

AM03

Notice of administrator's proposals



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 00588778
Company name in full Scientific And Chemical Supplies Limited

→ Filling in this form
Please complete in typescript or in
bold black capital letters

2 Administrator's name

Full forename(s) Avner
Surname Radomsky

3 Administrator's address

Building name/number Devonshire House
Street Manor Way
Post town Borehamwood
County/Region Hertfordshire
Postcode WD6 1QQ
Country

4 Administrator's name ⓐ

Full forename(s) Michael
Surname Goldstein

ⓐ Other administrator
Use this section to tell us about
another administrator

5 Administrator's address ⓐ

Building name/number Devonshire House
Street Manor Way
Post town Borehamwood
County/Region Hertfordshire
Postcode WD6 1QQ
Country

ⓐ Other administrator
Use this section to tell us about
another administrator

AM03

Notice of Administrator's Proposals

6

Statement of proposals



I attach a copy of the statement of proposals

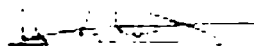
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Sign and date

Administrator's
Signature

Signature

X



X

Signature date

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5

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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.

Company name **Avner Radomsky**

Company name **RG Insolvency Limited**

Address **Devonshire House**
Manor Way

Postcode **Borehamwood**
Hertfordshire

Company number **W D 6 1 Q Q**

County

Email **info@rginsolvency.com**

Telephone **0203 6037871**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

All information on this form will appear on the public record



Where to send

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

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



Further information

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

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

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

**Scientific And Chemical Supplies Limited -
In Administration**

5 August 2021

SCIENTIFIC AND CHEMICAL SUPPLIES LIMITED - IN ADMINISTRATION

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SCIENTIFIC AND CHEMICAL SUPPLIES LIMITED - IN ADMINISTRATION

1 Introduction and Background

- 1.1 Scientific And Chemical Supplies Limited ("the Company") was incorporated on 13 August 1957 to supply scientific equipment and chemicals to educational and industrial clients.
- 1.2 The Company underwent a number of ownership changes, the most recent taking place in February 2020, when Conduitt Scientific Limited (CSL) became the ultimate beneficiary.
- 1.3 CSL have invested significant sums of money into the Company to meet working capital requirements and with a view to future growth.
- 1.4 Shortly after purchasing the business, the COVID-19 pandemic took hold in the UK and lockdown restrictions meant that many of the Company's customers were forced to close, including all education sites.
- 1.5 Despite these challenges, with CSL's financial support, the Company has continued to trade throughout the pandemic, although it has not been able to reach its target turnover level. Steps have been taken to improve the efficiency of the business, moving the majority of stock into high tech third-party logistic providers and place the Bilton property onto the market.
- 1.6 With subsequent lockdown restrictions coming into force, the ability of the Company to reach its targets has been severely hampered.
- 1.7 Following a review of the Company's cash flow forecasts in July 2021, the board of directors were concerned as to the solvency position of the Company on both a Cash Flow and a Balance Sheet basis. The property in Bilton was now under offer, however, this would not generate sufficient funds to keep the Company trading for a prolonged period.
- 1.8 CSL considered a number of options and concluded that they did not see a viable future for the business in its current form and were not prepared to continue funding the losses.
- 1.9 The Board of Directors felt that they had a duty to act for the benefit of the creditors. This is in line with the Companies Act 2006 which mandates that when facing insolvency, the directors need to focus on the position of the creditors.
- 1.10 As a result, following a period of advice and consultation, Avner Radomsky and Michael Goldstein of RG Insolvency, Devonshire House, Manor Way, Borehamwood, WD6 1QQ were appointed as Joint Administrators (hereafter referred to as "the Administrators") of the Company by the Directors on 3 August 2021. Both Avner Radomsky and Michael Goldstein are insolvency practitioners licensed in the UK by the Insolvency Practitioners Association. The Administrators are authorised to act jointly and severally in the Administration.
- 1.11 Any reference to Administrator/Office Holder and in the singular should be read as Joint Administrators and in the plural throughout this report.
- 1.12 Information about the way that we will use and store personal data on insolvency appointments can be found at <https://rginsolvency.com/index.php/privacy-disclosure/>. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.13 This report incorporates the Administrator's statement of proposals made under paragraph 49 of Schedule B1, which will be treated as delivered to creditors on 9 August 2021.

Type of proceedings

- 1.14 The proceedings flowing from the Administration appointment will be COMI proceedings, establishment proceedings or proceedings to which the EU Regulation as it has effect in the law of the United Kingdom does not apply.

2 Administration Strategy and Objective

- 2.1 The Administrator must perform his functions with the purpose of achieving one of the following objectives:

SCIENTIFIC AND CHEMICAL SUPPLIES LIMITED - IN ADMINISTRATION

- *Rescuing the Company as a going concern, or*
- *Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), or*
- *Realising property in order to make a distribution to one or more secured or preferential creditors.*

- 2.2 In this case, the Administrators are pursuing the second objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration). The Company could not be rescued as a going concern due to its lack of available cash to meet its historic and ongoing liabilities. The pre-packaged sale enables the business to continue as a going concern under the management of a new owner, retain jobs (thereby removing potential employee preferential and unsecured claims in the Insolvency), novation of the work in progress and retention of customers. All of this maintained the value of the goodwill in the business, leading to a substantially greater realisation as opposed to a sale on a break-up basis which would likely have occurred in a liquidation.

Pre-Packaged Sale

- 2.3 A pre-packaged sale of the Company's business and assets was concluded on 4 August 2021 to Inivos Scientific Limited. Full information on the sale pursuant to the requirements of Statement of Insolvency Practice 16 can be found at Appendix F and should be read in conjunction with the remainder of this report.

Consideration of Proposals by Creditors

- 2.4 Under Para 52(1) of Schedule B1 to the Insolvency Act 1986, where an Administrator thinks that:
- (a) The Company has sufficient property to enable each creditor of the Company to be paid in full,
 - (b) The Company has insufficient property to enable a distribution to be made to the unsecured creditors other than from the Prescribed Part, or
 - (c) 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

Then the Administrator is not required to seek a decision from the Company's creditors as to whether they approve these Proposals.

In this case I think that (b) applies and I am therefore not required to seek a decision from creditors to approve my Proposals unless the requisite number of 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

Since their appointment, the Administrators have done the following;

- Obtained relevant open cover insurance.
- Assessed possible health and safety issues.
- Executed the Assets Sale Agreement for the Pre-Packaged sale of the business and assets.
- Written to the banks requesting that they remit all funds held to the Joint Administrators.
- Notified Companies House of their Appointment.
- Issuing and filing all appointment notices with creditors and the Registrar of Companies and advertising my appointment in the London Gazette.

