

AM03

Notice of administrator's proposals



Companies House

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1	Company details	
Company number	0 5 0 2 8 0 7 0	→ Filling in this form Please complete in typescript or in bold black capitals.
Company name in full	Gravity Flooring (UK) Limited	
2	Administrator's name	
Full forename(s)	Philip James	
Surname	Watkins	
3	Administrator's address	
Building name/number	2nd Floor	
Street	110 Cannon Street	
Post town	London	
County/Region		
Postcode	E C 4 N 6 E U	
Country		
4	Administrator's name ①	
Full forename(s)	Philip Lewis	① Other administrator Use this section to tell us about another administrator.
Surname	Armstrong	
5	Administrator's address ①	
Building name/number	2nd Floor	② Other administrator Use this section to tell us about another administrator.
Street	110 Cannon Street	
Post town	London	
County/Region		
Postcode	E C 4 N 6 E U	
Country		

AM03 Notice of Administrator's Proposals

6 Statement of proposals

☒ I attach a copy of the statement of proposals

7 Qualifying report and administrator's statement ^❶

☒ I attach a copy of the qualifying report

☐ I attach a statement of disposal

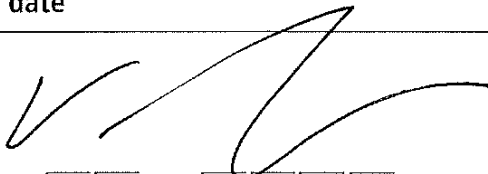
❶ As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)

8 Sign and date

Administrator's
Signature

Signature

X



X

Signature date

d

d

m

m

y

y

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y

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AM03

Notice of Administrator's Proposals



Presenter information

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

Contact name	Philip James Watkins
Company name	FRP Advisory Trading Limited
Address	2nd Floor 110 Cannon Street
Post town	London
County/Region	
Postcode	E C 4 N 6 E U
Country	
DX	cp.london@frpadvisory.com
Telephone	020 3005 4000



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

FRP

Gravity Flooring (UK) Limited (In Administration)

The Administrators' Proposals

31 March 2023

Contents and abbreviations



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B.	Explanation of the pre-packaged sale in accordance with Statement of Insolvency Practice 16
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E.	Details of the financial position of the Company

The following abbreviations may be used in this report:

The Administrators	Philip Lewis Armstrong and Philip James Watkins of FRP Advisory Trading Limited
The Company	Gravity Flooring (UK) Limited
CVA	Company Voluntary Arrangement
CVL	Creditors’ Voluntary Liquidation
FRP	FRP Advisory Trading Limited
HMRC	HM Revenue & Customs
The Insolvency Rules	The Insolvency (England and Wales) Rules 2016
QFCH	Qualifying floating charge holder
SIP	Statement of Insolvency Practice
K	Thousand

1. Introduction

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On 27 March 2023, the Company entered administration and Philip Lewis Armstrong and Philip James Watkins were appointed as Administrators.

This document, together with its appendices, forms the Administrators' statement of proposals to creditors in accordance with Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and the Insolvency Rules. The proposals are deemed deliver the day that they are dated.

Certain statutory information about the Company and the administration is provided at **Appendix A**.

A sale of all of the business and assets of the Company was effected on 27 March 2023 by the Administrators. Background information regarding the Company together with full details of the events that resulted in the appointment of the Administrators and this transaction taking place and why it was considered to be in the overall best interest of the creditors of the Company as a whole are set out in the statement attached at **Appendix B** in accordance with SIP 16.

2. Conduct of the administration

FRP

The objective of the administration

The Administrators think that objective (a) of the administration, as detailed in Paragraph 3(1) of Schedule B1 to the Insolvency Act 1986, being to rescue the Company as a going concern, will not be achieved. Objective (b) being a better result for the Company's creditors as a whole than would be likely if the Company had been wound-up (without first being in administration), will likewise not be achieved, given the level of realisations relative to the level of debt.

As such, it is envisaged that objective (c) will be achieved, to realise property in order to make a distribution to one or more secured or preferential creditors.

I can confirm that the transaction detailed in **Appendix B** will enable the statutory purpose identified above to be achieved and that the sale price was the best reasonably obtainable in all the circumstances and was considered to be in the overall best interests of all creditors of the Company.

The Administrators' actions

The Administrators' actions to the date of the sale of all of the business and assets is set out in detail in the SIP16 statement set out at **Appendix B**.

Details of work already undertaken since appointment or anticipated will be undertaken is set out in the schedule of work attached at **Appendix C**.

Following approval of the Administrators proposals the Administrators will continue to conduct the Administration to achieve the purpose of the administration. Key matters to be undertaken include:

- Realise any of the Company's remaining assets;
- Investigate and, if appropriate, pursue any claims that the Company may have against any person, firms or company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company;

- Ensure all statutory and compliance matters are attended to;
- Distribute realisations to the secured and preferential creditors where applicable;
- Agree the claims of the unsecured creditors and distribute the Prescribed Part if applicable;
- Seek an extension of the administration if needed; and
- Pay all administration expenses and bring the administration to an end when deemed appropriate by the Administrators.

The Directors' Statement of Affairs

The directors of the Company have been asked to submit a Statement of Affairs under paragraph 47 of Schedule B1 of the Insolvency Act 1986 and this is awaited, given the proximity in time between the date of the Administrators' appointment and the date of these Proposals. Details of the financial position of the Company at the latest practical date, prepared from information available to the Administrators and including a list of creditors' names and addresses is provided at **Appendix E**. As and when the directors' Statement of Affairs is received it will be filed with the Registrar of Companies.

Matters requiring investigation

The Administrators are required as part of their duties to establish what assets the Company owns and to consider the way in which the Company's business has been conducted. They are also required under the provisions of the Company Directors Disqualification Act 1986 to report to the Secretary of State for Business Energy and Industrial Strategy on the conduct of the directors. If you have any information or concerns regarding the way in which the Company's business has been conducted, or have information regarding potential recoveries for the estate please contact me as soon as possible.

2. Conduct of the administration

FRP

The end of the administration

The administration will end automatically after 12 months from the date of appointment of the Administrators. This period can be extended with consent of the creditors for up to 12 months or longer by application to the Court as required.

If the Administrators think the Company has no property which might permit a distribution to its unsecured creditors, or if they also consider that an exit from the administration into liquidation is not appropriate they will send a notice to the Registrar of Companies in accordance with Paragraph 84 of Schedule B1 to the Insolvency Act 1986 to bring the administration to an end and three months after the filing of the notice the Company will be deemed to be dissolved.

If the Administrators are of the view that a dividend will become available to the unsecured creditors (other than by virtue of the prescribed part) it is appropriate for the Company to move from administration into CVL pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986. If applicable the Administrators will take steps to place the Company into CVL.

Should a dividend not become available to the unsecured creditors but it is still appropriate for the Company to enter liquidation, the Administrators will petition the Court pursuant to Paragraph 79 of Schedule B1 to the Insolvency Act 1986 for an order to bring the administration to an end with a consequential order for the compulsory winding up of the Company.

Pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986, should the creditors not nominate a Liquidator, the proposed Liquidators in a CVL are to be the Administrators or any successor office holder(s). Any act to be done by the Liquidators may be done by all or any one of them. Pursuant to Paragraph 83(7)(a) of Schedule B1 to the Insolvency Act 1986 and the Insolvency Rules, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of these proposals and before these proposals are approved.

The Liquidators in a compulsory winding up will be appointed by the Court and may be the Administrators, or any successor office holder(s).

If the Administrators are of the view that it is appropriate for the creditors to consider the approval of a CVA the proposed supervisors are to be the Administrators or any successor office holder(s). Creditors may nominate different supervisors when considering whether to approve the CVA proposals.

