

AM03

Notice of administrator's proposals



Companies House

SATURDAY



A24 *A8JB2NTL* 30/11/2019 #140
COMPANIES HOUSE

1 Company details

Company number 1 1 5 3 2 7 7 7

Company name in full Square One Signs & Graphics Limited

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

2 Administrator's name

Full forename(s) Craig

Surname Johns

3 Administrator's address

Building name/number Regency House

Street

Post town 45-53 Chorley New Road

County/Region Bolton

Postcode B L 1 4 Q R

Country

4 Administrator's name ①

Full forename(s) Jason Mark

Surname Elliott

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

5 Administrator's address ②

Building name/number Regency House

Street

Post town 45-53 Chorley New Road

County/Region Bolton

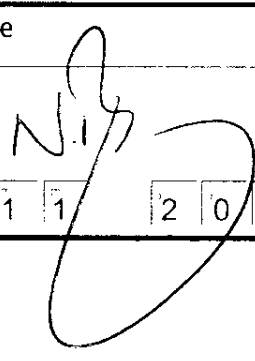
Postcode B L 1 4 Q R

Country

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

AM03

Notice of Administrator's Proposals

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

AM03

Notice of Administrator's Proposals



Presenter information

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

Company name	Jason Hamilton				
Company type	Cowgill Holloway Business Recovery LLP				
Registered office	Regency House				
	45-53 Chorley New Road				
Post town	Bolton				
County/Region					
Postcode	B	L	1	4	Q R
Country					
DX					
Telephone	0161 827 1200				



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.



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

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



Further information

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

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Continuation page

Name and address of insolvency practitioner

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

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

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

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

¹ You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) Nick

Surname Brierley

3 Insolvency practitioner's address

Building name/number Regency House

Street 45-53 Chorley New Road

Post town Bolton

County/Region

Postcode B L 1 4 Q R

Country

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

**Square One Signs & Graphics Limited Formerly T/A Square
One and SQ-1
- In Administration**

26 November 2019

cowgills

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

CONTENTS

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

APPENDICES

- A** Statutory Information;
- B** Joint Administrators' Receipts and Payments Account for the Period from 04 October 2019 to 22 November 2019;
- C** Summary of the Estimated Financial Position of the Company as at 04 October 2019;
- D** Joint Administrators' Time Analysis for the Period from 04 October 2019 to 22 November 2019;
- E** Additional Information in Relation to the Joint Administrators' Fees;
- F** Estimated Outcome Statement as at 22 November 2019.

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

1 Introduction and Background

- 1.1 Square One Signs & Graphics Limited ("the **Company**") was incorporated on 23 August 2018 under the name of Aghoco 1758 Limited ("**1758**"). The incorporation of 1758 was intended to be the purchase vehicle for the purchase of the business and assets of Eurosigns (UK) Limited – In Administration ("**Eurosigns**").
- 1.2 Eurosigns was placed into Administration on 16 November 2018 via an application by the Qualifying Floating Charge Holder ("**QFC**"), Bibby Financial Services Limited ("**Bibby**").
- 1.3 The Joint Administrators of Eurosigns are Julien Irving and Andrew Poxon of Leonard Curtis ("**LC**").
- 1.4 Although under the directorship of Roger Hart ("**RH**") and A G Secretarial Limited ("**AG**") as at the date of incorporation, the intention was that Christopher Napier ("**CN**") would be appointed as Director of the Company. CN is also the sole Shareholder of the Company with 100 Ordinary Shares issued, which are fully paid up.
- 1.5 The purpose of the Company was the design and installation of signage, which includes road, commercial frontage, internal safety and some brochure design work.
- 1.6 CN is deemed to be a connected party under Sections 249 and 435 of the Insolvency Act 1986, as he is a Director of the Company and of Eurosigns.
- 1.7 As mentioned at **Paragraph 1.1**, the Company was to be the purchase vehicle for the business and assets of Eurosigns. The total consideration agreed for the purchase was in the sum of £317,805.59 with a sale and purchase agreement ("**SPA**") being subsequently agreed and entered into between the Company and Eurosigns on 29 November 2018. The sales consideration was apportioned as follows:
 - Book Debts - £197,805.59;
 - Equipment, Plant and Machinery - £100,000;
 - The Stocks and Contracts - £12,000;
 - The Goodwill - £7,997;
 - The Intellectual Property - £1;
 - The Business Information - £1;
 - The Seller's Records - £1.
- 1.8 The initial consideration of £157,805.59 was paid upon the completion of the sale, with the balance due as follows:

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

- £23,000 on or before 30 November 2018;
 - £22,833.35 on or before 21 December 2018;
 - £22,833.35 on or before 21 January 2019;
 - £22,833.35 on or before 21 February 2019;
 - £22,833.35 on or before 21 March 2019;
 - £22,833.35 on or before 21 April 2019;
 - £22,833.35 on or before 21 May 2019.
- 1.9 The initial sales consideration was paid by way of a funds flow agreement made between the Company and Bibby.
- 1.10 HLD Corporation Holdings Limited ("HLD") and Bibby were providing funding to the Company with security being granted by way of a debenture, incorporating a fixed and floating charge over all of the Company's assets.
- 1.11 The apportionment and deferred consideration figures presented above have been extracted from the Report and Statement of Proposals filed at Companies House ("CH") by the Joint Administrators of Eurosigns; however, it should be noted that there is an overall discrepancy of ten pence. We are unable to confirm the reasons for the discrepancy as we were not party to the agreement or its compilation at the date of preparation.
- 1.12 In addition to the above assets, the Company also accepted the transfer of 24 employees in line with the transfer of undertakings (protection of employment) regulations ("TUPE"), although this number had reduced to 19 as at the date of our appointment as Joint Administrators of the Company.
- 1.13 Since the date of the transaction, it is understood that HLD have since entered a Members' Voluntary Liquidation on 04 April 2019 following the passing of special resolutions with Steve Markey and Martin Maloney of LC being appointed as Joint Liquidators.
- 1.14 It is assumed that the Company has repaid the liability due to HLD in full following a review of the Declaration of Solvency ("DoS") which was filed at CH on 30 April 2019, as no asset class of 'debtor' is present within the DoS.
- 1.15 As such, it is further assumed for the purpose of these Proposals that the charge in favour of HLD remains outstanding as a result of an administrative error rather than as a result of any current outstanding liability. We are currently awaiting clarification on the current position of the debenture and its status from the Joint Liquidators of HLD and will update creditors in due course.
- 1.16 Despite the Company agreeing to the payment schedule mentioned at **Paragraph 1.8**, in respect of the deferred consideration, the Company began to experience financial difficulties specifically in respect of cash-flow.