SCIENTIFIC AND CHEMICAL SUPPLIES LIMITED - IN ADMINISTRATION

- Discussions with relevant parties, including the purchaser, solicitors and agents to agree terms of the sale of the business and novation of Third-Party Logistics provider (3PL) contracts.
- Liaising with HSBC Invoice Finance and their agents to assist with bank debt collections.
- Prepared this Joint Administrators' Statement of Pre-Packaged Administration Sale in accordance with Statement of Insolvency Practice 16.
- Presenting these proposals to creditors outlining how the purpose of the Administration may be achieved.

Administration (including statutory compliance and reporting)

- 2.5 Following my appointment, the strategy for the Administration was carefully assessed to ensure that a coherent planned process for the case could be achieved. This work may, where appropriate, have included liaison with solicitors to deal with any legal considerations surrounding the Company's Insolvency (such as assessing the validity of any 3rd party security in relation to the assets) and liaising with valuation agents about the most appropriate means of realising the value in the Company's business and assets.
- 2.6 I have also dealt with a number of statutory formalities which are required of me under related legislation. Typically, this includes issuing and filing all appointment notices with creditors and the Registrar of Companies and advertising my appointment in the London Gazette, together with preparing these proposals to creditors outlining how the purpose of the Administration may be achieved.
- 2.7 As a pre-packaged sale of the Company's assets and business has taken place, I have also prepared and issued the report on the transaction as required by Statement of Insolvency Practice 16.
- 2.8 Other statutory duties performed are outlined in further detail in the fees information which can be found at Appendix D. Please note that much of this work will have been performed to comply with statutory requirements and as such may not necessarily add any value to the insolvent estate.

Trading

- 2.9 The Company's assets were sold in a pre-packaged sale shortly after the appointment of the Administrators. The Company did not trade during the Administrators' management.

Realisation of assets

- 2.10 Please see the Joint Administrators' Statement on Pre-Packaged Sale at Appendix F.
- 2.11 The work undertaken by the Administrator and his staff to date in realising the Company's assets has been necessary in order to maximise the likelihood of a return to creditors being made. Where assets remain to be realised, these will be dealt with as the Administration progresses and further updates will be provided to creditors in my progress reports.
- 2.12 Further information on the estimated outcome of the Administration can be found in section 9 below.

Creditors

- 2.13 Since 1 December 2020, claims from preferential creditors now fall into one of two categories, either ordinary (typically involving employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal, which rank equally among themselves), or secondary (which are claims by HMRC for VAT or other relevant tax deductions such as PAYE and employee NIC deductions, together with student loans and CS deductions, which also rank equally among themselves). Ordinary preferential claims rank ahead of secondary preferential claims and all preferential creditors must be paid in full before any distribution can be made to the unsecured creditors of a company.
- 2.14 Work undertaken by an Administrator in dealing with a company's creditors may only therefore bring a financial benefit to certain classes of creditor such as a secured creditor or the preferential creditors, however an Administrator is 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.

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payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Administrator in dealing with those claims.

- 2.15 The Administrators anticipate having to deal with a substantial number of Retention of Title (ROT) claims from suppliers.

Investigations

- 2.16 The Administrators will need to spend time analysing the Company's bank statements and other records to determine if any claims may be brought for the benefit of the estate and if any conduct needs reporting.
- 2.17 Following their investigation, a confidential report will be made to the Company Directors Disqualification Unit of the Insolvency Service ("the CODA"). Based on this report, the CODA will then decide whether or not to take action against the Directors.

3 Joint Administrators' Receipts and Payments

- 3.1 A summary of receipts and payments for the Administration period from the date of my appointment to 5 August 2021 is attached at Appendix B. The sum of £407,000, being the sale price of £400,000, together with £7,000 paid on account of rent and associated expenses has been received from solicitors.

4 Financial Position

- 4.1 A Statement of the Company's Affairs has not yet been received given the short period since our appointment. Attached at Appendix C is a summary of the Estimated Financial Position of the Company as at 3 August 2021, 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 It should also be noted that the stated debts are before any credits due for successful ROT claims.

5 Proposals

- 5.1 It is proposed that the Administrator 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 After 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 Administrators in the Administration and the Company will thereafter proceed to dissolution.
- 5.3 Court approval is not required to enable the Administrators to make a distribution to the unsecured creditors of the Prescribed Part. If however, a distribution to unsecured creditors not limited to the Prescribed Part is anticipated, the Administrators may consider making an application to Court to seek permission to distribute this in the Administration. If permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.
- 5.4 If the Administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company.
- 5.5 See Section 6 below on Exit Routes for further information on the exit routes available from Administration.
- 5.6 The Administrators shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as they considers desirable or expedient to achieve the statutory purpose of the Administration.

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- 5.7 If the Administrators considers 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 Administrators' term of office be extended for a specified period determined by it.
- 5.8 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Administrator's remuneration, Category 2 expenses (where charged) and any proposed act on the part of the Administrators without the need to report back to creditors generally, to include any decision regarding the most appropriate exit route from the Administration.
- 5.9 The basis of the 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 him:
- As a percentage of the value of the assets they have to deal with, or
 - By reference to time properly spent by the Administrators and their staff managing the Administration, or
 - As a set amount
- 5.10 In accordance with Statement of Insolvency Practice 9, issued by the Association of Business Recovery Professionals, the Administrator be authorised to draw Category 2 expenses as and when funds are available, in accordance with his firm's published tariff. Details of Category 2 expenses charged by the firm can be found at www.rgsolvency.com > Technical Resources > Guides to Fees.
- 5.11 Where no Creditors' Committee is appointed the remuneration and Category 2 expenses of the Administrator shall be fixed by a decision of creditors or where the Administrator thinks 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 Administrator will also seek approval for any unpaid pre-administration costs detailed in this report and his 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:
- As a set amount
- Further details about the proposed fee basis can be found in Section 8 below and Appendix D.
- 5.13 The Joint Administrators will be discharged from liability under Paragraph 9B of Schedule 81 to the Insolvency Act 1986 immediately upon his appointment as Administrator ceasing to have effect.

6 Exit Routes

- 6.1 All Administrations automatically come to an end after the period of one year, unless the Company's creditors agree to extend this period, or the Court orders the Administrator's term of office be extended for a specified period of time.
- 6.2 At the time of drafting these Proposals I 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.

Based on information currently available, the information on the exit route(s) we believe may be appropriate in this Administration is/are set out below.

Disolution of the Company

- 6.3 Based on present information, the Administrators think that a distribution will be available to the unsecured creditors from the Prescribed Part by virtue of section 176A(2)(a). This will be distributed in due course within the Administration and a notice will thereafter be filed at Court and with the Registrar of Companies with the Administrator's final report, for the dissolution of the Company.