In this administration it is proposed that the administrators will take the necessary steps to dissolve the Company as it is not anticipated there will be any funds available for distribution to unsecured creditors, other than by virtue of the Prescribed Part.

Decision of creditors

Based on information currently available, the Administrators think that the Company has insufficient property to enable a distribution to be made to unsecured creditors, except potentially from the prescribed part if funds allow. This statement is made in accordance with Paragraph 52(1)(b) of Schedule B1 to the Insolvency Act 1986.

The Administrators are therefore not required to seek a decision from creditors as to whether they approve the Administrators' proposals pursuant to Paragraph 51 of Schedule B1 to the Insolvency Act 1986. The Administrators must however seek a decision from the creditors if requested to do so by a single or group of creditors whose debts amount to at least 10% of the total debts of the Company. The request must contain the particulars prescribed by rule 15.18 of the Insolvency Rules and be made within eight business days of the date of delivery of this report, in accordance with the Insolvency Rules. The expenses of seeking the decision shall be paid by the creditor or creditors requesting the decision, who will be required to lodge a deposit with the Administrators as security for this payment. The creditors may decide that the expenses of seeking the decision should be paid as an expense of the Administration payable from the assets of the Company.

2. Conduct of the administration

FRP

In accordance with the Insolvency Rules where the Administrators have not sought a decision of the creditors, the proposals set out below will be deemed to have been approved by the creditors unless at least 10% by value of the creditors requisition a decision of creditors within eight business days of the date of delivery of this report.

3. The Administrators’ remuneration, expenses and pre-appointment costs



Administrators’ remuneration

A schedule of the work to be undertaken during the administration is set out at **Appendix C** together with an estimated outcome statement which includes an estimate of the expenses likely to be incurred by the Administrators. Assumptions made in preparing the summary of work, estimated expenses and the fees estimate where a time cost resolution is proposed are set out in the schedule of work.

The Administrators’ remuneration will be drawn from the Company’s assets and it is proposed that it will be charged by reference to the time incurred in attending to matters arising. Further details of how this will be calculated are set out below. The basis of the Administrators’ remuneration has not yet been approved by creditors, and the Administrators have accordingly not drawn any remuneration in this case. The Administrators’ fees for dealing with the assets subject to a fixed charge will be agreed with the QFCH, HSBC.

Should the Company subsequently be placed into liquidation and the Administrators appointed as Liquidators, the basis agreed for the drawing of the Administrators’ remuneration will also be that utilised in determining the basis of the Liquidators’ remuneration, in accordance with the Insolvency Rules. The Liquidators’ will seek further creditor approval for the quantum of fees to be drawn in the liquidation where necessary.

Whichever fee basis is approved by creditors and utilised to calculate the level of remuneration that can be drawn by the Administrators’ will include all direct costs of providing professional services by the Administrators’ and his/her staff in dealing with Gravity Flooring (UK) Limited, but will exclude any expenses that may be paid to an associate or which have an element of shared costs (known as category 2 expenses), which require separate approval from creditors before they can be paid.

Where payments are to be made to associates of the office holder or their firm, creditors’ approval to such payments must be received prior to payment being

remitted. I can confirm no payments are being made to associates of the office holder or their firm.

Where there is an element of costs being shared between this insolvency estate and other parties, and determination of how those costs are to be allocated is being decided by the office holder, creditors’ approval to such payments must be received prior to payment being remitted. I can confirm no shared costs are currently envisaged.

Name of supplier	Service being provided	Basis of costs
Irwin Mitchell LLP	Legal Services	Time costs
SIA Group Asset Ingenuity Limited	Agents / Valuers	Percentage of realisations

Remuneration charged by reference to the time incurred in attending to matters arising

The Administrators’ remuneration which is proposed to be charged is by reference to time incurred. The time charged is based on computerised records capturing time charged by myself and my staff in dealing with the conduct of those aspect of the case being charged on a time cost basis. Matters dealt with during the assignment are dealt with by different members of staff depending on the level of complexity and the experience required. Time is charged to the case in maximum units of six minutes. Charge-out rates are based on individual expertise, qualification and grade. The costs of the firm’s support staff are not directly charged to the estate unless dealing with directly identifiable case specific matters.

3. The Administrators' remuneration, expenses and pre-appointment costs

FRP

Charge out rates are reviewed at least annually, details of FRP's charge out rates are included at **Appendix C**.

Administrators' disbursements

The Administrators' disbursements are a recharge of actual costs incurred by the Administrators on behalf of the Company. Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the administration of the Company, are paid by FRP at the HMRC approved mileage rate. It is proposed mileage is recharged and drawn at the HMRC approved mileage rate prevailing at the time the mileage was incurred.

Pre-administration costs charged or incurred by the Administrators

Attached at **Appendix D** is a statement of pre-administration costs charged or incurred by the Administrators of which £58,757 had not been paid when the Company entered administration.

I am seeking to obtain approval for the payment of this amount in accordance with the Insolvency Rules.

Creditors' ability to challenge the Administrators' remuneration and expenses

Creditors have a right to request further information from the Administrators and further have a right to challenge the Administrators' remuneration and other expenses under the Insolvency Rules following receipt of a progress report. Further details of these rights can be found in the Creditors' Guide to Fees which you can access by using the following link <https://www.frpadvisor.com/legal-and-regulatory-notice/information-creditors-insolvency-proceedings/> and select the one for administrations. Alternatively a hard copy of the relevant guide will be sent to you on request.

4. Estimated outcome for the creditors

FRP

Estimated outcome statement

We attach at **Appendix E** an estimated outcome statement which has been prepared from the information provided by the directors, advice received in connection with the value of the Company's assets, estimated sums due to creditors and an estimate of our remuneration and other expenses that may be incurred during the course of this administration. The assumptions made in preparing the estimated outcome statement are noted below it. Further details are set out in the schedule of work.

Based on the information available to date and the assumptions made I set out below the anticipated the outcome for creditors:

Outcome for secured creditor

It is estimated that there could be a small return to HSBC, although the quantum remains uncertain.

Outcome for preferential creditors

As all of the Company's employees transferred to the purchaser of the business and assets it is not anticipated that there will be any preferential creditors.

Outcome for secondary preferential creditors

From 1 December 2020 HMRC ranks as a secondary preferential creditor in respect of the following:

- VAT;
- PAYE (including student loan repayments);
- Construction Industry Scheme deductions; and
- Employees' NI contributions

It is currently estimated that the secondary preferential creditors will total £95k. It is estimated that secondary preferential creditors should be paid in full.

Outcome for unsecured creditors

It is currently estimated that, subject to costs, a dividend should be available to unsecured creditors in due course from funds available under the prescribed part.

Prescribed part

The prescribed part is a carve out of funds available to the holder of a floating charge which is set aside for the unsecured creditors in accordance with Section 176A of the Insolvency Act 1986. The prescribed part only applies where the floating charge was created after 15 September 2003 and the net property available to the floating charge holder exceeds £10,000.

Appendix A

Statutory information about the Company and the administration



COMPANY INFORMATION:

Other trading names: N/A

Date of incorporation: 28 January 2004

Company number: 05028070

Registered office: 110 Cannon Street, London EC4N 6EU

Previous registered office: 7 Bell Yard, London WC2A 2JR

Business address: Unit 3 Staines Business Park, Staines, Surrey

Directors: Jonathan Dowling, Neil Bramley, Gary Normand and John Dowling

Company secretary: Jonathan Dowling

The directors and Company secretary have the following shareholdings in the Company:

Name	Shares	Type	%
Bramble Holdings Limited	3000	A, B and C	100

ADMINISTRATION DETAILS:

Names of Administrators: Philip Lewis Armstrong and Philip James Watkins

Address of Administrators: FRP Advisory Trading Limited
2nd Floor, 110 Cannon Street, London EC4N 6EU

Date of appointment of Administrators: 27 March 2023

Court in which administration proceedings were brought: High Court of Justice

Court reference number: CR-2023-001514

Date of notice of intention to appoint Administrators presented to Court: 21 March 2023

Administration appointment made by: Directors

Consent to the notice to appoint an Administrator provided by the qualifying floating charge holder as follows:

Holder of Qualifying Floating Charge	Date of consent
HSBC	23 March 2023

Appendix A

Statutory information about the Company and the administration

The appointment of the Administrators included a declaration that they are acting jointly and severally as Administrators of the Company in accordance with Paragraph 100 of Schedule B1 to the Insolvency Act 1986.