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

- 1.17 Although the Company was set up to purchase the business and assets of Eurosigns, it was essentially a 'start-up' business and struggled to create and maintain liquidity. It is understood that the Company was unable to make the deferred consideration payments from circa February 2019 onwards.
- 1.18 Furthermore, it is understood that the outstanding deferred consideration as agreed in the SPA stood at circa £81,167 at the date of our appointment as Joint Administrators.
- 1.19 In light of the default, LC attended site to complete a review of the Company's financial position, before informing Bibby in their capacity as secure creditor. It was apparent to LC that the Company was insolvent as defined under **Section 123** Insolvency Act 1986 due to the Company's inability to pay its debts as and when they fall due. However, as LC act as Joint Administrators of Eurosigns and also as Joint Liquidators of HLD, there was a clear conflict of interest which would prohibit LC taking an additional appointment on behalf of the Company.
- 1.20 Due to the evident conflict of interest in LC taking this additional appointment, Bibby introduced Cowgill Holloway Business Recovery LLP ("**CHBR**") to the Director of the Company, with a view to providing insolvency advice to the Company.
- 1.21 A representative of Cerberus Asset Management ("**Cerberus**") was also asked to attend the meeting with the director, with a view to providing advice in respect of the valuation of the Company's assets, together with recommendations in respect of the most appropriate disposal strategy.
- 1.22 Following a review of the Company's financial position by Craig Johns ("**CJ**") of CHBR at the Company's trading premises, it was evident that not only was the Company unable to *maintain the deferred consideration payments due to Eurosigns under the SPA*, the Company was also unable to maintain payments to other unsecured creditors and specifically, there was substantial pressure by HMRC due to the outstanding liability due to HMRC and the aged position of this liability.
- 1.23 The Company was also on "stop" with a number of suppliers, and in the absence of available working capital, or an additional cash injection, was unable to continue to trade in its current form.
- 1.24 As such, it was clear that the Company was insolvent on a 'cash-flow' basis and needed immediate protection in order to preserve the value in the Company's assets.
- 1.25 The situation was discussed with Bibby, who were concerned about the financial position, and the impact of any winding up petition presented on their position. Bibby therefore confirmed that they were willing to support the appointment of Craig Johns, Jason Elliott and Nick Brierley as Joint Administrators, in order that the position may be secured immediately.
- 1.26 As a result of the above and given the position that the Company required immediate legal protection, a notice of intention to appoint an Administrator ("**NOI**") by the Director was signed and filed at the High Court of Justice in Manchester on 30 September 2019.
- 1.27 Consents were received from all QFC's, namely, Bibby, HLD and Eurosigns on the same date and Knights Plc ("**Knights**"), whom are the solicitors instructed by CHBR in respect of filing the statutory paperwork for placing the Company into Administration, filed the Notice of Appointment of an Administrator ("**NOA**") at the High Court of Justice in Manchester on 04 October 2019 which was accepted by the clerk and copies of the sealed order subsequently obtained.

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

- 1.28 As a result, CJ, Jason Mark Elliott ("JME") and Nick Brierley ("NB") of CHBR, Regency House, 45-53 Chorley New Road, Bolton, BL1 4QR were appointed Joint Administrators of the Company by the Director on 04 October 2019. Craig Johns, Jason Mark Elliott and Nick Brierley are licensed to act as Insolvency Practitioners in the UK by the Insolvency Practitioners Association.
- 1.29 This firm's Privacy Notice about the way that we will use, and store personal data can be found at <https://www.cowgills.co.uk/services/business-recovery/privacy-notice/>. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.30 For the purposes of paragraph 100(2) of Schedule B1 the Joint Administrators may exercise any of the powers conferred on them by the Insolvency Act 1986 jointly or individually.
- 1.31 The EU Regulation on Insolvency Proceedings 2000 applies to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.
- 1.32 This Report incorporates the Joint Administrators' statement of Proposals made under paragraph 49 of Schedule B1, which will be treated as delivered to creditors on 28 November 2019.

2 Administration Strategy and Objective

- 2.1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
- *Rescuing the Company as a going concern; or;*
 - *Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or;*
 - *Realising property in order to make a distribution to one or more secured or preferential creditors.*
- 2.2 The Joint Administrators have not pursued the first and second objective in this Administration and the rationale for this is stated below.
- 2.3 As stated in **Section 1** of this Report, CHBR met with the Director to review and discuss the Company's financial position. CHBR summarised the position and options available to the Company, based on the information presented by the Director. Contained in this summary were the following options:
- 2.4 As the Company had effectively ran out of working capital, it was felt that there was no time to market the Company for a going concern sale outside of Administration. The QFC, Bibby, were concerned as to the current position of the Company and following CJ's review of the overall financial position, it was established that the financial position was far worse than originally anticipated. As such, this route was not explored as it was felt that the Company required immediate protection in order to preserve the value in the Company assets.
- 2.5 HM Revenue & Customs ("HMRC") account for in excess of 50% of the overall unsecured creditor liability and were applying increasing pressure in relation to their liability. Due to a poor HMRC compliance history, it was therefore considered that HMRC would not support

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

any Company Voluntary Arrangement (“CVA”) proposal put forward, if one was to be proposed to the unsecured creditors. Furthermore, Bibby had also confirmed that they would not be willing to provide ongoing financial support to the business, and there was no appetite from the Company’s existing management to put forward such a proposal, in an attempt to continue the business.

- 2.6 As a result, the first statutory objective of Administration could not be achieved.
- 2.7 Liquidation was also considered; however, Bibby had confirmed that should the director not wish to proceed with the necessary steps to appoint an Administrator, then they would seek to exercise their rights under the terms of their security, to effect the appointment.
- 2.8 *Therefore, Administration was deemed to be the appropriate route which would avoid any delays in the appointment, which would serve to protect the position of the secured creditor, and also enable the Administrators to take immediate control of the work in progress, to ascertain whether there was interest from any third parties.*
- 2.9 Whilst it is considered that the immediate appointment of Administrators, and the steps taken to secure the status of the work in progress, will serve to have maximised realisations as a whole, due to the extent of the liabilities of secured and preferential creditors, it is considered unlikely that there will be a distribution to the unsecured creditors of the Company.
- 2.10 As a result, the Joint Administrators do not believe that the second statutory purpose of Administration, namely; achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), can be achieved.
- 2.11 However, the third statutory objective, namely; realising property in order to make a distribution to one or more secured or preferential creditors, will be achieved. This objective will be achieved by way of a fixed charge distribution to Bibby, who are expected to be repaid in full, from fixed charge debtor receipts. Based on present information, it is also anticipated that a distribution will be made to the preferential creditors of the Company.

Consideration of Proposals by Creditors

- 2.12 Under Para 52(1) of Schedule B1 to the Insolvency Act 1986, where an Administrator thinks that:
 - The Company has sufficient property to enable each creditor of the Company to be paid in full;
 - The Company has insufficient property to enable a distribution to be made to the unsecured creditors other than from the Prescribed Part, or;
 - The Company cannot be rescued as a going concern, or a better result as a whole than would be likely if the Company were wound up (without first being in Administration) cannot be achieved.
- 2.13 Then the Administrator is not required to seek a decision from the Company’s creditors as to whether they approve these Proposals.
- 2.14 In this case we think that all of the above are applicable, and we are therefore not required to seek a decision from creditors to approve our Proposals unless the requisite number of

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

creditors request such a decision within the prescribed period. Please see the covering letter which accompanies this Report for further information about this.