SCIENTIFIC AND CHEMICAL SUPPLIES LIMITED - IN ADMINISTRATION

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

7 Pre-administration Costs

7.1 Pre-administration costs are defined as:

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

by the Administrator, 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 The pre-appointment fees charged and expenses incurred by the Administrator are as follows:

Fees or Expenses charged by	Brief description of services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
RG Insolvency	Providing general insolvency advice to the Board of Directors on the possible options available. Marketing of the company & negotiation of the sale.	£20,000 plus VAT	£20,000 plus VAT	Company	Nil
Mixto Global	Valuation of assets, marketing of the assets.	£8,750 plus disbursements of £450 plus VAT	£8,750 plus disbursements of £450 plus VAT	Company	Nil
The Wilken Partnership LLP	Dealing with associated pre-pack sale contract and appointment documents.	£2,000 plus vat	£2,000 plus vat	RG Insolvency	Nil

The pre-appointment fees and expenses above were charged in accordance with the terms of an engagement letter dated 15 July 2021 between the Joint Administrators' firm and the Company, acting by way of its director(s).

7.4 In this case, the above work was considered necessary to be carried out prior to the appointment of the Administrator because the marketing and subsequent execution of a Pre-Pack Sale was effected to preserve the Company's business as formally trading the business post appointment would not have been feasible as is explained in Appendix F.

7.5 This in turn achieved a better result for creditors as a whole than the Company being wound up.

7.6 There was also significant time expended in dealing with all interested parties, the JPL providers and major creditors.

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 my remuneration will be fixed.

SCIENTIFIC AND CHEMICAL SUPPLIES LIMITED - IN ADMINISTRATION

- 8.2 In addition to this, where an Administrator seeks agreement to the basis of his remuneration by reference to time properly spent by him and his staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.
- 8.3 In this case, we are not seeking to determine the basis of my remuneration as time properly spent by us and our staff in dealing with the affairs of the Company and we are therefore not required to provide a fees estimate to creditors. Details of the basis or bases we are proposing, together with information about the work I consider will be necessary in this case and the expenses we consider will, or are likely to be, incurred on this case can be found at Appendix D. Further information on the work done since our appointment to the date of this report, can be found in section 2. Appropriate approval to the basis of our remuneration will be sought as outlined in section 5 of this report.
- 8.4 In circumstances where my initial investigations reveal matters for further detailed investigation or previously unknown assets to be realised, I reserve the right to refer back to creditors to establish how I am to be remunerated for such additional work, which may be proposed on a time cost basis. If such work proves necessary, I will revert to creditors with my fees estimate for approval.
- 8.5 I will provide updates on the expenses I consider will be, or are likely to be, incurred during this case with my progress reports in due course.
- 8.6 A copy of "A Creditors' Guide to Administrators' Fees" is available on request or can be downloaded from www.insolvency.com > Technical Resources. If you would prefer this to be sent to you in hard copy please contact this office on 020 3603 7871.


9 Estimated Outcome

- 9.1 An estimate of the outcome of the Administration as at 5 August 2021 is attached as Appendix E.
- 9.2 Details of the estimated prospects of dividends to the preferential and unsecured creditors is shown in Appendix E.
- 9.3 The Company granted a floating charge to Conduit Scientific Limited on 27 January 2021. Accordingly, I am required to create a fund out of the Company's net floating charge property for the benefit of unsecured creditors (known as the **Prescribed Part**).
- 9.4 Based on present information, I estimate the value of the Company's net floating charge property to be £907,253. Arising from this, the value of the unsecured creditors' fund is estimated to be £184,451. Please be aware that the value of this fund is likely to fluctuate during the course of the Administration and further updates will be provided in my progress reports in due course.

10 Proposals approval and next report

- As I think the Company has insufficient property to enable it to make a distribution to its unsecured creditors (other than a potential distribution of the prescribed part fund of any net floating charge property), I am not required to seek a decision from the unsecured creditors on the approval of my Proposals.
- 10.1 An Administrator is required to provide a progress report within one month of the end of the first six months of the Administration and I will report to you again at this time.

For and on behalf of
Scientific And Chemical Supplies Limited


Avner Radomsky
Joint Administrator

Enc

SCIENTIFIC AND CHEMICAL SUPPLIES LIMITED - IN ADMINISTRATION

Appendix A

Statutory Information

1 Company information

Company name	Scientific And Chemical Supplies Limited
Trading name(s)	SciChem and Shaw Scientific
Registered number	00588778
Registered office address	52 Condyse Street, Third Floor, London, England, W1S 2YX (but will be changed to: RG Insolvency, Devonshire House, Manor Way, Borehamwood, Herts, WD6 1QQ
Trading address(es)	Unit 14 Berryscourt Industrial Estate, Carrigrohilly Co Cork Unit 13 Airways Industrial Estate, Dyce, Aberdeen Room PA029, The Technology Centre, University of Wolverhampton Science Park, Clough Drive, Wolverhampton, West Midlands WV10 9RU
Court details	208 of 2021 in the High Court of Justice
Court reference number	CR-2021-BRM-000208

2 Details of the Company's Directors, Secretary and Shareholdings (last 3 years)

Director(s)	Date appointed	Date resigned
Peter Edward Breide	10 February 2020	n/a
Craig Jonathan Cowar	10 February 2020	n/a
Andrew Morris Gaspaldello	13 March 2020	n/a
Warren Rater	10 February 2020	n/a
Oliver James Birkwood	23 October 2018	2 October 2020
Philip Palmer	7 April 2004	10 February 2020
Gold Round Limited	30 August 2017	10 February 2020

3 Joint Administrator's Details

Name of Administrator	Alexei Rodonsky
Address	Devonshire House, Manor Way, Borehamwood, Hertfordshire, WD6 1QQ
Telephone Number	02036 037 871
Administrator's IP Number	12390
Authorising Body	Insolvency Practitioners Association
Date of Appointment	3 August 2021

Name of Administrator	Michael Goldstein
Address	Devonshire House, Manor Way, Borehamwood, Hertfordshire, WD6 1QQ
Telephone Number	02036 037 871
Administrator's IP Number	12332
Authorising Body	Insolvency Practitioners Association
Date of Appointment	7 August 2021

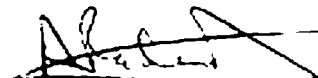
SCIENTIFIC AND CHEMICAL SUPPLIES LIMITED - IN ADMINISTRATION

Appendix B

Receipts and Payments Account for the Period from 3 August 2021 to 5 August 2021

Scientific And Chemical Supplies Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 03/08/2021 To 05/08/2021 £	From 03/08/2021 To 05/08/2021 £
ASSET REALISATIONS		
Contribution - rent & associated costs	7,000.00	7,000.00
Sale of Business	400,000.00	400,000.00
	<u>407,000.00</u>	<u>407,000.00</u>
	407,000.00	407,000.00
REPRESENTED BY		
Bank 1 Current		407,000.00
		<u>407,000.00</u>



