expenses.

Attached at Appendix 11 is a Notice of Invitation to form a Creditors Committee.

**Please note that I must receive at least one vote by the decision date or the decisions will not be made. I would therefore urge creditors to respond promptly.**


Should any creditor or group of creditors wish to request a physical meeting of creditors, they must do so within 5 business days of the delivery of the notice that accompanies this letter. Such requests must be supported by proof of their debt, if not already lodged. I will convene a meeting if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors."

#### **14. FURTHER INFORMATION**

To comply with the Provision of Services Regulations, some general information about Turpin Barker Armstrong, including about our complaints policy and Professional Indemnity Insurance, can be found <https://www.turpinbainsolvency.co.uk/fees-and-links>.

If creditors have any queries regarding these proposals or the conduct of the Administration in general, or if they want hard copies of any of the documents made available on-line, they should contact Carisse Hollett on the above telephone number, or by email at [carisse.hollett@turpinba.co.uk](mailto:carisse.hollett@turpinba.co.uk)

For and on behalf of  
HC Facility Management Ltd



**Andrew Bailey**  
**JOINT ADMINISTRATOR**

The Joint Administrators are agents of the Company and act without personal liability.

## **APPENDIX 1**

### **ESTIMATE OF THE COMPANY'S FINANCIAL POSITION, INCLUDING A SCHEDULE OF CREDITORS**



Insolvency Act 1986

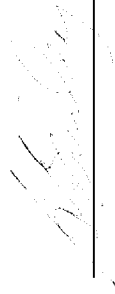
HC Facility Management Limited  
Company Registered Number: 09147994

Estimated Statement Of Affairs as at 1 April 2021

	Book Value £	Estimated to Realise £
<b>ASSETS</b>		
Fixtures and Fittings	2,000.00	2,000.00
Sellers Records	1.00	1.00
Business Contracts	1.00	1.00
Goodwill & Business IP	147,998.00	147,998.00
Book Debts	1,020,532.00	408,212.83
Inter Company Loan	740,000.00	NIL
Cash at Bank	4,000.00	4,000.00
Surplus Book Debts	84,000.00	84,000.00
		<u>646,212.83</u>
<b>LIABILITIES</b>		
<b>PREFERENTIAL CREDITORS:-</b>		
HM Revenue & Customs - PAYE/NIC		960,000.00
HM Revenue & Customs - VAT		2,680,091.00
		<u>3,640,091.00</u>
		(2,993,878.17)
<b>2nd PREFERENTIAL CREDITORS:-</b>		
		<u>NIL</u>
		(2,993,878.17)
<b>DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003</b>		
<b>OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS</b>		
		<u>NIL</u>
		(2,993,878.17)
<b>Estimated prescribed part of net property where applicable (to carry forward)</b>		
		<u>NIL</u>
		(2,993,878.17)
<b>DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003</b>		
		<u>NIL</u>
		(2,993,878.17)
<b>Estimated prescribed part of net property where applicable (brought down)</b>		
		<u>NIL</u>
		(2,993,878.17)
<b>Unsecured non-preferential claims (excluding any shortfall to floating charge holders)</b>		
Trade & Expense Creditors		121,969.75
Directors		<u>NIL</u>
		121,969.75
<b>Estimated deficiency/surplus as regards non-preferential creditors</b>		
<b>(excluding any shortfall in respect of F.C's post 14 September 2003)</b>		
		<u>(3,115,847.92)</u>
		(3,115,847.92)
<b>Issued and called up capital</b>		
		<u>NIL</u>
<b>TOTAL SURPLUS/(DEFICIENCY)</b>		<u><u>(3,115,847.92)</u></u>

**Turpin Barker Armstrong**  
**HC Facility Management Limited**  
**Company Registered Number: 09147994**  
**B - Company Creditors**