Progress Since Appointment

Administration (including statutory compliance and reporting)

- 2.15 Following our appointment, the strategy for the Administration was carefully assessed to ensure that a coherent planned process for the case could be achieved. This work will, where appropriate, have included liaison with solicitors to deal with any legal considerations surrounding the Company's insolvency (such as assessing the validity of any 3rd party security in relation to the assets) and liaising with valuation agents about the most appropriate means of realising the value in the Company's business and assets.
- 2.16 We have also dealt with a number of statutory formalities which are required of us under related legislation. Typically, this includes issuing and filing all appointment notices with creditors and the Registrar of Companies and also advertising our appointment in the London Gazette.
- 2.17 Other statutory duties performed are outlined in further detail in the fees estimate/fees information which can be found at **Appendix E**. Please note that much of this work will have been performed to comply with statutory requirements and as such may not necessarily add any value to the insolvent estate.

Realisation of assets

Equipment and Plant and Machinery

- 2.18 As detailed earlier in the Proposals, the Company purchased the business and assets of Eurosigns pursuant to the SPA on 29 November 2018 in the sum of £317,805.59.
- 2.19 The terms of payment were an initial consideration to be paid upon the sale being concluded, with deferred consideration also to be paid.
- 2.20 It is further understood that the Company eventually defaulted on the deferred consideration terms with the sum of circa £81,333 outstanding at the time of default.
- 2.21 Due to the Company's inability to maintain deferred consideration payment terms and that the Company has experienced an insolvency event by having to appoint Administrators, LC as Administrators of Eurosigns were in the process of exercising their right to claim retention of title over the physical assets included within the sale to the Company.
- 2.22 As a result, Clarke Willmott LLP ("**CW**") were instructed by the Joint Administrators to provide advice and comment on their ability to do so, pursuant to the previously agreed SPA. The advice provided by CW was that LC (on behalf of Eurosigns) held a valid RoT claim over the assets.
- 2.23 As a result of the above, the physical assets over which LC have claimed title, are not assets of the Company, and have therefore been excluded from the financial information appended to this report.

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

- 2.24 In respect of these assets, it is understood that an auction was held on 3 October 2019 where a number of these assets were disposed of. LC have confirmed that the current liability due to Eurosigns is £11,159 after taking into account the amounts realised in respect of the auction.

Book Debts

- 2.25 The Company granted a debenture to Bibby which incorporates a fixed and floating charge over all of the Company's assets. This security was provided in relation to the book debt ledger and an invoice discounting facility which was operated by the Company. Bibby have confirmed that since the date of our appointment, they have received the sum of £67,426 from book debt realisations.
- 2.26 Furthermore, Bibby have since confirmed that the balance on their current account stands at £2,966 and the outstanding debtor ledger stands at £30,066 before any bad debt provision.
- 2.27 *Bibby will continue to collect the outstanding book debts caught under their debenture with the assistance of the Joint Administrators; however, the liability due to Bibby is anticipated to be repaid in full. Should any debtors remain following repayment of the debt, it is anticipated that the residual ledger will be reassigned to the Joint Administrators.*

Intellectual Property ("IP")

- 2.28 Following our appointment as Joint Administrators, Cerberus entered negotiations with an unconnected party in respect of a purchase of the intellectual property.
- 2.29 The IP consists of customer design data files and signage data files. The interested party confirmed that they did not wish to submit any offer for the signage data files; however, despite the customer design data files being aged and, there being a possible overlap in data, the interested party submitted an offer of £2,500 plus VAT for exclusive access/rights to the customer design data.
- 2.30 Advice was provided by Cerberus to the Joint Administrators who confirmed that any delay in the sale of the IP would erode its value and as no other offer had yet been submitted, the advice was to accept the offer of £2,500 plus VAT as it represented fair value based at the present time.
- 2.31 As a result of this, Cerberus recommended acceptance of the offer from the purchaser which was subsequently confirmed. Funds in this regard are currently being held in the Cerberus client account for the Company's benefit which will be transferred to the Joint Administrators in due course.

Work In Progress ("WIP")

- 2.32 At the date of our appointment, the Company had outstanding WIP for the manufacture, delivery and installation of various signs for a development of Motorway Services based in Leeds ("the Customer").
- 2.33 It is understood that the Company had sub-contracted a portion of the works to a third party, in respect of the manufacture and installation of the signs.
- 2.34 The order was worth the total sum of circa £419,122 at the outset. However, 50% of the balance had been paid prior to our appointment as Joint Administrators.

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

- 2.35 The Joint Administrators, in conjunction with Cerberus, entered into dialogue with the Customer and the sub-contractor, in respect of completing the installation to fulfil the contract, in order to maximise realisations relating to WIP.
- 2.36 Protracted negotiations were entered into between all parties, and a tripartite agreement was entered into on 13 November 2019 by all parties.
- 2.37 The terms of agreement are such that the Customer will make payment to the Sub-contractor for the work undertaken in two parts, subject to all works being completed to a satisfactory standard, and the relevant certificates issued upon completion.
- 2.38 Furthermore, an additional agreement has been reached with the Customer that upon a certificate of satisfaction being issued by their agent following the conclusion of the works, the sum of £82,644 inclusive of VAT, will be paid directly to the Company upon receipt of the appropriate invoice.
- 2.39 We understand that these works are currently scheduled for the beginning of January 2020, and whilst it is anticipated that the amount will be recoverable, this is contingent on the above.

Freestanding Heaters

- 2.40 At the date of our appointment, the Company held four Freestanding Heaters which were initially understood to form part of the purchase of the business and assets of Eurosigns.
- 2.41 However, Cerberus reviewed the schedule in relation to the assets purchased as part of the agreement and the Freestanding Heaters were not listed as an asset subject to the sale. As such, the Freestanding Heaters were deemed to be an asset of the Company which were not caught by LC's RoT claim.
- 2.42 Cerberus provided advice to the Joint Administrators in respect of the Freestanding Heaters and it was anticipated that each Freestanding Heater would achieve in the sum of £1,000 plus VAT.
- 2.43 As such, Cerberus approached possible known interested parties and as a result of this, a sale of all four Freestanding Heaters was completed in the total sum of £4,000 plus VAT. These funds are being held by Cerberus in their designated account. These funds will be transferred to the Joint Administrators for the Company's benefit in due course.
- 2.44 The work undertaken by the Joint Administrators and their staff to date in realising the Company's assets has been necessary in order to maximise the likelihood of a return to creditors being made. Where assets remain to be realised, these will be dealt with as the Administration progresses, and further updates will be provided to creditors in our subsequent Progress Reports.
- 2.45 Further information on the estimated outcome of the Administration can be found in **Section 9** below.