Avner Radomsky
Joint Administrator

SCIENTIFIC AND CHEMICAL SUPPLIES LIMITED - IN ADMINISTRATION

Appendix C

Summary of the Estimated Financial Position of the Company as at 3 August 2021

SCIENTIFIC AND CHEMICAL SUPPLIES LIMITED
In Administration

Estimated Financial Position as at 3.8.23

Assets Subject to Fixed Charge	Book Value	Estimated to Realise
Freehold Property	1,250,000	1,250,000
Barclays	(342,000)	(342,000)
Costs of sale (estimated)		(37,250)
Surplus carried forward	908,000	870,750
Factored Book Debts	1,685,717	1,254,288
HSBC IF	(869,034)	(869,034)
Surplus carried forward	816,683	395,254
Assets Subject to Floating Charge		
Stock (note: may be subject to ROT)	1,238,642	165,207
Cash at bank	13,527	13,527
Chattel assets		20,220
Surplus Brought Down	1,724,683	1,266,004
	2,976,852	2,464,958
Preferential Creditors		
Employees (estimated)		(40,000)
Secondary Preferential - HMRC (VAT & PAYE)		(302,114)
		(342,114)
Net Property		1,122,844
Prescribed Part (carried forward)		(227,569)
		895,275
Floating Charge Holders		
Scientific Conduit Limited		(1,600,000)
Surplus/(Deficit) to Floating Charge Holders		(704,725)
Prescribed Part (brought down)		227,569
Employees (estimated)		100,000
Aviva Pension		40,153
RO - VAT		263,441
RO - PAYE		7,618
Trade and Expense (ROT credits to be deducted)		1,116,312
Unprocessed Invoices		150,000
Unsecured Creditors		(1,677,524)
Surplus/(Deficit) to Unsecured Creditors		(1,449,955)
Called Up Share Capital		(781,318)
Share Premium account		(398,932)
Surplus/(Deficit) to Members		(2,630,205)

SCIENTIFIC AND CHEMICAL SUPPLIES LIMITED - IN ADMINISTRATION

Appendix D

Additional Information in Relation to the Administrator's Fees, Expenses & the use of Subcontractors

Fee Basis and Proposed Expenses

The Administrator is seeking to agree the basis of his remuneration in this case as set amount. Information about the work done to date can be found in the body of the Administrator's Report and Statement of Proposals at Section 2.

As a set fee is being sought in this case, the Administrator's fee information attached to this report provides further details about the basis being proposed and the work the Administrator anticipates at this stage, having to carry out.

The fees information provided is based on information about the Company's affairs available to the Administrator at the present time. Should any matters arise which impact on the proposed remuneration basis, such as additional investigatory matters or potential realisable assets, further time or cost may be incurred, and it may be necessary to revise the Administrator's estimate of costs.

In this case, I do not currently anticipate that it will be necessary to seek further approval to increase the level of the fees proposed.

Also included within the fees information attached are details about the Administrator's anticipated expenses, which includes any *Category 1 expenses*, which generally comprise of external supplies of incidental services specifically identifiable to the case and do not require prior creditor approval to be paid. The information about expenses also outlines any *Category 2 expenses* charged by this firm which do require prior approval by creditors and are costs which are directly referable to the appointment but are not payments to an independent third party and may therefore include payments to associates of the Administrator or shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis.

Category 1 expenses

The following Category 1 expenses are currently anticipated on this assignment.

Expense	Basis of remuneration/cost	Service to be provided	Estimated cost £
Agent's fees & expenses	Set Fee	Marketing and sale of the business	25,000
Legal fees & expenses	Time costs and expenses	Drafting sale agreement	3,000
Statutory advertising	Fixed cost	Statutory advertising in London Gazette and The Times	800
Specific Penalty Bond	Fixed cost	Statutory bond required in all insolvency appointments for each office holder appointed	1,090
Insurance	Variable depending on duration of cover	Asset insurance	500

Category 2 expenses

The following Category 2 expenses are currently anticipated on this assignment.

Expense	Basis of remuneration/cost	Payment to Associate or shared/allocated cost	Service to be provided	Estimated cost £
Postage charges	£2.50 per creditor circular	Allocated cost	Cost based on cost of 1 st class large letter cost via Royal Mail	£2,520

SCIENTIFIC AND CHEMICAL SUPPLIES LIMITED - IN ADMINISTRATION

Staff Allocation and the use of Subcontractors

The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

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.

We have not used the services of any subcontractors on this case to date and do not currently anticipate the use of subcontractors will be necessary during the Administration.

Professional Advisors

On this assignment we have used, or are proposing to use, the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
The Wilkes Partnership LLP (legal advice)	Time costs basis plus disbursements
Mitco Global (valuation and disposal advice)	Time costs basis plus disbursements

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

SCIENTIFIC AND CHEMICAL SUPPLIES LIMITED - IN ADMINISTRATION

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

Fees Overview

Prior to an office holder agreeing the basis of remuneration, details of the work proposed to be done and the expenses it is considered will be, or are likely to be, incurred in dealing with an insolvent's affairs must be provided to creditors.

In addition, where an office holder proposes to take all or any part of this remuneration based on the time spent in dealing with the insolvent's affairs, a **fees estimate** must also be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.

In this case, I am not proposing to agree my remuneration based on time spent, and consequently, I am not required to provide creditors with a **fees estimate**.

I am however, required to confirm the basis or bases I am seeking in the alternative and details of the work proposed to be done in this case, which can be found below.

Work anticipated and the likely outcome to creditors

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

It may also be necessary for an office holder to instruct other parties to assist with the assignment because of a particular expertise that they may bring, such as asset valuation, tax or legal advice. Details of any anticipated expenses can be found at the end of this document, although it should be noted that this may change during the course of an assignment where it is necessary to seek additional expertise or specialist support.

Office holders are also required to comment on whether the work they anticipate doing will provide a financial benefit to creditors and to give an indication of the likely return to creditors when seeking approval for the basis of their remuneration. Due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of an insolvent's assets at the outset of a case, this position may change during an assignment, therefore updates will be provided in periodic progress reports to creditors.

In this case, it is anticipated that a distribution may become available for the unsecured creditors. Further information on this can be found below in the section on 'Creditors (claims and distributions)'.

Fees Overview

In this case, I am proposing following basis or bases for my remuneration as office holder.

A set fee of £30,000 plus VAT.

The proposed set amount is a reflection of the work required, the nature of the assets involved and the associated risks to realise the assets which provides a direct financial benefit to the liquidation estate. The set amount is an appropriate, reasonable and commensurate reflection on the work and complexity that the office holder anticipates will be necessarily and properly undertaken in this assignment.