The directors have confirmed the Company's centre of main interest has been in the UK and accordingly the proceedings will be COMI proceedings as defined in the Insolvency Rules.

Extracts from the accounts available are summarised below:

Period Ended	Net assets £	Share Premium £	Share Capital £	P & L a/c £
31/01/2020	1,341,133			323,129
31/01/2021	1,218,127	(49,000)	(1,000)	(73,006)
31/01/2022	1,397,414			179,287

Appendix B

Explanation of the pre-packaged sale in accordance with Statement of Insolvency Practice 16

FRP

Abbreviations

The following abbreviations are used in this document:

FRP	FRP Advisory Trading Limited
The Company	Gravity Flooring (UK) Limited
The Administrators	Philip Lewis Armstrong and Philip James Watkins of FRP
SIP	Statement of Insolvency Practice
CVA	Company Voluntary Arrangement
Insolvency Rules	The Insolvency (England & Wales) Rules 2016
IP	Intellectual Property
SIA	SIA Group Asset Ingenuity Limited
MRICS	Member of the Royal Institution of Chartered Surveyors
AMA	Accelerated Mergers and Acquisitions
Parker Andrews	Parker Andrews Licensed Insolvency Practitioners
K	Thousand
QFCH	Qualifying Floating Charge Holder
NOI	Notice of Intention to Appoint Administrators
The Purchaser	Gravity Flooring (Intl) Limited

Pre-appointment considerations

Background information regarding the Company

- The Company were a supply and fit flooring contractor, who supplied and fitted wood, carpets and vinyl to a wide range of customers but primarily to hotels, high-end residential and large commercial projects.
- The Company was incorporated on 28 January 2004, when it commenced trading and traded from leasehold premises at Unit 3, Staines Business Park, Staines, Surrey. The Registered Office is 7 Bell Yard, London WC2A 2JR.
- The Company has 27 employees (including three of the four Directors) and uses the services of 19 sub-contractors.
- The Company Directors are Jonathan Dowling, Neil Brambley, Gary Dormand and John Dowling with, as noted above, all bar John Dowling also being former employees. There were no resignations of key personnel in the period leading to Administration.
- The business underwent a restructure in 2020, whereby the shareholding of the original founding shareholders who remained as directors was acquired by Brambley Holdings Limited. The sole director and shareholder of this company is Neil Brambley.
- Following a deterioration of financial performance, , the Directors sought advice and were introduced to Parker Andrews and Quantuma for insolvency advice, who were engaged on 15 February 2023 and 27 February 2023 respectively.
- Together with SIA (who were engaged on 10 February 2023), Parker Andrews and Quantuma ran an AMA process to find a buyer for the Company's

business and assets which culminated with the Directors filing a NOI on 8 March 2023 and a second NOI on 21 March 2023.

- The QFCH, being HSBC, had not been consulted prior to the filing of the first NOI and asked the directors to instruct FRP to review and, if appropriate, conclude the AMA process.

Administrators' initial introduction and pre-appointment involvement

- HSBC, the QFCH, introduced Phil Armstrong of FRP on 9 March 2023.
 - By a Letter of Engagement dated 13 March 2023 the Company engaged FRP to carry out the following scope of work. Until the appointment of Administrators the directors continued to be responsible for the Company and its affairs.
1. Advise the Company in relation to the appointment of Administrators.
 2. Review the short term cash flow forecast to manage the critical payments to be made prior to the appointment of Administrators.
 3. Liaise with the HSBC in respect of, amongst other matters, discussing critical payments to be made prior to the appointment of Administrators and any sale of the business and assets.
 4. Review the marketing process undertaken by SIA on behalf of Parker Andrews and Quantuma, together with supporting information made available to potential purchasers ("Interested Parties") of the business and/or assets.

5. Approach potential interested parties and conduct negotiations as appropriate with a view to the sale of the business and/or assets and provide the Company with regular progress updates on the sales process and status of negotiations with Interested Parties
6. As may be required, prepare a contingency plan for the event that a sale of the business and/or assets as a going concern appears unlikely.
7. Deal with any matters in connection with our statutory obligation, including but not limited to those contained within SIP 16, in order to effect a sale of the business of the Company immediately upon the appointment of Administrators.
8. As may be required to support the directors in preparing Form HR1, Advance Notification of redundancies for submission to the Redundancy Payments Service.
9. Any other work necessary to prepare the Company for entering into Administration.

In carrying out our work, the directors agreed that FRP had the express authority to:

1. Liaise and conduct negotiations with Interested Parties
2. Provide any information reasonably required by Interested Parties, on receipt of an appropriate non-disclosure agreement;
3. Speak with employees and to any creditors or other stakeholders of the Company
4. Instruct and liaise with agents in respect of the Company assets, completing valuations and assisting with any other matters as required (the cost of which to be met by the Company)
5. Instruct and liaise with solicitors in the preparation of agreements for the sale of the business and/or assets and deal with the statutory formalities of appointment of the administrators (the cost of which to be met by the Company).

Gravity Flooring (UK) Limited (In Administration)
The Administrators' Proposals

- In the time since being engaged FRP have had discussions with the Company, the Bank and SIA. In addition, we have reviewed SIA's marketing activities in detail and concluded that it has been satisfactorily completed, resulting in two offers for the business. SIA have conducted all of the purchaser negotiations. Irwin Mitchell were instructed to draft the sale and ancillary documentation.

Alternative courses of action considered

- In the time available and without funding and with very limited cash within the business, a Moratorium was not a viable option as it was not possible to rescue the Company as a going concern. For the same funding reasons, there would have been insufficient time to allow creditors to vote on a CVA. A liquidation of the Company would have brought about immediate cessation of the business and significantly reduced the realisable value of the Company's assets and resulted in the immediate loss of employment for the Company staff. Therefore, an Administration of the Company was the most appropriate course of action.

Consultation with major creditors

- HSBC have fixed and floating charge debenture security created on 2 February 2005 and registered at Companies House on 3 February 2005.
- FRP have kept HSBC apprised of the progress of the AMA, since their engagement by the Company, and they were supportive of it.

Post appointment administration trading considerations

- It was not appropriate to trade the business and offer it for sale as a going concern during administration as there were no funds available to fund any trading.
- No requests were made to potential funders to fund working capital requirements, as the business was loss making and there was insufficient time for any diligence to be completed prior to funds being advanced.

Previous acquisitions from an IP

- The business or assets have not been acquired from an IP within the previous 24 months.