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

Creditors

- 2.46 The Joint Administrators are not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any *secured and preferential (employee) creditors of the Company*. This may involve separate reporting to secured creditors and dealing with distributions from asset realisations captured under their security interest, most typically a debenture.
- 2.47 The Company has granted a debenture to Eurosigns, HDL and Bibby which incorporate fixed and floating charges over all of the Company assets.
- 2.48 *As previously stated, it is assumed that HLD have been fully repaid.*
- 2.49 Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal. All 19 employees were made redundant on 03 October 2019 by the Company, and therefore claims from all 19 are anticipated, with any amounts outstanding in respect of arrears of wages and outstanding holiday pay, to rank as preferential.
- 2.50 The above work will not necessarily bring financial benefit to creditors generally; however, the Joint Administrators are required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a Company has, then more time and costs will be incurred by the Joint Administrators in dealing with those claims.

Investigations

- 2.51 The Joint Administrators are in the early stages of conducting their investigations based on information obtained since appointment.
- 2.52 Further work in this area is required by the Joint Administrators and, an update will be *provided to creditors if available in our next Progress Report*.
- 2.53 In accordance with the Company Directors Disqualification Act 1986 ("**CDDA**"), the Joint Administrators are required to investigate the Company's affairs and to subsequently submit a report of the conduct of the Director of the Company to the Department of Business, Energy and Industrial Strategy ("**BEIS**"). As this is a confidential report, we will not be able to disclose its contents.

Trading

- 2.54 The Joint Administrators were appointed on 04 October 2019 and the Company ceased to trade prior to this date. As such, the Joint Administrators have not traded the Company following their appointment.

Sale of Assets to Connected Parties

- 2.55 In accordance with Statement of Insolvency Practice 13 ("**SIP 13**"), we would advise you that no assets of the Company have been sold to a connected party.

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

3 Joint Administrators' Receipts and Payments

- 3.1 A summary of Receipts and Payments for the Administration Period from the date of our appointment of 04 October 2019 to 22 November 2019 is attached at **Appendix B**.
- 3.2 Funds received following the realisation of the Company's assets as at the date of these Proposals are being held by Cerberus, and these sums will be transferred to the Joint Administrators in due course.

4 Financial Position

- 4.1 A Statement of the Company's Affairs has not yet been received as this document has been requested and is currently being prepared by the Director of the Company. Attached at **Appendix C** is a summary of the Estimated Financial Position of the Company as at 04 October 2019, together with a list of creditors names and addresses along with details of their debts (including details of any security held by them). Creditors should note that the estimated financial position is before the costs of the Administration procedure are considered.
- 4.2 We have the following observations to make in relation to the Financial Position of the Company.

Assets

IP

- 4.3 The fixed charge assets, namely the IP, was expected to hold no realisable value in a Liquidation scenario, and therefore has been reflected as nil in the EFP.

Book Debts

- 4.4 The fixed charge asset, Book Debts, is shown as £38,768 in the EFP. This is based on the full outstanding book debt ledger of £155,071 at the date of our appointment, subject to a general bad debt provision of 75%.

WIP

- 4.5 The floating charge assets, namely the WIP, is stated within the EFP as Nil as should the Company not have entered Administration, which enabled the Joint Administrators to immediately commence negotiations with the relevant parties, no recoveries were anticipated in this regard.

Freestanding Heaters

- 4.6 The Equipment, namely four Freestanding Heaters, are shown in the sum of £4,000 based on the forced sale valuation.

Liabilities

Bibby

- 4.7 The amount outstanding to Bibby at the date of our appointment was £70,318. This amount is subject to a fixed charge in respect of the Company's book debt ledger.

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

Eurosigns

- 4.8 Eurosigns is shown in the EFP in the sum of £11,159. This amount has been confirmed by the Joint Administrators of Eurosigns, as the balance owing in respect of the deferred consideration, following the disposal of the physical assets over which they claimed title.

Employees

- 4.9 An estimated provision of £15,200 has been included in respect of preferential creditor claims. This is calculated based on an estimate of claims of £800 per all 19 employees, in respect of arrears of wages and outstanding holiday pay.
- 4.10 In addition, an estimate of £28,500 has been included for employee claims within the unsecured creditors section. This is an estimate based on a provision of £1,500 per employee for all 19 employees in respect of redundancy and pay in lieu of notice.

HMRC

- 4.11 HMRC are shown to be owed £122,308. This is an estimate which has been provided to the Joint Administrators by the Company and is understood to be in respect of PAYE and VAT owed as at 04 October 2019.

Trade & Expense creditors

- 4.12 Trade and Expense creditors are shown to be owed circa £88,391. This is an estimate as provided to the Joint Administrators by the Company.

5 Proposals

- 5.1 It is proposed that the Joint Administrators will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that:
- 5.2 If having realised the assets of the Company, the Joint Administrators think that a distribution will be made to the unsecured creditors from the fund created out of the Company's net floating charge property (known as the **Prescribed Part**) by virtue of section 176A(2)(a), this will be distributed by the Joint Administrators in the Administration and the Company will thereafter proceed to dissolution.
- 5.3 If, however, having realised the assets of the Company the Joint Administrators think that a distribution will be made to the unsecured creditors other than by virtue of section 176A(2)(a) as noted above, they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Joint Administrators to an end and will move the Company automatically into Creditors' Voluntary Liquidation ("**CVL**") in order that the distribution can be made. In these circumstances, it is proposed that the Joint Administrators in office at the date of conversion to CVL will become the Joint Liquidators in the CVL. The acts of the Joint Liquidators may be undertaken by either or both of them.

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

- 5.4 Court approval is not required to enable the Joint Administrators to make a distribution to the unsecured creditors of the Prescribed Part. If however, a distribution to unsecured creditors not limited to the Prescribed Part is anticipated, the Joint Administrators may consider making an application to Court to seek permission to distribute this in the Administration. If permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.
- 5.5 If the Joint Administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company.
- 5.6 See Section 6 below on **Exit Routes** for further information on the exit routes available from Administration.
- 5.7 The Joint Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the Administration.
- 5.8 If the Joint Administrators consider it necessary to extend the period of the Administration, they will seek the consent of creditors or the approval of the Court to the extension. Creditors may consent to an extension for a period of up to one year and the Court can order that the Joint Administrators term of office be extended for a specified period determined by it.
- 5.9 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Joint Administrators' remuneration and disbursements and any proposed act on the part of the Joint Administrators without the need to report back to creditors generally, to include any decision regarding the most appropriate exit route from the Administration.
- 5.10 The basis of the Joint Administrators' remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by them:
- As a percentage of the value of the assets they have to deal with, or;
 - By reference to time properly spent by the Joint Administrators and their staff managing the Administration, or;
 - As a set amount.
- 5.11 Where no Creditors' Committee is appointed the remuneration and disbursements of the Joint Administrators shall be fixed by a decision of creditors or where the Joint Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the Prescribed Part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with insolvency legislation. The Joint Administrators will also seek approval for any unpaid pre-administration costs detailed in this Report and their discharge from liability in the same manner.
- 5.12 In this case, the Joint Administrators are seeking to approve the basis of their remuneration as follows:
- By reference to the time properly spent by the Joint Administrators and their staff in attending to matters arising in the Administration, and;

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

- As a percentage of the value of net assets with which the Joint Administrators have had to deal with at the rate of 50% of realisations achieved.
- 5.13 Further details about the proposed fee basis can be found in **Section 8** below and **Appendix E**.
- 5.14 The Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect.