Key	Name	Address	£
CB00	BELMONT LAUNDRY LIMITED	Belmont House , Unit 1, Arisdale Avenue, South Ockendon, Essex, RM15 5TT	832.80
CC00	CITRON HYGIENE UK LIMITED	Unit 2, Bardon 22 Industrial Estate, Coalville, Leicestershire, LE67 1TE	63,699.22
CE00	ECOVADIS	43 avenue de la Grande Armee, 75116, Paris	1,055.73
CH01	HM Revenue & Customs	ICHU RM BP 3202, Benton Park View, Longbenton, Newcastle Upon Tyne, NE98 1ZZ	960,000.00
CH02	HM Revenue & Customs	Debt Management Enforcement, Ty Glas, Llanishen,, Cardiff, CF14 5ZP	2,680,091.00
CM00	MOVING PROPERTIES LTD	Bellerive Suites , Ground & 5th Floor, Bellerive House, 3 Muirfield Crescent, London, E14 9SZ	55,200.00
CT00	TOTALJOBS GROUP	110 Southwark Street, London, SE1 0TA	600.00
CV01	Vistavis Limited	Unit 11-2 , Borers Yard, Borers Arm Road, Copthorne, West Sussex, RH10 3LH	582.00
<b>8 Entries Totalling</b>			<b>3,762,060.75</b>



Signature

**Turpin Barker Armstrong  
HC Facility Management Limited  
B1 - Company Creditors - Employees & Directors**

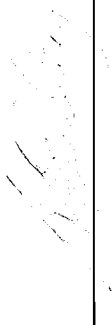
Key	Name	Address	Pref £	Unsec £	Total £
0 Entries Totalling					
			0.00	0.00	0.00



Signature

**Turpin Barker Armstrong  
HC Facility Management Limited  
Company Registered Number: 09147994  
B2 - Company Creditors - Consumer Creditors**

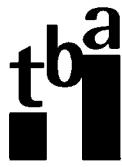
Key	Name	Address	£
0 Entries Totalling			0.00



Signature

### **APPENDIX 3**

#### **PRACTICE FEE RECOVERY POLICY**



**turpin barker armstrong**

Accountants, Auditors and Business Advisors  
Corporate Recovery and Insolvency  
Wealth Management

## **PRACTICE FEE RECOVERY POLICY FOR TURPIN BARKER ARMSTRONG**

### Introduction

This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court. The report accompanying the request to fix the basis of remuneration will indicate the basis, or bases, being requested in that particular case and will make it clear what work is to be undertaken in respect of each basis.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <https://www.turpinbainsolvency.co.uk/fees-and-links>. Alternatively, a hard copy may be requested from Turpin Barker Armstrong, Allen House, 1 Westmead Road, Sutton, Surrey SM1 4LA. Please note that we have provided further details in this policy document.

SIP 9 also contains various requirements that the office holder has to comply with in connection with their remuneration, both when seeking approval and when reporting to creditors and other interested parties after approval. One of the matters that an office holder has to comply with is that they must also seek approval for any payments that could reasonably be perceived as representing a threat to the office holder's objectivity or independence by virtue of a professional or personal relationship, including to an associate. Where it is anticipated that such payments will be made in a case they will be separately identified when seeking approval for the basis of the office holder's remuneration.

Other than in respect of Voluntary Arrangements an office holder is required to record the time spent on casework in all cases, even if they are being remunerated for that work on a basis other than time costs. Time is recorded directly to the relevant case and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Administration and Planning (including statutory reporting).
- Realisation of Assets.
- Investigations.
- Creditors (claims and distributions).
- Trading.
- Case specific matters.

### Time cost basis

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6-minute units with supporting narrative to explain the work undertaken.

### Charge-out rates

Grade of staff	Charge- out rate per hour, effective from 1 <sup>st</sup> April 2021 £	Charge- out rate per hour, effective from 1 <sup>st</sup> April 2019 £	Charge-out rate per hour, effective from 1 <sup>st</sup> April 2017 £	Charge-out rate per hour, effective from 1 <sup>st</sup> April 2013 £
Senior Partner	645.00	595.00	545.00	495.00
Partner	475.00	440.00	400.00	365.00
Director	370.00	-	-	-
Manager	350.00	350.00	325.00	295.00
Assistant Manager	325.00	310.00	285.00	260.00
Senior Administrator	310.00	290.00	265.00	240.00
Administrator	260.00	240.00	220.00	200.00
Assistant Administrator	100.00	100.00	90.00	80.00
Junior Administrator	40.00	40.00	40.00	40.00

These charge-out rates charged are reviewed on 1<sup>st</sup> April each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time.