I have considered the costs of similar past assignments done by this firm and the proposed fee basis is in line with, or less than, the time costs incurred on such cases in the past and if fees on this case were to be incurred on a time costs basis. It is therefore an appropriate, reasonable and commensurate reflection on the work that the office holder anticipates will be necessarily and properly undertaken. Creditors should also note and consider the comparison to the fee structure of The Insolvency Service as from 21 July 2016 in compulsory liquidations, where the Official Receiver's General Fee is £6,000, plus the company winding up administration fee of £5,000, plus a 15% charge for all assets realised by the Official Receiver acting as Liquidator.

Set out in the table at the end of this document is information about any proposed expenses that are not included in the above set fees. These may include statutory costs (unless they are included in the above fee proposal, in which case this will be stated) or other necessary costs, such as agent's costs and legal expenses.

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Creditors should note that the fees proposed by the office holder will not create a duplication of costs against any expenses proposed to be paid to third parties for their assistance in realising the assets eg, agents.

Finally, please note that in circumstances where my initial investigations reveal matters for further detailed investigation or previously unknown assets to be realised, I reserve the right to refer back to creditors to establish how I am to be remunerated for such additional work, which may be proposed on a time cost basis. If such work proves necessary, I will revert to creditors with my fees estimate for approval.

Outline of work to be done by the office holder

Below are details of the work I propose undertaking in support of the above fee proposal for the liquidation.

The set amount covers all work we anticipate undertaking in the case.

Administration (including statutory compliance & reporting)

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

This work may include:

- Notifying creditors of the office holder's appointment and other associated formalities including statutory advertising and filing relevant statutory notices
- Securing the insolvent's assets and placing insurance where appropriate
- Preparing and issuing periodic progress reports to creditors (and members where applicable)
- Lodging periodic returns with the Registrar of Companies
- Complying with statutory duties in respect of the office holder's specific penalty bond
- Creation and update of case files on the firm's insolvency software
- Redirection of mail to the office holder's premises, where applicable
- Establishing and holding periodic meetings of any committee formed and associated filing formalities
- Securing the insolvent's books and records
- Pension regulatory reporting and auto-enrolment cancellation
- Completion and filing of the notice of the insolvency with HMRC
- Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA) including the review of the insolvent's books and records and the identification of potential further asset realisations which may be pursued in the proceedings
- Submitting a statutory report to the Insolvency Service under the CDDA
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter)
- Opening, maintaining and managing the insolvent estate cashbook and bank account(s)
- Dealing with all post-appointment VAT and corporation tax compliance as applicable to the proceedings
- Liaison with secured creditors, obtaining charge documents and validating the security
- Dealing with employees to provide support and assistance in lodging any claims they may be entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund and the insolvent entity. Liaising with (or appointing) union representatives and payroll providers and reviewing employment contracts as necessary
- Liaising with bookkeepers and accountants
- Liaising with solicitors, agents etc
- Dealing with all creditors, finance companies, landlords (overseas), business rates etc - correspondence, enquiries and claims, adjudicating upon claims and issuing of dividends as required.
- Understanding the circumstances surrounding the current position of the company, in order to look to save the business.
- Liaising with valuation agents in order to establish the fair asset value
- Overseeing and marketing the business and assets for sale
- Liaising with members and dealing with their queries and concerns
- Review of leases, service agreements, finance agreements etc
- The overall coordination of the Administration
- Closing the case and preparing and issuing the office holder(s) final account to prescribed parties

RG Insolvency reserve the right to seek a further set amount in the event of a distribution to creditors to reflect the work carried out in relation to reviewing and adjudicating upon creditors' claims, issuing Notice(s) of intended

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Dividend and declaring/issuing the dividend itself. Where applicable, a further fee resolution may be sought from creditors.

Realisation of assets

As outlined in the Joint Administrators' proposals, the Company's assets were sold shortly after the appointment of the Joint Administrators in a pre-packaged sale. Additional assets, including owned property and cash held at bank need to be dealt with by the Joint Administrators and realised accordingly.

Work done by the office holder(s), their staff and any third parties engaged to assist the office holder in realising the insolvent's assets will, if it is anticipated, provide a financial benefit to creditors. This may involve realising assets to facilitate a distribution to secured or preferential creditors only, or may, depending on realisations and the extent of any 3rd party security, result in a distribution to the unsecured creditors. If there are no assets to be realised and the costs of the proceedings are to be met by way of a contribution from the directors or another third party, then there will be no direct financial benefit to creditors.

The enclosed Estimated Outcome Statement provides an illustration of what the outcome for creditors may be at this time, however this is subject to fluctuation during the proceedings, depending on actual realisations made, costs incurred and the eventual claims submitted by creditors, all of which cannot be predicted with any certainty at this stage.

Creditors will be updated on the anticipated outcome in future progress reports issued by the office holder.

Creditors (claims and distributions)

As office holder, I will deal with all secured, preferential and unsecured creditor correspondence and claims as received, including any claims of creditors under retention of title. Based on the estimated statement of affairs, I currently think that after taking into consideration the costs of realising the assets and dealing with the statutory formalities of the insolvency process and the related costs and expenses, a distribution may become available to the unsecured creditors in a subsequent liquidation. I will deal with the review and adjudication of creditors' claims as appropriate, if and when it is determined that a dividend is to be declared.

It should be noted that the above is based on the estimated statement of affairs and the projected realisable value of the assets which at this stage is unconfirmed, together with the anticipated costs of the proceedings. I will undertake appropriate investigations into and obtain valuations of the insolvent's assets and will update the likely return to creditors in my future progress reports.

Investigations

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

This work may not necessarily lead to any financial benefit to creditors yet is work I am required to undertake by statute. My initial investigations may reveal that further recoveries could be available for the insolvent estate and if this proves to be the case and I consider that further work will be required to pursue these assets, I will refer back to creditors about the likely costs involved in pursuing such recoveries.

Office Holder's Expenses and the use of Subcontractors

Expenses are payments from an insolvent estate which are neither an office holder's remuneration nor a distribution to a creditor or shareholder. Some expenses can be paid without prior approval from creditors (**Category 1 expenses**) and other expenses which may have an element of shared costs or are proposed to be paid to an associate of the office holder, require approval before they can be paid (**Category 2 expenses**).

Examples of expenses include agent's costs for assisting in the disposal and realisation of assets, legal costs, specialist pensions advice, tax services or other routine expenses associated with an insolvency appointment such as statutory advertising costs, the office holder's specific penalty bond and costs associated with storing books and records. Expenses also include disbursements which are payments that are first met by the office holder and then reimbursed at a later date from the estate, usually when realisations permit.

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Further details of my firm's Category 2 expenses policy, which explains the basis on which any proposed expenses appearing in the relevant table below are being charged to the estate, is available on our website www.rginsolvency.com > Technical Guides. Approval to pay any proposed Category 2 expenses will be sought from creditors at the same time as the basis of the office holder's remuneration is agreed.