6 Exit Routes

- 6.1 All Administrations automatically come to an end after the period of one year, unless the Company's creditors agree to extend this period, or the Court orders the Joint Administrators' term of office be extended for a specified period of time.
- 6.2 At the time of drafting these Proposals we do not believe that an extension to the period of Administration will be necessary; however, will confirm the position to creditors in a subsequent Progress Report in due course.
- 6.3 Based on information currently available, the information on the exit route(s) we believe may be appropriate in this Administration are;

Dissolution of the Company

- 6.4 Based on present information, the Joint Administrators think that the Company has insufficient property to permit a distribution to the unsecured creditors and that there may only be a distribution available to the secured and/or preferential creditors of the Company. As a result, once these distributions have been made, a notice will be filed at Court and with the Registrar of Companies with the Joint Administrators' final report, for the dissolution of the Company.
- 6.5 The Joint Administrators appointment will end following the registration of the notice by the Registrar of Companies.

Creditors' Voluntary Liquidation

- 6.6 However, if the Joint Administrators think that a dividend will be paid to the unsecured creditors other than by virtue of the Prescribed Part, if the Joint Administrators do not make an application to Court to enable them to make a distribution to unsecured creditors in the Administration, they will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will automatically move into CVL to facilitate this distribution. It is proposed that Joint Administrators in office at the date of conversion to CVL will become the Joint Liquidators in the CVL.
- 6.7 It is proposed that the Joint Liquidators will be authorised to act jointly and severally in the subsequent Liquidation.

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

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

Compulsory Liquidation

- 6.9 If a move to Creditors' Voluntary Liquidation is not possible because a dividend to the unsecured creditors (other than by virtue of the Prescribed Part) is not anticipated, but the Joint Administrators conclude that an exit into Liquidation is appropriate so that further investigations into the Company's affairs may be carried out for example, an application to Court may be made to exit into Compulsory Liquidation instead. If this exit route is appropriate, at this stage it is anticipated (but is not mandatory) that the Joint Administrators will become the Joint Liquidators in the subsequent Liquidation.

7 Pre-administration Costs

- 7.1 Pre-administration costs are defined as:

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

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

- 7.2 Below is information on the pre-administration costs incurred in this case, together with details of any amounts which remain unpaid, where applicable.
- 7.3 Pre-appointment fees charged and expenses incurred by the Joint Administrators are as follows:

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

Charged by	Brief description of services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
CHBR LLP	Attending meetings and providing options to the Company. Liaising with the Company, Bibby and solicitors in relation to the appointment formalities. Liaising with the valuation agents regarding the value of the business and assets. Reviewing and approving any offers for the assets of the Company	6,589 plus VAT	Nil	Not Applicable	6,589 plus VAT
Knights Plc (pre-appointment)	Preparation of the Appointment Documentation	450 plus VAT	Nil	n/a	450 plus VAT
Knights Plc (pre-appointment)	Mandatory Court fee	50	Nil	Knights Plc	50

7.4 The payment of the unpaid pre-administration costs set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Joint Administrators' Proposals. This approval will be the responsibility of the Creditors' Committee if one is appointed or alternatively by a decision of the creditors where there is no Committee.

7.5 It was necessary to incur the costs and expenses stated above pre-appointment in order obtain a full understanding of the Company's financial position, together with the asset position and current status of the work in progress. Legal costs were required in order to effect the appointment of Administrators. This approach has enabled the Joint Administrators to secure the position immediately, and the subsequent agreement to complete the WIP has ensured that realisations are maximised which as a result, has ensured that we can achieve the third purpose of Administration.

8 Joint Administrators' Remuneration

8.1 As Joint Administrators, we are required to provide creditors with details of the work we propose to undertake in the Administration and the expenses we consider will be, or are likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which our remuneration will be fixed.

8.2 In addition to this, where the Joint Administrators seek agreement to the basis of their remuneration by reference to time properly spent by them and their staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

- 8.3 In this case, we are seeking to agree that our remuneration be based on the bases of a percentage of asset realisations achieved at the rate of 50% of all asset realisations achieved during the Administration and, also on the time properly spent by us and our staff in dealing with all other matters relating to the Administration of the Company, during the pre and post appointment period.
- 8.4 Our fees estimate and details of the work we propose to undertake in the Administration can be found at **Appendix E** and further information on the work done since our appointment to the date of this Report can be found in **Section 2**.
- 8.5 Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if we consider the estimate will be exceeded during the Administration, we are obliged to seek further approval for any increase in our remuneration. The fees estimate provides details of these matters where relevant and appropriate approval to the basis of our remuneration will be sought as outlined in **Section 5** of this Report.
- 8.6 For information, the time spent by us and our staff during the period leading up to the date of our appointment as Joint Administrators but with a view of achieving the statutory purpose of Administration is in the sum of £6,589 plus VAT. This amount remains outstanding.
- 8.7 In addition, for information and attached at **Appendix D** is a time matrix outlining the time spent by us and our staff since the date of our appointment as Joint Administrators. This time is included within the overall fees estimate provided with this Report.
- 8.8 To date, we have incurred a total cost in the sum of £16,989. This equates to 72 hours at an average rate of £235 per hour.
- 8.9 Please note however, in circumstances where our initial investigations reveal matters for further investigation or previously unknown assets to be realised, we reserve the right to refer back to creditors to establish how we are to be remunerated for such additional work, which may be proposed on a time cost basis. If such work proves necessary, we will revert to creditors with our fees estimate for approval.
- 8.10 We will provide updates on the expenses we consider will be, or are likely to be, incurred during this case with our Progress Reports in due course.
- 8.11 The Joint Administrators may include details of the remuneration they anticipate will be charged and the expenses they anticipate will be incurred if they become the Joint Liquidators in the subsequent CVL. This can be done when seeking approval to the basis of their remuneration as Joint Administrators. Or alternatively, their fees estimate for the CVL can be provided once the Company has moved to CVL. Please refer to **Appendix E** to this Report for further information.
- 8.12 A copy of "A Creditors' Guide to Administrators' Fees" is available on request or can be downloaded from <https://www.cowgills.co.uk/wp-content/uploads/2016/01/Creditors-Guide-to-Administrators-fees.pdf>. If you would prefer this to be sent to you in hard copy please contact Jason Hamilton of this office on 0161 827 1200.