In cases where we were appointed prior to 1<sup>st</sup> October 2015, most of our fees are recovered on a time cost basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1<sup>st</sup> October 2015 and the basis of our post-appointment fees will be determined once we are aware of the full circumstances of the case and will be subject to approval.

When we seek time costs approval, we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate. The blended rate is calculated as the prospective average cost per hour, based upon the estimated time to be expended by each grade of staff at their specific charge out rate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

A report accompanying the request to fix the basis of remuneration will include the fees estimate, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is provided in a separate section below.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate, and by reference to each separate category of work, and will also say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

## Percentage basis

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. A report accompanying the request to fix the basis of remuneration will set out the potential assets in the case, the remuneration percentage proposed in respect of any realisations and the work covered by that remuneration, which may solely relate to work undertaken in connection with the realisation of the assets but might also include other categories of work as listed above. The report will also include details of the expenses that will be, or are likely to be, incurred. Further information about expenses is provided in a separate section below.

A percentage of distributions made to unsecured creditors may also be requested, in order to cover the work associated with the agreement of claims and making the distribution.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 it will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.

## Fixed Fee

The legislation allows fees to be charged at a set amount. A report accompanying the request to fix the basis of remuneration will set out the set fee that we proposed to charge, and the work covered by that remuneration, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is provided in a separate section below.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 we will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.



## Direct Costs

Where we seek approval on a percentage and/or fixed fee basis, in order to meet the requirements of SIP 9 we also have to disclose the direct costs that are included within the remuneration that will be charged on those bases in respect of the work undertaken. The following are direct costs that will be included in respect of work undertaken in respect of each of the standard categories of work where the office holder is to be remunerated for such work on either a percentage or fixed fee basis:

- Administration and Planning (including statutory reporting) – staff costs.
- Realisation of Assets – staff costs.
- Investigations – staff costs.
- Creditors (claims and distributions) – staff costs.
- Trading – staff costs.
- Case specific matters – staff costs.

## Mixed bases

If remuneration is to be sought on a mixed basis, we will make it clear in the report accompanying the request to fix the basis of remuneration which basis will be charged for each category of work that is to be undertaken on the case.

## Members' Voluntary Liquidations and Voluntary Arrangements

The legislation changes that took effect from 1 October 2015 did not apply to members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) or Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee, and SIP 9 does not apply unless the members specifically request it. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

## All fee bases

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are usually VAT exempt, the office holder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

## Expenses

As already indicated, a report will accompany the request to fix the basis of remuneration and that will include details of expenses to be incurred, or likely to be incurred. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

Expenses are any payments from the insolvent estate that are neither an office holder's remuneration nor a distribution to a creditor, or a member. Expenses also include disbursements. Disbursements are payments that are first paid by the office holder and then reimbursed from the insolvent estate. Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do (Category 2).

Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder. They can be paid by the office holder without obtaining prior approval. Examples of costs that may amount to Category 1 expenses are professional advisors (who are not associates), statutory advertising, external meeting room hire (where the room is only hired for that meeting), external storage, specific penalty bond insurance, insolvency case management software fees charged on a per case basis, and Company search fees.

Category 2 expenses are either payments to associates, or payments in respect of expenses that have an element of shared costs, such as photocopying and mileage. Category 2 expenses require approval in the same manner as an office holder's remuneration before they can be paid.

Turpin Barker Armstrong does not propose to recover any Category 2 expenses that include an element of shared costs.

Professional advisors may be instructed to assist the office holder on the case where they consider that such assistance is necessary to enable them to appropriately administer the case. The fees charged by any professional advisors used will be recharged at cost to the case. Where the professional advisor is not an associate of the office holder it will be for the office holder to agree the basis of their fees. Where the professional advisor is an associate of the office holder it will be for those responsible for fixing the basis of the office holder's remuneration to approve payments to them. The fees of any professional advisors are subject to the rights of creditors to seek further information about them or challenge them as summarised below. Professional advisors that may be instructed on a case include:

- Solicitors/Legal Advisors;
- Auctioneers/Valuers;
- Accountants;
- Quantity Surveyors;
- Estate Agents;
- Pension specialists;
- Employment Claims specialists; and
- GDPR/Cyber Security specialists.