Information about the sale of the business and assets

Marketing activities undertaken

- Below are the marketing essentials, together with detail under each heading as to the work undertaken and how this complied with these principles:
- Broadcast** – the business should be marketed as widely as possible proportionate to the nature and size of the business – the purpose of the marketing is to make the business's availability known to the widest group of potential purchasers in the time available, using whatever media or other sources are likely to achieve this outcome.
- SIA were limited by the time and funding available but undertook all digital and traditional marketing methods available.
- The marketing strategy consisted of advertising the opportunity on the following platforms;
 - SIA Group website www.siagroup.co.uk/propertytype/businesses-for-sale and internal mailing lists and known buyer contacts
 - Listing on www.ip-bid.com
 - Listing on www.dealopportunities.co.uk
 - Listing on <https://uk.businessesforsale.com>
 - Posted on SIA LinkedIn platform
- Justify the marketing strategy** – the statement to creditors should not simply be a list of what marketing has been undertaken. It should explain the reasons underpinning the marketing and media strategy used.
- Again, the exercise was limited by the time and funding available. The steps taken in this matter were those that were immediately available and had minimal direct costs involved.
- The marketing strategy used has been chosen to minimise costs while maximising exposure of the opportunity to the market. It was not deemed cost effective to incur significant third party publication advertising costs in the time scale available.
- Independence** - where the business has been marketed by the company prior to the insolvency practitioner being instructed, this should not be used as a justification in itself to avoid further marketing. The administrator should be satisfied as to the adequacy and independence of the marketing undertaken.
- All efforts to market the business were utilised in the most cost-effective manner by the appointed agents, SIA.
- SIA conducted marketing along all available channels in the time scale available, as there was no known previous marketing of the business by the Company.
- Publicise rather than simply publish** - marketing should have been undertaken for an appropriate length of time to satisfy the administrator that the best available outcome for creditors as a whole in all the circumstances has been achieved. Creditors should be informed of the reason for the length of time settled upon.
- The length of time for marketing was driven by the NOI period and available funding. The independent agents concluded there was limited likelihood of finding alternative interest based on the individual circumstances of these particular circumstances.

- The marketing commenced in all forms on 14 February 2023 with a last date set to sign an NDA of 28 February 2023, with a view to concluding any transaction as soon as possible thereafter. This provided at least 14 days of publicity prior to any Administrators appointment. Marketing was commenced at the earliest opportunity possible.
- **Connectivity** - include online communication alongside other media by default. The internet offers one of the widest populations of any medium. If the business is not marketed via the internet, this should be justified.
- The opportunity was advertised on www.ipbid.com, uk.businessesforsale.com and www.dealopportunities.co.uk. It was also sent out to direct and indirectly registered mailing lists as well as listing on SIA Group website. www.sia-group.co.uk/propertytype/businesses-for-sale
- These established sales channels adequately provided the necessary marketing exposure.
- **Comply or explain** – particularly with sales to connected parties where the level of interest is at its highest, the administrator needs to explain how the marketing strategy has achieved the best available outcome for creditors as a whole in all the circumstances.
- This response was driven by the responses from the marketing campaign. Every effort was made to accommodate third party interest and to provide the opportunity for the relevant due diligence for them to submit an offer for the business.
- Prior to submitting their offer, the directors were made aware that the business had to be marketed widely and in the event that they were to make an offer, any higher offers would have been pursued in priority.

Valuation of assets

- The assets were valued by Matt Earl MRICS, and Kevin Counihan Head of Restructuring Valuation Services (London) at SIA, who have confirmed their independence and that SIA carry adequate professional indemnity insurance.

- SIA valued the Company’s chattel assets, stock and motor vehicles on an in-situ and ex-situ basis, which is the market standard basis.
- Goodwill has not been valued as it had no inherent value.
- A summary of the asset values provided by SIA are as follows;

Assets	Market Value in-situ £	Market Value ex-situ £
Office furniture & computer equipment	3,065	875
Warehouse equipment	5,250	2,500
Motor vehicles	79,900	55,600
Motor vehicles equity	8,346	2,246
Stock	16,600	2,460
Total	113,161	63,681

Offers received and further negotiations

- SIA’s marketing led to 24 Non-Disclosure Agreements being signed by interested parties, which in turn led to three offers for the business and assets of the Company (including one from the Directors) as follows;
 - Offer 1 was from a trade buyer who offered £160k for the business and assets but made their offer conditional on obtaining all customer contracts in full prior to completion.
 - Offer 2 was also from a trade buyer whose primary interest was the customer list and who offered £96k for the debtors, applications and retentions, which had a book value of £461k.
 - Offer 3 was from the directors for the business and assets as follows;
 - Goodwill - £10k.

- Motor vehicles - £85k.
 - Applications - £11k.
 - Chattel assets - £5k.
 - Stock £5k.
 - Collection of debtors with a book value of £137k for a 10% collection fee and collection of retentions with a book value of £210k for a collection fee of 50%, leading to potential realisations to the estate of £228k.
- During further negotiations Offer 1 was withdrawn and Offer 2 was not the best offer.
 - Offer 3 was accepted as it provided the highest return to creditors which was also recommended by SIA.

The transaction

- Following the filing of a second NOI on 21 March 2023, the Administrators' were appointed by the Directors on 27 March 2023 and the transaction completed on the same day.
- HSBC had previously consented to the appointment on 23 March 2023.

Purchaser and related parties

- The purchasing entity is Gravity Flooring (Intl) Limited.
- This entity is owned in equal shares by Jonathan Dowling, Neil Brambley and Gary Dormand who are also its directors. They are also directors of the Company.
- This was not a group transaction and all sale proceeds are being received by Gravity Flooring (UK) Limited.
- The directors have given personal guarantees for amounts due from the company to a HSBC. HSBC will not be financing the new business.

Assets

- The business, chattel assets, motor vehicles and stock were sold as a going concern to the Purchaser, who will assist in the collection of book debts for a collection fee of 10% and the retentions for a collections fee of 50% as described above.
- The transaction as undertaken also preserves value in respect of the retentions and debtors, which would have a much lower realisable value if the business were to have ceased to trade and the Company gone into Liquidation.

Sale consideration

- The business and assets of the Company were sold for a total consideration of £116,838.
- £10,000 of the consideration has been apportioned to goodwill (which would not have had a realisable value in any of the other proposed transactions) and in accordance with HSBC's security has been allocated as a fixed charge realisation. The remainder of the consideration has been allocated as floating charge realisations in accordance with the SIA valuation.

Gravity Flooring (UK) Limited (In Administration)
The Administrators' Proposals

- There are no options, buy-back agreements, deferred consideration or other conditions attached to the transaction.
- As there is no deferred consideration, no security has been taken by the administrator over the Purchaser.
- The sale is not part of a wider transaction.
- The Purchaser has been independently advised by Jeremy Garside at Williams & Co solicitors.

Evaluators Report

- A copy of the independent evaluators report obtained by the Purchaser is attached. The evaluator has confirmed they hold professional indemnity insurance and have the relevant knowledge, experience and independence to provide this report. I have no reason to doubt their statements made in this regard.
- The evaluator has concluded that the consideration and grounds for the disposal are reasonable and therefore the Administrators are able to progress this transaction in accordance with the legislation.

Viability review

- A viability statement has not been prepared.

Other matters affecting the proposed sale

Tax considerations

There are not believed to be any tax implications of this transaction.

Statutory purpose of administration

The statutory purpose of the administration to be achieved in accordance with P3(1) of Schedule B1 IA86 is

- (c) **realising property in order to make a distribution to one of more secured or preferential creditors**

I can confirm that the pre-pack transaction enables the statutory purpose identified above to be achieved and that the sale price is the best reasonably obtainable given the current circumstances.

Data Protection Act and the Sale and Purchase agreement

The Insolvency Practitioner is likely to be allowing a third party access to personal information, (employee data/customer records etc.) which will be subject to protection under the Data Protection Act. The SPA must ensure the purchaser confirms registration under the data protection act and require the purchaser to

fulfil obligations under GDPR within a certain timescale and confirm to the IP that this has been undertaken. If the purchaser will not agree to these terms a sale cannot take place, if the purchaser fails to comply with the terms as agreed this should be notified to the ICO as a potential breach in accordance with FRP's data breach notification procedures.

Pre-Appointment Costs

Under the Insolvency Rules only the costs and expenses of the appointor in connection with the appointment and the costs and expenses of any other person in giving notice of intention to appoint an Administrator may be paid from the estate of the administration. These costs must be recorded separately.