9 Estimated Outcome

- 9.1 An estimate of the outcome of the Administration ("EOS") as at 22 November 2019 is attached as **Appendix F**.

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

Book Debts

- 9.2 The book debts as at the date of these Proposals stands at £30,066; however, for prudence, a general bad debt provision of 50% has been applied for the sake of prudence.
- 9.3 Bibby have confirmed that as at the same date, their indebtedness stands at £2,966. Therefore, a surplus of circa £12,067 is anticipated in respect of the debtors, and a reassignment of the residual debtor ledger to the Joint Administrators is anticipated once Bibby have been repaid in full.

IP

- 9.4 The IP held by the Company was sold to an unconnected party for the sum of £2,500 plus VAT following recommendation by Cerberus that the offer received represented fair value in the circumstances. Funds in this regard were paid in full upon the completion of the sale and no further realisations are anticipated.

Freestanding Heaters

- 9.5 The Company owned four Freestanding Heaters which was previously understood to form part of the purchase of the business and assets from Eurosigns. However, it was later identified that these Freestanding Heaters did not form part of the sale and so were deemed to be assets of the Company.
- 9.6 Advice provided to the Joint Administrators by Cerberus was that each Freestanding Heater could achieve the sum of £1,000 plus VAT. Cerberus have since confirmed that all four Freestanding Heaters have now been sold in the total sum of £4,000 plus VAT.
- 9.7 The funds raised in this regard are currently being held in client account of Cerberus, for the Company's benefit. These funds will be transferred to the designated Administration account in due course, net of costs, once the appropriate approval is obtained.

WIP

- 9.8 As per sections 2.33 to 2.40 of this report, an agreement has been reached with the Customer and sub-contractor in respect of the completion of the WIP. Upon the works being completed to a satisfactory standard, and the relevant certifications issued, there is an agreement in place for the Customer to release the sum of £82,644 to the Company in Administration.
- 9.9 Works are not scheduled until early January 2020, and therefore the realisation itself, together with the estimated timescale remain uncertain. However, for completeness, we have included the amount in full within the EOS to ensure full transparency. Please note that the recovery of this amount in full is subject to various criteria being satisfied outside of the control of the Joint Administrators and is therefore subject to change.

Preferential Creditors - Employees

- 9.10 As all employees have been made redundant as part of the process, it is anticipated that all employees will submit claims of a preferential status for arrears of wages and outstanding holiday pay. An estimate of £800 per employee for all 19 employees has been utilised for the purposes of the estimated outcome statement.

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

Eurosigns

- 9.11 As detailed previously in this report, the Joint Administrators of Eurosigns hold the benefit of registered security in respect of the sale of the business and assets to the Company, on 29 November 2018.
- 9.12 The security was created on 29 November 2018 and registered the following day.
- 9.13 The Joint Administrators of Eurosigns have successfully claimed retention of title over the physical assets included within the sale, and following disposal of these assets by way of auction, have confirmed that the sum of £11,159 remains outstanding to them in respect of the deferred consideration.

Unsecured Creditors


- 9.14 The Company granted a debenture which incorporates a fixed and floating charge to Bibby, and to Eurosigns, which were both dated after 15 September 2003. Accordingly, there is a requirement for the Joint Administrators to create a fund out of the Company's net floating charge property for the benefit of unsecured creditors (known as the **Prescribed Part**).
- 9.15 However, as detailed above, it is anticipated that Bibby will be repaid in full from fixed charge book debt realisations.
- 9.16 Furthermore, as the Company's net property is not anticipated to exceed the minimum level of £10,000 the prescribed part rules will not apply
- 9.17 Employees are shown as an unsecured creditor in the sum of £28,500 which is based on an estimated £1,500 per employee for all 19 employees, in respect of redundancy pay and pay in lieu of notice. This figure has therefore been utilised for the purposes of the EOS.
- 9.18 HMRC is shown to be owed £122,308 which is an estimate based on information provided to the Joint Administrators by the Company. The amount is understood to be as follows:
- VAT in the sum of £82,000, and;
 - PAYE in the sum of £40,308.
- 9.19 The exact position of the HMRC liability will be confirmed in due course.
- 9.20 Trade and Expense creditors are shown to be owed £88,277. This is an estimate based on information provided to the Joint Administrators by the Company.
- 9.21 Based on present information, it is anticipated that Bibby will be repaid in full under the terms of its security, from fixed charge book debt receipts.
- 9.22 It is further anticipated that there will be a distribution of approximately 14 pence in the pound to the Company's preferential creditors. However, please note that this is wholly dependent upon realisations in respect of the WIP.
- 9.23 It is not currently anticipated that there will be sufficient funds to permit a distribution to the unsecured creditors of the Company.

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

10 Proposals approval and next report

- 10.1 As we think that neither of the objectives specified in Paragraph 3(1)(a) and (b) of Schedule B1 can be achieved, we are not required to seek a decision from the unsecured creditors on the approval of our Proposals.
- 10.2 However, we do require approval in respect to the Joint Administrators' remuneration and *discharge from office*. *This will be dealt with by way of a decision by correspondence and the letter issued to creditors, with the link to this Report, contains further information about the decision process.*
- 10.3 The Joint Administrators are required to provide a Progress Report within one month of the end of the first six months of the Administration and we will report to you again at this time.

For and on behalf of
Square One Signs & Graphics Limited

A handwritten signature in black ink, appearing to be 'Craig Johns', with a stylized, looping initial 'C' and a long horizontal stroke extending to the right.

Craig Johns
Joint Administrator

Statutory Information

1 Company information

Company name	Square One Signs & Graphics Limited
Trading name(s)	SQ-1 and Square One
Registered number	11532777
Registered office address	Regency House, 45-53 Chorley New Road, Bolton, BL1 4QR
Former registered office address	Winterstoke Road, Weston Super Mare, BS24 9BQ
Trading address(s)	Winterstoke Road, Weston Super Mare, BS24 9BQ
Court details	High Court of Justice in Manchester
Court reference number	000984 of 2019

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

	Date appointed	Date resigned	Shares held
Director			
Christopher John Napier	29 November 2018	-	100
Roger Hart	23 August 2018	20 November 2018	-
David Anthony Myles	20 November 2018	04 December 2018	-
A G Secretarial Limited	23 August 2018	20 November 2018	-
Inhoco Formations Limited	23 August 2018	20 November 2018	-
Secretary			
A G Secretarial Limited	23 August 2018	20 November 2018	-

3 Joint Administrators' Details

Name of Joint Administrators	Craig Johns ("CJ") Jason Mark Elliott ("JME") Nick Brierley ("NB")
Address	Cowgill Holloway Business Recovery LLP, Regency House, 45-53 Chorley New Road, Bolton, BL1 4QR
Telephone Number	0161 827 1200
Fax Number	01204 414 244
Joint Administrators' IP Numbers	013152 (CJ) 9496 (JME) 19950 (NB)
Authorising Body	The Insolvency Practitioners Association ("IPA")
Date of Appointment	04 October 2019

Appendix B

**Joint Administrators' Receipts and Payments Account for the Period from 04 October 2019
to 22 November 2019**

	Statement of Affairs (£)	For the Period from 04 October 2019 to 22 November 2019 (£)
FIXED CHARGE RECEIPTS		
IP	n/a	2,500
		2,500
FLOATING CHARGE RECEIPTS		
Freestanding Heaters	n/a	4,000
		4,000
TOTAL RECEIPTS		6,500
EXPENDITURE		
Bank Charges		(15)
FIXED CHARGE PAYMENTS		-
FLOATING CHARGE PAYMENTS		-
BALANCE		6,500
REPRESENTED BY		
Cerberus Client Account		6,500
VAT Payable		(1,300)
Office Account		(15)
Balance		5,185

NB: The funds are being held for the Company's benefit by Cerberus will be transferred to the Joint Administrators in due course

Note: No Statement of Affairs received to date.