#### Reporting and rights to challenge

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and to each creditor. The report will provide a breakdown of the remuneration charged by the office holder in the period covered by the report, i.e., the amount that the office holder is entitled to draw, together with the amount of remuneration actually drawn. If approval has been obtained for remuneration on a time costs basis, the time costs incurred will also be disclosed, whether drawn or not, together with the "blended" rates of such costs. The report will also compare the actual time costs incurred with those included in the fees estimate prepared when fixing the basis of the remuneration and indicate whether the fees estimate is likely to be exceeded. If the fees estimate has been exceeded, or is likely to be exceeded, the report will explain why that is the case.

The report will also provide information about expenses incurred in the period covered by the report, together with those actually paid, together with a comparison with the estimated expenses. If the expenses incurred, or anticipated to be incurred, have exceeded the estimate provided the report will explain why that is the case.

Under the insolvency legislation the report must also include a statement of the legislative rights of creditors to request further information about the remuneration charged and expenses incurred in the period covered by the report, or to challenge them on the grounds that they are excessive. Extracts of the relevant insolvency rules dealing with these rights are set out below. Once the time period to seek further information about the office holder's remuneration and/or expenses for the period covered by the report has elapsed, then a Court Order is required to compel the office holder to provide further information about the remuneration and expenses. A Court order is required to challenge the office holder's remuneration and/or expenses for the period covered by the report. Once that period has elapsed, then a separate Court Order is required to allow an application out of time.

Under rule 18.9 of the Insolvency (England and Wales) Rules 2006, an unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the office holder's remuneration and expenses, within 21 days of receipt of any report for the period. Any secured creditor may request the same details in the same time limit.

Under rule 18.34, an unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the office holder's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of any report for the period. Any secured creditor may make a similar application to court within the same time limit.

Under some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

## **APPENDIX 4**

### **JOINT ADMINISTRATORS' TIME COSTS**

# Time Entry - Cumulative Detailed SIP9 Time & Cost Summary

XH0236 - HC Facility Management Limited  
From: 01/04/2021 To: 08/04/2021  
All Post Appointment Project Codes  
Including Sub-Analysis Codes

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Avg Hourly Rate (£)	Hours Cum (POST Only)	Time Costs Cum (POST Only)
402 : Cashiering									
N/A : N/A	0.00	0.00	0.00	0.20	0.20	20.00	100.00	0.20	20.00
504 : Statutory Reporting to Creditors									
N/A : N/A	0.00	8.40	0.00	0.00	8.40	2,940.00	350.00	8.40	2,940.00
600 : Administration									
N/A : N/A	0.00	0.00	0.00	0.80	0.80	32.00	40.00	0.80	32.00
604 : Appointment notification									
N/A : N/A	0.00	0.00	0.00	4.50	4.50	1,170.00	260.00	4.50	1,170.00
Administration & Planning	0.00	8.40	0.00	5.50	13.90	4,162.00	299.42	13.90	4,162.00
Total Hours	0.00	8.40	0.00	5.50	13.90	4,162.00	299.42	13.90	4,162.00
Total Fees Claimed						0.00			

\*\* - Denotes codes included in cumulative data that are not present in the period.

## **APPENDIX 5**

### **PRE-APPOINTMENT TIME COSTS**

# Time Entry - SIP9 Time & Cost Summary

XH0236 - HC Facility Management Limited  
All Pre Appointment Project Codes  
To: 08/04/2021

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	0.40	16.00	0.00	3.50	19.90	6,014.00	302.21
Case Specific Matters	107.10	0.00	0.00	0.00	107.10	56,147.00	524.25
Creditors	12.90	1.00	0.00	0.00	13.90	6,026.00	433.53
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	5.90	0.00	0.00	0.00	5.90	2,720.00	461.02
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Hours</b>	<b>126.30</b>	<b>17.00</b>	<b>0.00</b>	<b>3.50</b>	<b>146.80</b>	<b>70,907.00</b>	<b>483.02</b>
<b>Total Fees Claimed</b>						<b>0.00</b>	
<b>Total Disbursements Claimed</b>						<b>0.00</b>	

## **APPENDIX 7**

### **DETAILS OF WORK TO BE UNDERTAKEN IN THE ADMINISTRATION**



**A. Work for which the Administrator is seeking to be remunerated on a time basis:**

Administration:

Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.