Below is a summary of the Category 1 and Category 2 expenses it is considered will be, or are likely to be, incurred in this case. An update will be provided in my first progress report to creditors in due course and then in subsequent reports thereafter until the case is concluded.

Category 1 expenses

The following Category 1 expenses are currently anticipated on this assignment and do not require prior approval from creditors to be paid.

Expense	Basis of remuneration/cost	Service to be provided	Estimated cost £
Agent's fees & expenses	Set Fee	Marketing and sale of the business	25,000
Legal fees & expenses	Time costs and expenses	Drafting sale agreement	3,000
Statutory advertising	Fixed cost	Statutory advertising in London Gazette and The Times	800
Specific Penalty Band	Fixed cost	Statutory band required in all insolvency appointments for each office holder appointed	1,090
Insurance	Variable depending on duration of cover	Asset Insurance	500

Category 2 expenses

The following Category 2 expenses are currently anticipated on this assignment and do require prior approval from creditors to be paid.

Expense	Basis of remuneration/ cost	Payment to Associate or shared/allocated cost	Service to be provided	Estimated cost £
Postage charges	£2.50 per creditor circular	Allocated cost	Cost based on cost of 1st class large letter cost via Royal Mail	£2,520

Subcontractors

On this assignment, it is not currently proposed that subcontractors will be utilised to undertake work that could otherwise be done by the office holder or his/her staff.

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Appendix E

Estimated Outcome Statement as at 5 August 2021

SCIENTIFIC AND CHEMICAL SUPPLIES LIMITED
In Administration

Estimated Outcome Statement as at 5.8.21

Assets Subject to Fixed Charge	Estimated to Realise
Freehold Property	3,250,000
Barclays	(342,000)
Costs of sale (estimated)	(37,250)
Surplus carried forward	<u>870,750</u>
Assets Subject to Floating Charge	
Business & Assets	400,000
Funding for rent and associated costs	7,000
Cash at bank	13,527
Surplus Brought Down	<u>870,750</u>
	<u>1,291,277</u>
Joint Administrators' Fees	(30,000)
Joint Administrators' Cat 2 Expenses	(2,520)
Miscellaneous Expenses (estimated)	(5,000)
Rent and associated costs	(7,000)
Statutory Advertising	(800)
Specific Penalty Bond	(1,090)
Insurance	(500)
Legal Fees	(10,000)
Agents Fees	<u>(25,000)</u>
Total Costs	<u>(81,910)</u>
Preferential Creditors	
Employees	
Secondary Preferential - HMRC (VAT & PAYE)	<u>(102,124)</u>
	<u>(102,124)</u>
Net Property	907,253
Prescribed Part (carried forward)	<u>(184,451)</u>
	<u>722,802</u>
Floating Charge Holders	
Scientific Conducs Limited	<u>(1,000,000)</u>
Surplus/(Deficit) to Floating Charge Holders	<u>(277,198)</u>
Prescribed Part (brought down)	<u>184,451</u>
Employees	
Arms Pension	
RCI - VAT	263,443
RCI - PAYE	7,618
SPL innovation	(210,000)
Trade and Expense (RCI credits to be deducted)	1,116,117
Unprocessed Invoices	<u>150,000</u>
Unsecured Creditors	<u>(1,327,371)</u>
Surplus/(Deficit) to Unsecured Creditors	<u>(2,141,921)</u>
p/E to Barclays	100.00
p/E to HSBC Invoice Finance	100.00
p/E to Scientific Conducs Limited	45.18
p/E Preferential Creditors	100.00
p/E to Unsecured Creditors	13.90

SCIENTIFIC AND CHEMICAL SUPPLIES LIMITED - IN ADMINISTRATION

Appendix F

Joint Administrators' Statement on Pre-Packaged Sale

**Joint Administrators' Statement of Pre-Packaged Administration Sale
In accordance with Statement of Insolvency Practice 16**

Scientific And Chemical Supplies Limited – In Administration ('the Company')

Where a sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an Administrator and the Administrator effects the sale immediately on, or shortly after appointment, this is known as a pre-packaged sale.

Prior to the appointment of an Administrator, an insolvency practitioner may act in an advisory capacity to the Company. During this time the insolvency practitioner's role is not to advise the directors personally or any parties connected with any eventual purchaser of the Company's business or assets. We would confirm that the directors were advised to take their own independent advice on their position in this regard. It is also possible that a different insolvency practitioner may be the eventual Administrator and not the insolvency practitioner who provided the advice to the Company before any formal appointment was made.

The role of an Administrator once the Company has entered Administration is for him to perform his functions with the objective of either rescuing the Company as a going concern or achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up rather than being placed into Administration first.

If neither of these objectives is reasonably practicable, the third objective of realising property in order to make a distribution to one or more secured or preferential creditors of the Company may be pursued, providing the Administrator avoids unnecessarily harming the interests of the creditors as a whole.

In this case, the Administrator has pursued the second objective and considers that the pre-packaged sale enables the statutory purpose of Administration to be achieved and that the outcome achieved was the best available for creditors as a whole in all the circumstances.

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

Background

Scientific And Chemical Supplies Limited ('the Company') was incorporated on 13 August 1957 to supply scientific equipment and chemicals to educational and industrial clients.

The Company underwent a number of ownership changes, the most recent taking place in February 2020, when Candour Scientific Limited (CSL) became the ultimate beneficiary.

CSL have invested significant sums of money into the Company to meet working capital requirements and with a view to future growth.

Shortly after purchasing the business, the COVID-19 pandemic took hold in the UK and lockdown restrictions meant that many of the Company's customers were forced to close, including all education sites.

Despite these challenges, with CSL's financial support, the Company has continued to trade throughout the pandemic, although has not been able to reach its target turnover level. Steps have been taken to improve the efficiency of the business, moving the majority of stock into high tech third-party logistic providers and place the Bilston property onto the market.

With subsequent lockdown restrictions coming into force, the ability of the Company to reach its targets has been severely hampered.

Following a review of the Company's cash flow forecasts in July 2021, the board of directors were concerned as to the solvency position of the Company on both a Cash Flow and a Balance Sheet basis. The property in Bilston was now under offer, however, this would not generate sufficient funds to keep the Company trading for a prolonged period.

CSL considered a number of options and concluded that they did not see a viable future for the business in its current form and were not prepared to continue funding the losses.

The Board of Directors felt that they had a duty to act for the benefit of the creditors. This is in line with the Companies Act 2006 which mandates that when facing insolvency, the directors need to focus on the position of the creditors.