Summary of the Estimated Financial Position of the Company as at 04 October 2019

	Notes	£
Assets Subject to Fixed Charge		
IP	1	Nil
Book Debts	2	38,768
Less: Amount due to Bibby under the terms of their Fixed Charge	3	(70,318)
Estimated Surplus / (Deficiency) c/d		(31,550)
Assets Subject to Floating Charge		
WIP	1	Nil
Equipment - 4 Freestanding Heaters	4	4,000
Estimated funds available for Preferential Creditors		4,000
Less: Estimated Preferential Creditors (19)	5	(15,200)
Estimated Surplus / (Deficiency) to preferential creditors c/d		(11,200)
Prescribed Part calculation c/d		N/A
Estimated Surplus / (Deficiency) to Floating Charge Creditor		Nil
Less: Debts secured by Floating Charge		
Shortfall to Bibby b/d		(31,550)
Eurosigns (UK) Limited - In Administration	6	(11,159)
Estimated Surplus / (Deficiency) to Floating Charge Creditors		(42,709)
Estimated funds for Unsecured Creditors		Nil
Less: Unsecured Creditors:		
Estimated Employee Claims (19)	7	(28,500)
HMRC	8	(122,308)
Trade & Expense Creditors	8	(88,391)
Estimated Surplus / (Deficiency) to Unsecured Creditors		(239,199)
Shortfall to Preferential Creditors		(11,200)
Shortfall to Floating Charge Creditors		(42,709)
Shortfall to Unsecured Creditors		(239,199)
Estimated Total (Shortfall) to Creditors		(293,108)

Notes

1. Anticipated to be fully eroded in a Liquidation scenario
2. Please see breakdown below
3. Confirmed by Bibby as at 04 October 2019
4. Based on forced sale valuation by Cerberus
5. Estimated provision of £800 per 19 employees
6. Amount outstanding to Eurosigns (UK) Limited - In Administration
7. Estimated provision of £1,500 per 19 employees
8. Estimated as provided by the Company

Book Debts

Gross Ledger as at 04 October 2019	155,071
Less 75% bad debt write down	(116,303)
	38,768

Cowgill Holloway Business Recovery LLP
Square One Signs & Graphics Limited
B - Company Creditors

Key	Name	Address	£
CB00	Bristol Fire	Covert End, Westleigh Close, Yate, Bristol, BS37 4PR	880.00
CB02	Buchanan Computing	227 Shepherds Bush Road, London, W6 7AS	1,055.00
CC00	Cushion Print	Private Road No.7, Colwick, Nottingham, NG4 2JW	873.00
CC01	Close Bros	Wimbledon Bridge House, 1 Hartfield Road, London, SW19 3RU	9,628.00
CD00	Dewey Waters Ltd	The Heritage Works, Winterstoke Road, Winterstoke Road, BS24 9AN	31,789.00
CE01	Employee claims		43,700.00
CG00	Graffit	51 Stuart Road, Kempston, Bedford, MK42 8HS	720.00
CG01	Grenke Leasing Ltd	Blue Tower, Salford, M50 2ST	1,560.00
CH01	HM Revenue & Customs (est)	Insolvency Claims Handling Unit, Benton Park View, Longbenton, Newcastle, NE98 1ZZ	82,000.00
CH02	HM Revenue & Customs (est)	Enforcement and Insolvency Service, Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	40,308.00
CL00	Lakeside Films	Unit 19, Hither Green Industrial Estate, Clevedon, North Somerset, BS21 6XU	4,609.00
CM00	Mida Sign Services UK Ltd	Welbeck Street South, Ashton-under-Lyne, OL6 7QZ	4,130.40
CM01	Metamark UK Limited	Luneside, New Quay Road, Lancaster, LA1 5QP	4,307.00
CP00	Perspex Distribution	Unit C, Vanguard, Tame Park Ninian Way, Tamworth, B77 5DY	9,351.00
CP01	PSU	Manchester Park, Tewkesbury Road, Cheltenham, Gloucestershire, GL51 9EJ	7,000.00
CP02	PWD Supplies	Ground Floor, Falcon Point, Cannock, WS12 2DE	139.00
CR00	Righton Blackburns Limited	6A Yew Tree Way, Golborne, Warrington, WA3 3JD	6,093.00
CS00	Swallow Applications	PO Box 716, Barnsley, S73 3BW	2,586.00
CS01	Simply HR & Bookkeeping Services Ltf	The Hive, Beaufighter RoadWeston super Mare, North Somerset, BS24 8EE	250.00
CS02	Suez	Recycling & Recovery UK Ltd, 301-304 Parkway, Worle, Weston-super-Mare, Somerset, BS22 6WA	120.00
CT00	The Office Products Corporation Ltd	200 Pastures Lanes, Bradford, BD7 2SE	180.00
CT01	Total Motion	Southpoint House, Harcourt Way, Meridian Business Park, Leicester, LE19 1WP	2,471.00
CT02	Tradify	Thames Tower, Fora - Reading, Station Rd, Reading, RG1 1LX	150.00
CT03	Tuffnells	Rowan House, Cherry Orchard North, Kembrey Park, Swindon, SN2 8UH	500.00
24 Entries Totalling			254,399.40

Signature

Appendix D

Joint Administrators' Time Analysis for the Period from 04 October 2019 to 22 November 2019

	Partner	Director	Manager	Administrator	Senior Administrator	Administrator	Junior Administrator	Cashier	Total hours	Total Cost £	Average Cost £
Administration (inc statutory compliance & reporting)	6.50	0.60	3.20	46.75				0.70	57.75	11,916.50	206.35
Realisation of assets	11.70		2.20						13.90	4,937.50	355.22
Creditors (claims & distributions)				0.75					0.75	135.00	180.00
Investigations									-		
Trading (where applicable)									-		
Case specific matters (where applicable)									-		
Total Hours	18.20	0.60	5.40	47.50				0.70	72.40	16,989.00	234.65
Current Chargeout Rates	375.00	300.00	250.00	180.00		150.00	100.00		120.00		