The costs of advice to the Company or secured creditor in respect of a pre-pack sale and dealing with the negotiation procedure, if not paid prior to the administration of the company must be disclosed in the Administrators' proposals as set out in the Insolvency Rules. These may be approved by a creditors' committee/creditors/secured or preferential creditors/Court.

The costs of any pre-appointment legal advice and the cost of the professional valuation of assets, if costs of the administrator, can only be paid post appointment following approval of the parties detailed above.

If the Company instructs the solicitors and the agents then the Company is liable for these costs and they must be paid before appointment. If not they will be an unsecured claim against the insolvent Company.

The Sale of Assets Before Appointment

There have been no sales of assets prior to appointment.

Other matters affecting the proposed sale

Estimated Outcome

Attached is an EOS showing the outcome for creditors from the pre-pack sale compared to a liquidation.

Conclusion

A pre-packaged sale to the Purchaser is appropriate in the circumstances because:

1. It is likely to achieve the purpose of the administration being realising property in order to make a distribution to one of more secured or preferential creditors.

Evaluators Report on proposed pre-packaged sale involving Gravity Flooring (UK) Limited and Jonathan Dowling Gravity Flooring (Intl) Limited, pursuant to the Administration (Restriction on Disposal to Connected Parties Regulations 2021 (the Regulations)).

Background.

1. The business and / or assets of Gravity Flooring (UK) Limited are the subject of a substantial disposal pursuant to regulation 3 of the Regulations) to Gravity Flooring (Intl) Limited.
2. The Applicant is a connected party to Gravity Flooring (UK) Limited as defined in paragraph 60A(3) of Schedule B1 of the Insolvency Act 1986 in that it he / she is a director, shadow director or company officer of Gravity Flooring (UK) Limited .
3. The relevant property subject to the substantial disposal is stated to be:

Tangible assets understood to comprise office furniture and computer equipment Stock Motor vehicles
 Goodwill Work in progress Retentions

Asset	Total (£)	Pay on Completion (£)	Deferred (£)
Goodwill & Intangibles	10,000	10,000	
Plant & Machinery			
Stock	5,000	5,000	
Debtors			

4. The consideration for this substantial disposal is stated to be:

Tangible assets £5,000, payable on completion Motor vehicles £85,439, payable on completion Work in progress £11,342, deferred consideration Retentions estimated to realise £105,000, deferred consideration With other consideration detailed below the total offer is accordingly of £105,439 payable on completion of the contract and further deferred consideration estimated at £116,342.

5. In the absence of creditor approval of this substantial disposal, a connected party purchaser is required to obtain a qualifying report in accordance with section 6 of the Regulations, and this report has been commissioned for that purpose.

Qualifications of Evaluator.

1. I am satisfied that I am a qualified Evaluator within the meaning of regulation 10 of the Regulations. I possess the relevant knowledge and experience to provide this report, and I have been accepted as an approved Evaluator by Pre Pack Pool Ltd. Details of my personal and professional qualifications may be scrutinised at www.prepackpool.co.uk
2. I confirm that I satisfy the requirement for independence in relation to the substantial disposal as specified in regulation 12 of the Regulations. I have no personal, professional or other connection to any party connected to Gravity Flooring (UK) Limited or Gravity Flooring (Intl) Limited and no relationship, bias or

ethical conflict exists which prevents me from evaluating this application solely on its merits. I am not excluded from acting as an Evaluator by reason of regulation 13 of the Regulations.

3. The proposed administrator, where appointed, has raised no objection to my suitability as an Evaluator.

Professional Indemnity Insurance.

For the purposes of this report, I am acting as an Agent of Pre Pack Pool Ltd (the company), and I am covered by the company's Professional Indemnity Insurance as required by regulation 11 of the Regulations. Details of this Professional Indemnity Insurance policy as required by regulation 7(c) of the Regulations are as follows:-

Insurer: American International Group UK Ltd, The AIG Building, 58 Fenchurch Street, London, EC3M 4AB.

Insured: Pre Pack Pool Ltd.

Policy number: 34601784

Risks covered: Miscellaneous Professional Indemnity Breach of Professional Duty

Cover £2,000,000.00

Exclusions from cover: Territorial Exclusion, Cyber Exclusion

Previous Evaluation Reports.

The Applicant has stated that no previous Evaluation Reports have been obtained in relation to this substantial disposal, and I have no reason to believe that this statement is incorrect.

Evaluator's Opinion.

In accordance with regulation 7 of the Regulations, I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

Principal reasons for this opinion are as follows:-

I am satisfied that the consideration to be provided for the relevant property is reasonable under the circumstances as the property has been marketed by qualified asset valuation and disposal professionals following a considered marketing strategy that took into account the nature of the company and its current situation. Indications of interest were received from 24 parties in total and documentation has been provided showing that all these indications of interest were followed up. The asset valuation and disposal professionals have recommended that the offer from the applicant should be accepted. In addition, before the marketing took place the asset valuation and disposal professionals provided a detailed in situ valuation of the assets concerned. The offer received from the applicant is in excess of this valuation. It was also noted from the documentation provided for the purpose of the evaluation of the offer from the applicant that their initial offer was negotiated resulting in an increased offer and this gives further grounds for my opinion that the consideration to be provided for the assets subject to offer is reasonable under the circumstances. The applicant is approaching administration and it is understood that a notice of intention to appoint an administrator has been issued. This gives reasonable grounds for the substantial disposal of the company assets in order to maximise potential dividends to creditors.

In forming my opinion I have relied upon the following information provided by the Applicant together with freely available information in the public domain:-

Emails between the applicant and advisors including the asset valuation and disposal professionals, the recommendation of the asset valuation and disposal professionals regarding the applicant's offer, the interested party schedule, schedule of retentions, a letter giving advice about marketing with specific reference to SIP 16, a valuation schedule of the motor vehicles and the asset valuation/appraisal prepared by the asset valuation and disposal professionals.

I have not carried out an audit of this information.

For the avoidance of doubt, I express no view on whether Gravity Flooring (Intl) Limited is, or will in the future remain a going concern, neither do I express an opinion on any decision by the proposed administrator to enter into a pre-packaged sale. These are matters for the proposed administrator to determine.

Evaluator.

Caroline Clark For and on behalf of Pre Pack Pool Ltd.

Date 15-03-2023

Pre Pack Pool Ltd Registered in England No: 9471155 VAT Registration No. 217 5236 20 Registered Office: 3 Greystones Road, Bearsted,
Maidstone, Kent ME15 8P021