As a result, following a period of advice and consultation, Avner Rodomsky and Michael Goldstein of RG Insolvency, Devonshire House, Manor Way, Borehamwood, WD6 1QQ were appointed Joint Administrators (hereafter referred to as "the Administrators") of the Company by the Directors on 3 August 2021. Both Avner Rodomsky and Michael Goldstein are insolvency practitioners licensed in the UK by the Insolvency Practitioners Association. The Administrators are authorised to act jointly and severally in the Administration.

Marketing

Marketing a business is an important element in ensuring that the best available consideration is obtained for it in the interests of the Company's creditors as a whole. The Administrator advised the Company prior to his appointment, that any marketing should conform to the marketing essentials set out in SIP16 which includes the following key considerations:

- The business should be marketed as widely as possible, proportionate to its nature and size in the time available using whatever media or other sources that are likely to achieve this outcome;
- Previous marketing of the business prior to the Administrator's involvement may not provide justification to avoid further marketing. The Administrator must be satisfied as to the adequacy and independence of any prior marketing undertaken by the Company;
- Marketing should have been undertaken for an appropriate length of time to satisfy the Administrator that the best outcome for creditors as a whole has been achieved;
- Any marketing attempts must by default, include the use of the internet.

Independent valuation agents, Hilco Global ("Hilco"), led by Director, Nick Hughes MRICS, and holding adequate professional indemnity insurance, were instructed by the Prospective Administrators to value and market the business for sale.

A 'no name' sales teaser setting out an overview of the business and sale opportunity was prepared and distributed to the following:

- 193 parties who are held on Hilco's database and registered as being interested in purchasing businesses and / or operate within the sector.
- 7 competitors or other firms identified as potentially holding an interest in purchasing the business by the directors.
- 19 industry specific parties Hilco identified as potentially being interested in the opportunity following undertaking market research.

The sale was advertised on the Hilco Valuation and Hilco Streambank websites, with the Hilco Streambank site having a particularly strong international presence. The opportunity was also listed on the IPbid.com website. Hilco also broadcasted the sale across the LinkedIn social media platform, which has been viewed by over 450 parties.

The above was undertaken to ensure a wide-reaching audience as well as targeted and industry-specific parties would be reached and have the opportunity to consider making offers for the business.

The response to the marketing was excellent and Hilco received enquiries from 49 parties, 32 of whom returned a signed non-disclosure agreement. These parties were provided with access to a virtual data room which contains an information memorandum, along with various Company supplied documents including financials, property leases and agreements, a stock schedule, employee schedule, an analysis of sales and customers, an organisation strategy document, schedule of staff and details of the tangible and intangible assets. A deadline for offers to be submitted with supporting proof of funds was set for 12:00 pm on Monday 2 August 2021.

The deadline provided interested parties with sufficient time to consider a bid, make enquiries and submit a bid. This was considered to be in line with similar and previous timelines on such transactions. It was not felt that additional time would lead to further interest in the business or an improved outcome. This can be seen by the initial high level of interest.

Following being provided with access to the data room and reviewing the information, a number of telephone and video calls were held between Hilco, the proposed Administrators and interested parties, and with representatives of the Company.

Five offers were received by the deadline as follows:

1. £400,000 cash to be paid on completion.
Proof of funds provided.
Offer is understood to be for all assets of the company including the surplus book debts (excluding the freehold property).
Offeror will negotiate with the third-party logistic providers (3PL) and cover any outstanding monies required by them in order to release stock.
Require licences to occupy the three leasehold properties to 31 December 2021.
2. £330,000 cash to be paid on completion.
Proof of funds provided.
Offer for the goodwill, order book, customer contacts database, domain, office furniture and equipment and stock.
Offer assumes the stock unencumbered value at cost is £550k+, which Hilco consider may not be the case.
3. £150,000 for all intellectual property.
50 pence in the £ (cost price) for stock set out in a spreadsheet with a cost price of £71,680, some of which is likely to be subject of retention of title.
Unclear if the offeror intends for staff to be retained and transferred under TUPE.
4. £50,000
Offer for the intellectual property only.
5. £50,000
Offer on the basis that the company is placed into liquidation.
Offer for the chattel assets, intellectual property, order book and goodwill.

The first offer above is clearly the highest offer received. It was made by Inivos Scientific Limited. They have confirmed that the offer is their best offer. The freehold property in Bilston is excluded from the offer. This party appear to have undertaken the most amount of due diligence having held numerous calls with the agents, the proposed Administrators and the Company, attended at the 3PL sites and held calls with the 3PL providers in relation to potential terms if they were to purchase the business.

The alternative to accepting the offer is closing the business and disposing of the assets on a piecemeal basis. We understand that a significant proportion of the stock is likely to be subject to retention of title and that c. £500,000 at cost could be freely owned, but that a sum of in excess of c.£200,000 is owed to the 3PL providers and will need to be settled in order for the stock to be removed from the premises, resulting in a significantly higher cost than realisations.

The Company own limited chattel assets including office furniture and equipment, 11 (most of which is dated), some warehouse equipment and four vehicles. We would anticipate receiving a surplus of somewhere between £100,000 - £200,000 for the book debts if they are retained in the Administration having made an allowance for costs. Bearing in mind Hilco's views on value of the tangible assets, it was considered that a sale to this party will result in significantly

higher realisations than would be achieved in the event of a break up and piecemeal disposal, as would be the case in the event of liquidation for example. In addition, a sale of the continuing business is likely to mitigate creditor claims arising from the employees and landlords and will allow current work in progress to be completed and invoiced.

Accordingly, having regard to the options available and the fact that the Company can no longer continue to trade, Hilco recommended that the first offer be accepted with a view to concluding an early sale.

Accordingly, having regard to the options available and the fact that the Company could no longer continue to trade due to a lack of funding, Hilco recommended that the offer from Inivos Scientific Limited be accepted with a view to concluding an early sale.

Statutory Purpose

The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:

1. Rescuing the Company as a going concern; or
2. 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
3. Realising property in order to make a distribution to one or more secured or preferential creditors

In this case, the Joint Administrators are pursuing the second objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration). The Company could not be rescued as a going concern due to its lack of available cash to meet its historic and ongoing liabilities. Continued investment was not available. The pre-packaged sale enables the business to continue as a going concern under the management of a new company, retain jobs globally (thereby removing potential employee preferential and unsecured claims in the insolvency), novation of the order book, retention of customers and continuation of the upkeep of the Company's Intellectual Property. All of this maintained the value of the goodwill in the business, leading to a substantially greater realisation as opposed to a sale on a break-up basis which would likely have occurred in a liquidation.

Initial Introductions

The Joint Administrators were first introduced to the Company and its directors by Jonathan Paisner (lawyer/adviser to the Company) on 15 July 2021.

Pre-Appointment Matters

The Joint Administrators acted as advisors to the Company in the pre-appointment period. They did not act for any potential purchasers of the business, nor the directors or shareholders personally, who were encouraged to obtain their own independent advice.