Additional Information in Relation to the Joint Administrators' Fees

1 Fee Basis

- 1.1 The Joint Administrators are seeking to agree the basis of their remuneration in this case as a combination of time properly spent by them and their staff in dealing with the affairs of the Company and, as a percentage of the value of property which they have to deal with. Attached to this Appendix are details of the work the Joint Administrators propose to undertake and the expenses the Joint Administrators consider will be, or are likely to be, incurred. Information about the work done to date can be found in the body of the Joint Administrators' Report and Statement of Proposals at **Section 2**.
- 1.2 Where a time cost basis is being sought, the Joint Administrators' fees estimate will be included in this information, which also provides details of the rates the Joint Administrators and their staff propose to charge for each part of that work and the time they anticipate each part of that work will take.
- 1.3 The fees estimate is based on information about the Company's affairs available to the Joint Administrators at the present time. Should any matters arise which impact on this estimate, such as additional investigatory matters or potential realisable assets, further time or cost will be incurred and it may be necessary to revise the Joint Administrators estimate of fees.
- 1.4 In this case, we do not anticipate that it will be necessary to seek further approval to increase the level of the fees estimate if the time incurred is in excess of the fees estimate enclosed with this Report.
- 1.5 Below is an analysis of the anticipated time to be incurred for the post appointment period during the Administration:

	Partner	Director	Manager	Senior Administrator	Junior Administrator	Cashier	Total hours	Total Cost £	Average Cost £
General Administration	5.00	10.00	14.50	40.50		2.00	72.00	16,030.00	0.00
Creditors (claims & distributions)							-	0.00	0.00
Investigations	2.00	5.00	8.00	15.50		1.00	31.50	7,160.00	0.00
Trading (where applicable)							-	0.00	0.00
Case specific matters (where applicable)							-	0.00	0.00
Total Hours	7.00	15.00	22.50	56.00	-	-	103.50	23,190.00	224.06
Current Chargeout Rates	375.00	300.00	250.00	180.00	150.00	100.00	120.00		

- 1.6 Please note that the Joint Administrators also seek to obtain consent that part of the bases of their fees be based as a percentage of the value of net assets with which the Joint Administrators have had to deal with at the rate of 50% of realisations achieved.

2 Joint Administrators' Expenses

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

Expense	Provider	Basis of fee arrangement	Cost to date £
Pre-appointment Solicitors costs in respect of filing Statutory documents at Court	Knights Plc	Time cost basis	450 plus VAT
Pre-appointment Legal disbursements	Knights Plc	Fixed fee – Court fee	50
Post-appointment Solicitors costs in dealing with the post appointment formalities	Knights Plc	Time cost basis	75 plus VAT
Post-appointment Solicitors costs in reviewing and providing advice in respect of the various agreements in relation to the WIP	Clarke Willmott LLP	Time cost basis	Unknown
Agent's costs in dealing with chattel asset sales and negotiations in relation to the WIP including the agreement to complete to assist with realisations	Cerberus	Percentage of asset realisations at the rate of 17.5% plus VAT	Unknown
Statutory advertising	Courts Advertising	Fixed fee	87.48 plus VAT
Administrator's bond	AUA Insolvency Risk Services Limited	Sliding scale	162
Document storage	Restore Plc	Fixed fee of £29.50 plus VAT per box	Nil

3 Staff Allocation and the Use of Sub-Contractors

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

4 The Joint Administrators' Disbursements

- 4.1 Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also

SQUARE ONE SIGNS & GRAPHICS LIMITED - IN ADMINISTRATION

chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. Any Category 1 disbursements we anticipate being incurred in this case are included in the table of expenses above.

- 4.2 Category 2 disbursements do require approval from creditors. These are costs which are *directly referable to the appointment in question* but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.
- 4.3 We would confirm that this firm does not seek to charge any Category 2 disbursements.
- 4.4 Please note this firm records its time in minimum units of 6 minutes.

Staff Grade	Rate per Hour
Partner	£375
Consultant	£300
Director	£300
Manager	£250
Senior Administrator	£180
Administrator	£150
Cashier/Support	£120
Junior Administrator	£100

Estimated Outcome Statement as at 22 November 2019

	Notes	Administration £
Fixed Charge Assets		
Book Debts	1	15,033
IP	2	2,500
Less: Amount due to Bibby	3	(2,966)
Estimated Surplus / (Deficiency) c/d		14,567
Floating Charge Assets		
Surplus from fixed charge assets b/d		14,567
Freestanding Heaters	2	4,000
WIP	4	82,644
		101,211
Less: Costs of Administration	5	(98,985)
Estimated funds available for Preferential Creditors		2,226
Less: Estimated Preferential Creditors	6	(15,200)
Estimated Surplus / (Deficiency) to Preferential Creditors		(12,974)
Less: Prescribed Part Fund		n/a
Available for Floating Charge Creditor		Nil
Less: Eurosigns (UK) Limited - In Administration	7	(11,159)
Estimated Surplus / (Deficiency) Regards Floating Charge Creditor		(11,159)
Add: Prescribed Part Fund		n/a
Less: Unsecured Creditors:		
Employees	8	(28,500)
HMRC	9	(122,308)
Trade & Expense	9	(88,277)
Shortfall to Unsecured Creditors		(239,085)
Estimated Shortfall to Preferential Creditors		(12,974)
Estimated Shortfall to Floating Charge Creditors		(11,159)
Estimated Shortfall to Unsecured Creditors		(239,085)
Total Estimated Shortfall to Creditors		(263,218)
		Pence in the £
Estimated Dividend to Secured Creditor - Bibby (Fixed Charge)		100p/£
Estimated Dividend to the Preferential Creditors		14p/£
Estimated Dividend to Secured Creditor - Eurosigns (UK) Limited - In Administration (Floating Charge)		Nil
Estimated Dividend to Unsecured Creditors		Nil
Notes		
1. Please see below.		
2. Based on sale value achieved.		
3. Amount due to Bibby as at 22 November 2019.		
4. Based on realisation being achieved in full; however, this is subject to all works being completed by the sub-contractor and		
5. Please see breakdown provided below		
6. Estimated at £800 per employee for all 19 employees		
7. Amount outstanding to Eurosigns (UK) Limited - in Administration as at 22 November 2019.		
8. Estimated at £1,500 per 19 employees.		
9. Based on information provided by the Company.		
Costs of Administration		
Pre-Appointment Costs as per Section 8 of the Proposal		(7,089)
Joint Administrators' Fees (Time Costs)		(23,190)
Joint Administrators' Fees (50% of Asset Realisations)		(50,606)
Agents fees (percentage of asset realisations at the rate of 17.5% for IP, WIP and physical assets)		(15,600)
Legal fees (Estimate)		(2,500)
		(98,985)
Book Debts		£
Outstanding Ledger due to the Company		30,066
less: Bad debt provision of 50%		(15,033)
		15,033