Gravity Flooring (UK) Limited
Estimated Outcome Statement as at 31 March 2023

	Notes	Net Book Value £	Administration Estimated to Realise £	Liquidation Estimated to Realise £
Assets subject to HSBC fixed charge				
Land & buildings	1	17,561	0	0
Investments	2	50,000	0	0
Goodwill		0	10,000	0
Less: costs of realisation				
Office holder costs		0	(1,000)	0
Legal expenses		0	(1,000)	0
Agents fees		0	(1,000)	0
Due to HSBC		(180,911)	(580,911)	(580,911)
Surplus / (shortfall) to HSBC under fixed charge c/d		(130,350)	(571,911)	(580,911)
Recovery to HSBC under fixed charge		67,561	7,000	0
Assets subject to a floating charge				
Cash		6,446	6,446	6,446
Trade debtors	3	137,416	82,450	27,483
Customer deposits	4	25,256	0	0
Chattel assets	5	5,000	5,000	3,375
Stock	5	32,084	5,000	2,460
Vehicles	5	135,439	85,439	57,846
Retentions	6	209,925	104,962	0
Applications	5	113,988	11,399	0
VAT receivable	7	28,203	0	0
Intercompany receivable	8	1,484,319	0	0
Total floating charge realisations		2,178,076	300,696	97,610
Less: costs of realisation				
Office holder costs		0	(15,000)	(20,000)
Legal expenses		0	(15,000)	(10,000)
Collection costs - debtors	9	0	(8,245)	(1,497)
Collection costs - retentions	10	0	(12,481)	0
Agents fees		0	(15,000)	(10,000)
Surplus / (shortfall) available to Preferential Creditors		2,178,076	145,970	53,114
Preferential Creditors				
Arrears of wages		0	0	(40,244)
Holiday pay		0	0	(21,600)
Surplus / (shortfall) available to Secondary Preferential Creditors		2,178,076	145,970	(18,730)
Secondary Preferential Creditors				
VAT payable		0	0	0
Pensions payable		0	0	Unknown
PAYE/NIC payable		(95,144)	(95,144)	(95,144)
Surplus / (shortfall) available for the Prescribed Part		2,082,933	50,826	(110,264)
Prescribed Part		0	(11,087)	0
Surplus / (shortfall) available to floating charge creditors		2,082,933	37,349	(110,264)
Surplus / (shortfall) under fixed charge b/d		(130,350)	(571,911)	(580,911)
Surplus / (shortfall) available to unsecured creditors		1,569,171	(54,561)	(691,175)
Unsecured creditors				
Creditors		(608,228)	(608,228)	(608,228)
Other creditors		(14,402)	(14,402)	(14,402)
Other liabilities		(40,541)	(40,541)	(40,541)
Surplus / (shortfall) as regards members		622,953	(1,463,801)	(1,674,116)
Estimated recovery to HSBC		580,933	44,349	0

Notes:

1. SIA have confirmed that there is no value in the leasehold premises
2. The directors have advised that there is no value in the investment
3. We have assumed an 60% recovery in an Administration and a 20% recovery in a Liquidation
4. Customer deposits are held in a separate ring-fenced account
5. As valued by SIA, with motor vehicles net of outstanding finance
6. We have assumed an 80% recovery in an Administration and a nil recovery in a Liquidation
7. Likely to be subject to Crown set-off
8. The parent company is insolvent
9. Debtor collection costs of 10% of realisations
10. Retention collection of 50% of realisations

Appendix C

The Administrators’ remuneration, expenses and costs information



Schedule of Work

The table below sets out a detailed summary of the work undertaken by the office holder to date and details of the work it is anticipated will be undertaken by the office holder throughout the duration of this assignment. Details of assumptions made in compiling this table are set out below.

Where work undertaken results in the realisation of funds (from the sale of assets; enhanced recoveries and potentially a reduction in creditor claims if the business has continued to trade or is sold following appointment; recoveries from successful actions taken against third parties), there may be a financial benefit to creditors should there be sufficient funds available to make a distribution to one or more class of creditor. In this case, work undertaken will include the scrutiny and agreement of creditor claims.

A proportion of the work undertaken by an Insolvency Practitioner is required by statute, including ensuring the appointment is valid, notifications of the appointment to third parties, regular reporting on the progress, notifying statutory bodies where required in relation to the conduct of the director, complying with relevant legislation and regulatory matters. This may not have a direct financial benefit to creditors but is substantially there to protect creditors and other stakeholders and ensuring they are kept informed of developments.

GENERAL ASSUMPTIONS IN COMPILING THIS SCHEDULE OF WORK
<ul style="list-style-type: none">• The records received are complete and up to date• There are no matters to investigate or pursue• The work that may be undertaken by any subsequently appointed Liquidator has been excluded• No financial irregularities are identified• A committee of creditors is not appointed• There are no exceptional queries from stakeholders• Full co-operation of the directors and other relevant parties is received as required by legislation• There are no health and safety or environmental issues to be dealt with• The case will be closed within one year

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The Administrators' remuneration, expenses and costs information

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Note	Category	
1	ADMINISTRATION AND PLANNING Work undertaken to date	ADMINISTRATION AND PLANNING Future work to be undertaken
	Regulatory Requirements Setting up and maintaining file/archiving systems for case specific documentation. General information gathering from the Company directors in advance of ensuing a marketing process of the business and assets of the Company. Preparation of pre-appointment documentation and completing internal procedures. Finalising take-on procedures which include consideration of professional and ethical matters and other legislation such as the Bribery Act and Data Protection Act procedures, along with case specific matters. Adhering to internal and regulatory protocols, as appropriate.	Regulatory Requirements Regularly reviewing the conduct of the case and the case strategy and updating as required by the insolvency practitioners regulatory professional body to ensure all statutory matters are attended to and to ensure the case is progressing. This aids efficient case management. Consider any ongoing liaison with third parties that may be required. Cancelling insurance cover over assets as they are realised to control insurance costs.
	Ethical Requirements Prior to the 's appointment, a review of ethical issues was undertaken and no ethical threats were identified. A further review has been carried out and no threats have been identified in respect of the management of the insolvency appointment to date.	Ethical Requirements Regular review of the Administrator's, and all case staff's position with regards to the case from an ethical standpoint and ensure that required actions are taken to identify and mitigate any ethical risks and threats arising.
	Case Management Requirements Determine case strategy and to document this. Set up and management of the case on the Insolvency Practitioners System ("IPS"). Maintaining both hard copy and electronic files.	Case Management Requirements Regularly reviewing the administration strategy and documenting any changes to the same. Compiling a forecast of the work that has been or is anticipated will be undertaken throughout the duration of the case, circulating this to

Appendix C

The Administrators' remuneration, expenses and costs information

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<p>Setting up and administering insolvent estate bank accounts throughout the duration of the case.</p> <p>Engaging with the Administrators' insurance brokers to arrange for the appropriate insurance policies to be put in place.</p> <p>Correspondence with the former advisors and bankers to the Company requesting third party information to assist in general enquiries.</p> <p>Engaging with the Company's pre-appointment bank regarding payment of residual funds into the estate.</p> <p>Arranging for an insolvency bond to protect the assets available for creditors.</p>	<p>creditors together with other such documentation as required to enable the relevant approving creditors to assess and vote on the fee bases proposed.</p> <p>Continuing to maintain and review the administration case file and to update as necessary and in accordance with both statute and internal protocols.</p> <p>Ensuring the administration estate bank accounts are regularly reconciled to produce accurate and timely reports to all creditors when required. Processing and recording of all receipts and payments throughout the appointment on IPS and providing internal and external reports as required. Continued updating and maintenance of records on the IPS system.</p> <p>Continuing to correspond with the Company's former advisors as appropriate to request further information to assist in general enquiries and ongoing investigations, as required.</p> <p>Assisting the directors where needed in producing the Company's Statement of affairs.</p> <p>Dealing with any GDPR enquiries.</p> <p>Dealing with any administrative matters and any queries arising.</p> <p>Ongoing liaison with HMRC with regard to tax and VAT matters and the filing of returns as required.</p> <p>Review insurances on a regular basis and to cancel / revise cover as appropriate.</p> <p>Continuing to maintain the bond at the appropriate level.</p>
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The Administrators' remuneration, expenses and costs information

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2	ASSET REALISATION Work undertaken to date	ASSET REALISATION Future work to be undertaken
	As detailed in the SIP 16 report, the Administrators' completed a sale of the business and assets to Gravity Flooring (Intl) Limited on 27 March 2023. In accordance with SIP 16 we have reported to all known creditors on the basis of the sale.	Recover any available cash at bank. Liaise with the purchaser in respect of progress made with collection of the Company's book debts and sums due in respect of retentions. Ongoing review and taking appropriate steps in relation to any other assets coming to light which may be realised for the benefit of the administration estate.
3	STATUTORY COMPLIANCE AND REPORTING Work undertaken to date	STATUTORY COMPLIANCE AND REPORTING Future work to be undertaken
	Deal with all appointment formalities including notification to relevant parties, filings with the Court, the Registrar of Companies and statutory advertising. Notifying all stakeholders that all future correspondence (where applicable) will be uploaded directly to the creditors' portal. The Administrators are required to establish the existence of any pension schemes and staging dates for auto-enrolment and take appropriate action to notify all relevant parties and appoint independent trustees if required. Notifying HMRC of the appointment and requesting confirmation of the pre-appointment position in respect of tax and VAT. The Administrators have written to all known creditors to make the Proposals available in accordance with SIP 16 and to notify them of the appointment and request any claims be submitted.	To provide statutory reports to various stakeholders at regular intervals and manage any queries arising therefrom. Copies of these reports are required to be filed at Court and Registrar of Companies File the relevant deemed approval documentation if applicable. Provide hard copies of these reports if required. Circulate the relevant documentation in order to enable the appropriate body of creditors to approve, amongst other things, the Administrators' remuneration and discharge from liability. To circulate the outcome of the decision by creditors via correspondence. To place legal advertisements as required by statute which may include formal meetings of creditors and notices to submit claims. If required seek a decision from creditors to extend the Administration.