Detailed discussions were had in relation to the position of the Company, its viability, cashflow forecasts and its solvency position. Derozed consultations were held with major creditors, including CSL, HSBC Invoice Finance, Barclays, and the two third-party logistic providers. The upshot of those discussions was positive and supportive of the proposed Administration and sale of the business as a going concern. No objections were received at all.

The Joint Administrators discussed and considered a number of alternative options available to the Company, including;

1. Doing nothing

This was not seen as a viable option, particularly given the lack of cashflow and funds available

2. Third-party funding

This had been explored by the Company and CSL, but discussions concluded in no further funding being made available, particularly due to the level of existing debt and future trading prospects.

3. Compulsory Liquidation

The Company could have ended up in compulsory liquidation following a petition issued by a creditor or creditors. The estimated outcome in this scenario would be significantly worse for creditors as a whole and would have led to substantial redundancy claims.

4. Creditors' Voluntary Liquidation

The Company could have entered into a Creditors' Voluntary Liquidation. As above, the estimated outcome in this scenario would be significantly worse for creditors as a whole given the loss in value of the goodwill and would have led to substantial redundancy claims.

5. A1 Moratorium

The Joint Administrators did not consider that this was a viable option given the inability to confirm that Company would be viable and be able to be rescued without the need for an insolvency process, such as Administration. The Company's cash position was poor and so Moratorium debts could not be met, nor could the costs of any appointed Monitor. Additionally, potential investors had already confirmed their unwillingness to invest/fund the existing business, as detailed above.

6. Company Voluntary Arrangement (CVA)

The Company's cash position was poor and without any future investment into the Company, as detailed above, the Company had nothing to offer its creditors in a CVA, thereby making it attractive to creditors. In addition, the major creditor, CSL, indicated their unwillingness to support such a CVA, making the prospects of obtaining approval for a workable and realistic proposal almost impossible to achieve.

7. Trading Administration

As detailed above, with a lack of available funds, it was not possible to trade the business in Administration for any significant period. The costs of doing so would in any event, likely lead to a lower return to creditors. It was also not practical to oversee trading in the current COVID-19 pandemic, given that staff were also employed in offices in foreign jurisdictions.

8. Administration, without trading or pre-packaged sale

This option was potentially possible, but given the likely loss in value in the goodwill and Intellectual Property as well as possible employee claims, the likely outcome to creditors would have been substantially lower.

9. Pre-packaged Administration

The benefits of a Pre-Pack Administration in this case include:

- i. There is no reliance on the Company generating income in order to be able to trade the business.
- ii. If the business were traded in Administration, there is no guarantee that a purchaser would be found before the Company ran out of cash. This is avoided with a pre-pack.
- iii. It is quite possible that the business as a whole will be sold as a going concern, therefore saving jobs.
- iv. If customers/clients find out the Company has gone into Administration, there is a possibility that customers could be poached by competitors. This is mitigated in a Pre-pack Administration.
- v. Due to the speed of the pre-pack, the costs may well be less than a trading Administration where the Joint Administrators and their staff need to trade the business.
- vi. The long brand image would be maintained.

Charges registered against the Company

Charge Holder	Type	Date of Creation
Conduit Scientific Limited	Fixed and Floating	27 January 2021
HSBC UK Bank PLC	Legal assignment of contract monies	4 January 2019
HSBC UK Bank PLC	Fixed and Floating	15 January 2018
Barclays Bank PLC	Fixed	21 June 2013
HSBC Invoice Finance (UK) LTD (HSBCIF)	Floating	7 October 2010
HSBC Invoice Finance (UK) LTD	Fixed over factored receivables	7 October 2010
Barclays Bank PLC	Legal Charge	31 January 2007
Barclays Bank PLC	Legal Charge	27 April 2006
Barclays Bank PLC	Legal Charge	25 February 2005
Barclays Bank PLC	Legal Charge	4 February 2005
Barclays Bank PLC	Scotland Security	20 September 2002
Barclays Bank PLC	Legal Charge	30 August 2002
Barclays Bank PLC	Legal Charge	29 November 1996
Barclays Bank PLC	Fixed	12 October 1992
Barclays Bank PLC	Legal Charge	21 April 1989
Barclays Bank PLC	Fixed and Floating	16 September 1988
Barclays Bank PLC	Legal Charge	16 July 1978

It is our understanding that no director had given guarantees for amounts due from the Company to a prior financier and that the financier is not financing the new business.

Valuation of the Business and Assets

Hilco undertook the valuation and marketing of the business and have provided the following:

Leasehold Properties

- Unit 14 Barryscourt Industrial Estate, Carrigtwohill, Co Cork – Nil premium value
- Unit 13 Airways Industrial Estate, Dyce, Aberdeen - Nil premium value
- Room PA029, The Technology Centre, University of Wolverhampton Science Park, Glaisher Drive, Wolverhampton, West Midlands WV10 9RU - Nil premium value

Stock (on the basis that all is freely owned)

- In situ - £743,185
- Ex Situ - £165,207

The figures are based on a cost price of £1,238,642, although we understand that a significant percentage of this stock is likely to be subject to Retention of Title (ROT). We understand that a figure in excess of £200,000 would have needed to be paid to the 3PL providers in order to for them to release the fully owned stock.

Chattel Assets

Office furniture and equipment, IT equipment, warehouse equipment, vehicles

- In situ - £29,090
- Ex Situ - £20,220

It must be noted that Hilco have relied on limited information in relation to the chattel assets. We are informed that all assets are fully owned by the company.

The Transaction

The transaction took place on 4 August 2021

The purchaser is Inivos Scientific Limited, an unconnected party.

Below is a list of the assets involved and consideration to be paid. The allocation between fixed and floating charge realisations has been made on the basis of the type of asset involved:

Asset	Fixed/Floating	£ Price Apportionment
Goodwill	Fixed	1
Plant and Machinery	Floating	24,997
Seller's Records	Floating	1
Stock	Floating	165,000
Business Contracts	Floating	1
Business Intellectual Property Rights	Fixed	10,000
Bank Debts (after settlement of HSBCIF)	Floating	200,000
Total		400,000

£400,000 was paid upon completion. Accordingly, there was no need for the Joint Administrators to obtain any security in relation to deferred consideration.

The purchase included the novation of the contracts held with the two SPLs.

There are no options, buy-back agreements or other conditions of note attached to the transaction.

The sale is not part of a wider transaction.

Qualifying Report

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

As the transaction does not meet the definition of a connected party sale, the transaction does not require a review by an evaluator. An evaluator will offer an opinion on the purchase of a business and/or its assets by a party connected to a company where a pre-packaged sale is proposed by an Administrator.

In this case, an evaluator has not been approached by the purchasing party as it is not a connected party.