Setting up electronic case files.

Setting up the case on the practice's electronic case management system and entering data.

Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment.

Obtaining a specific penalty bond (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate).

Preparing, reviewing and issuing proposals to the creditors and members.

Filing the proposals at Companies House.

Convening and holding a virtual meeting of creditors to consider the proposals/Seeking approval of the proposals by way of a decision by correspondence/Seeking approval of the proposals by way of deemed consent.

Reporting on the outcome of the approval of the proposals to the creditors, Companies House and the Court.

Supervising the work of advisors instructed on the case to assist in dealing with pension schemes; obtaining reports and updates from them on the work done; and checking the adequacy of the work done.

Dealing with all routine correspondence and emails relating to the case.

Opening, maintaining and managing the office holder's estate bank account.

Creating, maintaining and managing the office holder's cashbook.

Undertaking regular reconciliations of the bank account containing estate funds.

Reviewing the adequacy of the specific penalty bond on a quarterly basis.

Undertaking periodic reviews of the progress of the case.

Overseeing and controlling the work done on the case by case administrators.

Preparing, reviewing and issuing 6 month progress reports to creditors and members.

Filing progress reports at Companies House.

Preparing and filing VAT returns.

Preparing and filing Corporation Tax returns.

Seeking closure clearance from HMRC and other relevant parties.

Preparing, reviewing and issuing final reports to creditors and members.

Filing final reports at Companies House.

Realisation of assets:

Arranging suitable insurance over assets.

Regularly monitoring the suitability and appropriateness of the insurance cover in place.

Liaising with the bank regarding the closure of the account.

Instructing and liaising with solicitors to assist in the realisation of assets.

Creditors:

Dealing with creditor correspondence, emails and telephone conversations regarding their claims.

Maintaining up to date creditor information on the case management system.

Issuing a notice of intended dividend and placing an appropriate gazette notice.

Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.

Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.

Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend.

Paying tax deducted from the dividends paid to employees.

Investigations:

Recovering the books and records for the case.

Listing the books and records recovered.

Submitting an online return on the conduct of the directors as required by the Company Directors Disqualification Act.

Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.

Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors.

## **APPENDIX 8**

### **ESTIMATE OF EXPENSES TO BE INCURRED IN THE ADMINISTRATION**

**Estimate of expenses to be incurred in the Administration and subsequent Liquidation)**

Type of expense	Estimated Amount £
Bonding - this is insurance required by statute that every officeholder has to obtain for the protection of each estate, with the premium being based on the value of the company's assets	1,050.00
Gazetting – various notices relating to the company have to be placed in the London Gazette	408.75
Conference calls	250.00
Room hire	300.00
Travel expenses & subsistence	400.00
Katten Muchin Rosenman UK LLP, solicitors – Pre appointment legal advice	48,188
Counsel costs - Post appointment legal advice	2,500
Middleton Barton Valuation agents –Pre appointment	20,000
Total estimated expenses	<hr/> 73,096.75

**APPENDIX 9**

**PROOF OF DEBT FORM**

**Rule 14.4 The Insolvency (England and Wales) Rules 2016**

**Proof of Debt – General Form**

**IN THE**

**High Court of Justice**

**Number:**

**000632 of 2021**

**Name of Company in Administration:**

**HC Facility Management Limited**

**Company Registration Number:**

**09147994**

**Date of Administration:**

**1<sup>st</sup> April 2021**

1 Name of creditor

(If a company, please also provide the company registration number).

2 Correspondence address of creditor (including any email address)

3 Total amount of claim (£)  
(include any Value Added Tax)

4 If amount in 3 above includes (£)  
outstanding uncapitalised interest, state amount.

5 Details of how and when the debt was incurred.  
(If you need more space, attach a continuation sheet to this form)

6 Details of any security held, the value of the security and the date it was given.

7 Details of any reservation of title claimed in respect of goods supplied to which the debt relates.

8 Details of any document by reference to which the debt can be substantiated

9 Signature of creditor  
(or person authorised to act on the creditor's  
behalf)

10 Address of person signing if different from 2  
above

11 Name in BLOCK LETTERS:

12 Position with, or relation to, creditor

13 Date of signature

Admitted to vote for

Amount (£)

Date

Admitted for dividend for

Amount (£)

Date

Andrew Bailey  
JOINT ADMINISTRATOR

ANDREW BAILEY  
JOINT ADMINISTRATOR

**Notes:**

1. There is no need to attach them now but the office holder may ask you to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the chairman or convenor of any qualifying decision procedure.