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The Administrators' remuneration, expenses and costs information

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	<p>Advertising notice of the office holders appointment as required by statute.</p> <p>Notifying the Registrar of Companies of the appointment of the Administrators and the change of registered office in respect of the Company.</p>	<p>Notifying creditors of their rights to set up a creditors' committee and reporting to and liaising with the creditors' committee, if formed.</p> <p>Dealing with post appointment VAT and or other tax returns as required.</p> <p>To deal with the statutory requirements in order to bring the case to a close and for the office holders(s) to obtain their release from office; this includes preparing final reports for stakeholders, statutory advertising and filing the relevant documentation with the Court/Registrar of Companies.</p>
4	<p>INVESTIGATIONS</p> <p>Work undertaken to date</p>	<p>INVESTIGATIONS</p> <p>Future work to be undertaken</p>
	Not applicable.	Not applicable.
5	<p>INVESTIGATIONS</p> <p>Work undertaken to date</p>	<p>INVESTIGATIONS</p> <p>Future work to be undertaken</p>
	<p>The Administrators have a duty to review the books and records and other information available to identify the assets that may be available to realise for the benefit of the insolvency estate.</p> <p>Furthermore there may be other antecedent or voidable transactions that are identified which if pursued could swell the funds available for the insolvency estate. In this regard, the Administrators have to date:</p> <p>Requested that all directors of the Company, both current and those holding office within the three years preceding the date of administration, complete a questionnaire to assist in preparing the statutory return required to be submitted to the Department for Business and Trade ("DBT") in accordance with the Company Directors Disqualification Act ("CDDA"). Information provided to the DBT is confidential but can be used to assist the DBT in</p>	<p>Continuing and finalising the Administrators' initial review of the Company's books and records, including bank statements.</p> <p>Conducting initial enquires into the conduct of the Company and its officers and associated parties.</p> <p>Considering any information provided to the Administrators by creditors or other parties which might assist in the identification further assets or lines or enquiry for the Administrators to explore if a benefit to the estate is possible.</p> <p>Reviewing the contents of questionnaires returned by the Company's current and former directors.</p> <p>Filing a statutory return on the Company and its directors' conduct in accordance with the CDDA.</p>

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The Administrators' remuneration, expenses and costs information

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	<p>identifying conduct that should be investigated further and could result in individuals being disqualified from acting as a director.</p> <p>Contacted the Company's pre-appointment bankers, HSBC, and requested bank statements.</p> <p>Invited creditors to provide any information they have which may result in recoveries for the administration estate</p>	<p>Considering whether any matters have come to light which require notification to the Secretary of State or National Crime Agency.</p> <p>If creditors come forward identifying any cause for concern or if, during our investigation, transactions are identified which may require further investigation, it may be necessary for the Administrator to spend additional time investigating, reviewing and pursuing claims.</p>
6	<p>CREDITORS Work undertaken to date</p>	<p>CREDITORS Future work to be undertaken</p>
	<p>Contacting all creditors and advising them of the appointment.</p> <p>Circulating a proof of debt form to all creditors and inviting them to submit their claims along with supporting documentation in order to lodge their claim in the Administration.</p> <p>Ad hoc updates and discussions with the secured creditor.</p> <p>Inviting creditors to sign onto the creditors portal where relevant documents will be uploaded as notice has been provided that certain documents will not be sent in the post under Rule 1.50 of the Insolvency Rules.</p>	<p>Continued assistance to be provided to creditors as required with regards to queries raised, the submission of claims and any other matters arising throughout the remainder of the administration.</p> <p>Confirming receipt of proof of debts received and adding them to our IPS system and storing soft copy proofs on our electronic shared drive pending further adjudication in due course.</p> <p>All employees transferred to the purchasing entity and therefore no further work is expected in relation to this.</p> <p>Liaising with HMRC to establish their claim and seeking tax advice to minimise claims and maximise returns to creditors where appropriate.</p> <p>Should a dividend be payable to creditors claims will be reviewed and agreed. Notices due under statute will be circulated.</p>
7	<p>LEGAL AND LITIGATION Work undertaken to date</p>	<p>LEGAL AND LITIGATION Future work to be undertaken</p>
	<p>Obtaining legal advice on the validity of appointment to ensure all required documentation has been properly filed and submitted. In</p>	<p>Should legal and litigation matters come to light, these will be dealt with accordingly.</p>

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The Administrators’ remuneration, expenses and costs information



	addition, this would include a review of any security documentation to confirm the validity of any charges.		
	Engaging with legal representatives with regards to the sale of the business and assets and all other related matters.		

Appendix D

Schedule of pre-administration costs

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Provider	Service	Fee charged £	Expenses incurred £	Total £	Amount paid £	Amount unpaid £	Who payments made by	Basis of fees charged	Date of letter of engagement under which fees charged	Parties to the agreement under which fees charged
FRP Advisory Trading Limited	Proposed Administrator	58,757	Nil	58,757	Nil	58,757	n/a	Time costs	13 March 2023	Company
Irwin Mitchell	Legal services	13,538	100	13,638	Nil	13,638	n/a	Time costs	15 March 2023	FRP
SIA	Agents/ Valuers	11,684	6,490	18,174	Nil	18,174	n/a	Percentage of realisations	13 March 2023	FRP
Stag Advisory LLP	Company advisor fees	8,250	Nil	8,250	Nil	8,250	n/a	Time costs	3 February 2023	Company
TOTAL		92,229	6,590	98,819	Nil	98,819				

The pre-administration costs set out above are the fees charged and the expenses incurred by the Administrator before the Company entered administration but with a view to it doing so. We set out below a summary of the work undertaken during this period together with an explanation as to why these costs were incurred in order that the objective of the Administration to achieve a better result for the company's creditors as a whole than would be likely if the company were wound up.

- FRP provided assistance to the Company on a number of matters including, but not limited to:
 - Advising the Company in relation to the appointment of Administrators;
 - Reviewing the short-term cash flow forecast to manage the critical payments to be made prior to the appointment of Administrators;
 - Liaising with the HSBC in respect of, amongst other matters, discussing critical payments to be made prior to the appointment of Administrators and any sale of the business and assets;
 - Reviewing the marketing process undertaken by SIA, together with supporting information made available to potential purchasers ("Interested Parties") of the business and/or assets;
 - Approaching potential interested parties and conduct negotiations as appropriate with a view to the sale of the business and/or assets and provide the Company with regular progress updates on the sales process and status of negotiations with Interested Parties;
 - Dealing with matters in connection with our statutory obligation, including but not limited to those contained within "SIP 16", in order to affect a sale of the business of the Company immediately upon the appointment of Administrators;
 - Liaising and conducting negotiations with Interested Parties;

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Schedule of pre-administration costs

- Attending to queries from employees, creditors or other stakeholders of the Company;
 - Instructing and liaising with agents in respect of the Company assets, completing valuations and assisting with queries raised by the Company;
 - Instructing and liaising with solicitors in the preparation of agreements for the sale of the business and assets and deal with the statutory formalities of appointment of the administrators.
1. Irwin Mitchell Solicitors provided assistance to the Company and the proposed Administrators on a number of matters including, preparation of sale and ancillary agreements for the sale of the business and assets, reviewing the QFCH security documentation and dealing with the statutory formalities of appointment of the Administrators.
 2. SIA provided assistance to the Company and the proposed Administrators by completing valuations, marketing the business and assets for sale, liaising with interested parties and assisting with queries raised by the Company and the Administrators, as required.