2. This form can be authenticated for submission by email by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office holder. If completing on behalf of a company, please state your relationship to the company.

## **APPENDIX 12**

### **FEE ESTIMATE**



	<b>FEES ESTIMATE SUMMARY</b>		
<b>Case name</b>			
<p>The office holder is seeking to be remunerated on a time cost basis. We use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform, recording time spent in 6 minute units. Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work. This document provides an estimate as to how much time the office holder and his staff will spend undertaking specific tasks within broad categories of work, and the time costs of undertaking such work, which will depend upon the grade, or grades, of staff undertaking the work and the number of hours spent undertaking the work by each grade of staff. The estimated time that will be spent undertaking the work in each category of work has been multiplied by the applicable charge out rate for each member of staff that it is anticipated will undertake work in that category to arrive at the estimated total time costs attributable to that category of work on the case. We have then divided that estimated total by the estimated number of hours to arrive at what is known as a blended hourly charge out rate for that category of work. The sum of all the estimates for the different categories of work is the total estimated time costs to undertake all the necessary work on the case. Again, we have then divided that estimated total by the estimated number of hours to arrive at a blended hourly charge out rate for the case as a whole.</p>			
<b>The hourly charge out rates that will be used on this case are:</b>	<b>£</b>		
Senior Partner	645.00		
Partner	475.00		
Manager	350.00		
Supervisor/Senior Administrator	290.00		
Junior Administrator	260.00		
Cashier	100.00		
Support staff	-		
<b>ADMINISTRATION</b>			
<b>Description of the tasks to be undertaken in this category of work</b>	<b>Estimated time to be taken to undertake the work</b>	<b>Estimated value of the time costs to undertake the work £</b>	<b>Blended charge out rate to undertake the work £</b>
Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.	7.20	3,329.00	
Setting up physical/electronic case files (as applicable).	-	-	
Setting up the case on the practice's electronic case management system and entering data.	8.30	2,332.50	
Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment (as applicable).	20.10	7,024.50	
Obtaining a specific penalty bond.	3.00	897.50	
Seeking decisions from creditors and members (as applicable).	23.00	7,920.00	
Dealing with all routine correspondence and emails relating to the case.	20.00	6,350.00	
Opening, maintaining and managing the office holder's estate bank account (delete if not applicable).	7.50	1,510.00	
Creating, maintaining and managing the office holder's cashbook.	3.00	300.00	
Undertaking regular bank reconciliations of the bank account containing estate funds.	3.00	550.00	
Reviewing the adequacy of the specific penalty bond on a quarterly basis.	3.00	550.00	
Undertaking periodic reviews of the progress of the case.	6.10	2,109.50	
Overseeing and controlling the work done on the case by case administrators.	9.00	3,650.00	
Preparing, reviewing and issuing annual progress reports to creditors and members (as applicable).	17.00	5,605.00	
Filing returns at Companies House and/or Court (as applicable).	7.00	2,600.00	
Preparing and filing VAT returns (delete if not applicable).	3.00	300.00	
Preparing and filing Corporation Tax returns (delete if not applicable).	3.00	870.00	
Seeking closure clearance from HMRC and other relevant parties.	-	-	
Preparing, reviewing and issuing final reports to creditors and members (as applicable).	14.00	4,584.50	
Filing final returns at Companies House and/or Court (as applicable).	1.00	260.00	
<b>Total:</b>	<b>158.20</b>	<b>£50,742.50</b>	<b>£320.75</b>
<p>The blended rate in respect of this category of work is slightly higher than that of the case as a whole as whilst the majority of administrative tasks can be completed by staff with a lower charge out rate, some matters require more involvement by partners and managers (eg reporting and supervision)</p>			

<b>INVESTIGATIONS</b>			
	<b>Description of the tasks to be undertaken in this category of work</b>	<b>Estimated time to be taken to undertake the work</b>	<b>Estimated value of the time costs to undertake the work £</b>
			<b>Blended charge out rate to undertake the work £</b>
	Recovering the books and records for the case.	8.00	2,565.00
	Listing the books and records recovered.	4.00	1,130.00
	Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act (delete if not applicable).	8.30	2,758.50
	Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.	8.00	2,565.00
	Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors	7.00	2,305.00
	<b>Total:</b>	<b>35.30</b>	<b>£11,323.50</b>
			<b>£320.78</b>
	The blended rate in respect of this category of work is higher than that of the case as a whole as whilst the majority of the initial investigation can be undertaken by staff with a lower charge out rate, the subsequent review of their findings and the resulting decisions require more involvement by partners and managers.		
<b>REALISATION OF ASSETS</b>			
	<b>Description of the tasks to be undertaken in this category of work</b>	<b>Estimated time to be taken to undertake the work</b>	<b>Estimated value of the time costs to undertake the work £</b>
			<b>Blended charge out rate to undertake the work £</b>
	Arranging suitable insurance over assets.	1.00	350.00
	Regularly monitoring the suitability and appropriateness of the insurance cover in place.	1.00	350.00
	Corresponding with debtors and attempting to collect outstanding book debts.	0.70	307.50
	Liaising with the bank regarding the closure of the account.	1.50	542.50
	Instructing agents to value known assets.	-	-
	Liaising with agents to realise known assets.	-	-
	Liaising with solicitors to assist in the realisation of assets.	9.00	3,130.00
	Registering a caution in respect of freehold property owned by the debtor/company (where applicable).	-	-
	Obtaining details from mortgagees about debts secured over the debtor's/company's freehold/leasehold property (where applicable).	-	-
	Determining the joint owner's/spouse's interest in the freehold/leasehold matrimonial home (delete if not applicable).	-	-
	Instructing solicitors to assist in the realisation of the freehold/leasehold property (where applicable).	-	-
	Liaising with the secured creditors over the realisation of the assets subject to a mortgagee or other charge.	-	-
	<b>Total:</b>	<b>13.20</b>	<b>£4,680.00</b>
			<b>£354.55</b>
	The blended rate in respect of this category is higher than that of the case as a whole as the majority of the above tasks are complex in nature and therefore require more involvement by Partners and Managers		
<b>TRADING</b>			
	<b>Description of the tasks to be undertaken in this category of work</b>	<b>Estimated time to be taken to undertake the work</b>	<b>Estimated value of the time costs to undertake the work £</b>
			<b>Blended charge out rate to undertake the work £</b>
	0	-	-
	<b>Total:</b>	<b>0.00</b>	<b>£0.00</b>
			<b>£ -</b>
	The blended rate in respect of this category of work is lower than that of the case as a whole as the anticipated tasks are largely able to be carried out by staff with a lower hourly charge out rate		

	<b>CREDITORS</b>			
	<b>Description of the tasks to be undertaken in this category of work</b>	<b>Estimated time to be taken to undertake the work</b>	<b>Estimated value of the time costs to undertake the work £</b>	<b>Blended charge out rate to undertake the work £</b>
	Obtaining information from the case records about employee claims.	-	-	
	Completing documentation for submission to the Redundancy Payments Office.	-	-	
	Corresponding with employees regarding their claims.	-	-	
	Liaising with the Redundancy Payments Office regarding employee claims.	-	-	
	Dealing with creditor correspondence, emails and telephone conversations regarding their claims.	10.50	3,197.50	
	Maintaining up to date creditor information on the case management system.	6.00	1,740.00	
	Issuing a notice of intended dividend and placing an appropriate gazette notice.	3.50	1,107.50	
	Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.	10.00	3,300.00	
	Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.	5.50	1,627.50	
	Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend.	-	-	
	Paying tax deducted from the dividends paid to employees.	-	-	
	<b>Total:</b>	<b>35.50</b>	<b>£10,972.50</b>	<b>£309.08</b>
	The blended rate in respect of this category of work is lower than that of the case as a whole as the anticipated tasks are largely able to be carried out by staff with a lower hourly charge out rate			
	<b>GRAND TOTAL FOR ALL CATEGORIES OF WORK</b>	<b>242.20</b>	<b>£77,718.50</b>	<b>£320.89</b>