Appendix E

Details of the financial position of the Company

FRP

Gravity Flooring (UK) Limited
Estimated Outcome Statement as at 31 March 2023

	Notes	Net Book Value £	Administration Estimated to Realise £
Assets subject to HSBC fixed charge			
Land & buildings	1	17,561	0
Investments	2	50,000	0
Goodwill		0	10,000
Less: costs of realisation			
Office holder costs		0	(1,000)
Legal expenses		0	(1,000)
Agents fees		0	(1,000)
Due to HSBC		(180,000)	(5,000)
Surplus / (shortfall) to HSBC under fixed charge c/d		(112,439)	(5,000)
Recovery to HSBC under fixed charge		67,561	7,000
Assets subject to a floating charge			
Cash		6,446	6,446
Trade debtors	3	117,416	82,450
Customer deposits	4	25,256	0
Chattel assets	5	5,000	5,000
Stock	5	12,084	5,000
Vehicles	5	135,439	85,439
Retentions	6	209,925	104,962
Applications	5	113,988	11,399
VAT receivable	7	28,203	0
Intercompany receivable	8	1,484,319	0
Total floating charge realisations		2,178,076	300,696
Less: costs of realisation			
Office holder costs		0	(15,000)
Legal expenses		0	(15,000)
Collection costs - debtors	9	0	(8,250)
Collection costs - retentions	10	0	(12,461)
Agents fees		0	(10,000)
Surplus / (shortfall) available to Preferential Creditors		2,178,076	145,970
Preferential Creditors			
Arrears of wages		0	0
Holiday pay		0	0
Surplus / (shortfall) available to Secondary Preferential Creditors		2,178,076	145,970
Secondary Preferential Creditors			
VAT payable		0	0
Pensions payable		0	0
PAYE/NIC payable		(35,149)	(15,149)
Surplus / (shortfall) available for the Prescribed Part		2,082,543	50,436
Prescribed Part		0	(11,127)
Surplus / (shortfall) available to floating charge creditors		2,082,543	37,349
Surplus / (shortfall) under fixed charge b/d		(112,439)	(5,000)
Surplus / (shortfall) available to unsecured creditors		1,569,171	(1,651)
Unsecured creditors			
Creditors		(1,480,290)	(638,290)
Other creditors		(14,900)	(14,400)
Other liabilities		(14,171)	(1,000)
Surplus / (shortfall) as regards members		622,953	(1,451,800)
Estimated recovery to HSBC		580,933	44,349

Notes:

1. SIA have confirmed that there is no value in the leasehold premises
2. The directors have advised that there is no value in this investment
3. We have assumed an 60% recovery in an Administration
4. Customer deposits are held in a separate ring-fenced account
5. As valued by SIA, with motor vehicles net of outstanding finance
6. We have assumed an 80% recovery in an Administration
7. Likely to be subject to Crown set-off
8. The parent company is insolvent
9. Debtor collection costs of 10% of realisations
10. Retention collection of 50% of realisations

Appendix E

Details of the financial position of the Company

Gravity Flooring (UK) Limited
B - Company Creditors

Key	Name	Address	£
C101	1st 4 Thrst	Bungers Park, Bungers Road South, Iwer, SLO 0AZ	60.00
C108	1st Containers (UK) Ltd	Marion View Industrial Estate, Ferry Lane South, Runcorn, Essex, RM13 9BD	81.00
C242	Alternative Flooring	4 Stephenson Close, East Parkway, Andover, Hampshire, SP10 3BU	194.50
C401	Amoco Company	Head Office, Kingfield Road, Coventry, CV6 5AA	26,447.76
C402	Associated Weavers	F 1st 2nd Floor, East, Dean Clough Mills, Halifax, West Yorkshire, HX3 5AX	3,588.76
C800	Bull & Young	Casemway Road, Earlestown, Cobby, Northamptonshire, NN17 4DU	3,592.08
C801	Blue Solution Cleaning	61 Stodes Crescent, Swines Upon Thames, Middx, TW18 1DG	1,530.00
C008	Carpet Accessory Trade	Unit 24C, Park Avenue Estate, Sinton Park, Luton, Beds, LU13 3BH	648.43
CC01	Clarendon Carpets	Gosley Lane, Colehill, Birmingham, B46 1JU	2,560.24
CC02	Cintecoa	Unit B1 Edmonston Ind. Park, 30 Nobel Road, Edmonston, London, N18 3BH	81.40
CC03	CMS Duvikin	Lynxville Road, Ryeley Castle Lane, Appleton, Thurmington, Wals, 40A	1,375.22
CC04	Conmar Carpet	Greenwood & Coose Ltd, Brookhouse Mill, Greenmount, Bury, Lancs, BL9 4HR	53,242.66
CC05	Crestsafe	Britannia Bldg, Caspally Business Park, Van Road, Caspally, Mid Glamorgan, CF83 3GG	175.79
C000	Data Freight	Calendar Farm, Cottingham Estate, Northampton, NN6 8D1	361.63
C008	Edge Co Ltd	Unit 1B, Icknield Way Farm, Tm'ng Road, Donstade, Beds, LU6 2ZX	11,295.40
C001	Egle Carpets	Rocwester House, Archway Business Park, Chorley, Lancs, PR7 1AY	3,591.00
CE02	Elements London	Unit 2 Deptford Trading Estate, Blackhorse Road, London, SE8 5HY	2,510.96
CF00	Florprotec	Carmel House, Durlington, Co. Durham, DL1 3JG	5,280.00
CF01	Forja	High Holborn Road, Ripley, Derbyshire, DE5 3BT	4,749.46
C008	Geeffor	Wedgrove House, Wedgrove Lane, Warwick, CV34 5AP	215.22
CH01	H M Revenue & Customs	Debt Management & Insolvency, Durlington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE	0.00
CH02	H M Revenue and Customs	Central Insolvency SPS Team, 28W Queens Dock, Liverpool, L74 4AA	0.00
CH02	Haffords Auto	Unit 1 Saines Business Park, 96 - 104 Church Street, Saines, Middlesex, TW18 4YA	499.99
CH02	Hanwoods Accessories	172 Brierley Road, Wilton Summit Centre, Preston, Lancashire, PR5 8AH	1,053.66
CH04	Hanwoods International	Cumferty Business Park, Unwood Way, Camforth, LAS 9FD	1,340.79
CH02	Hickmondshire	P.O. Box 7, Wellington Mills, Liversedge, West Yorkshire, WF15 7XA	6,798.18
CH06	Hire Hire	Chertsey Bridge Road, Chertsey, Surrey, KT16 8LP	236.99
CH07	HSS Hire	Building Two, Think Park, Mosley Road, Telford Park, Mordchester, M17 1RZ	2,870.00
C001	JBCS	Unit 2, Eden Close, Hellyar, Rotherham, S66 8RW	457.52
C000	Information Commissioner's Office	Wycliffe House, Water Lane, Wymondley, Cambs, SG9 5AF	0.00
CC02	Interface	10th Floor, The Colmore Building, 30 Colmore Circus, Birmingham, B4 6AT	10,342.08
CC02	Intul SA	Bol. Ind Furnia, C/ Gato, Nave 70, Apartado / P.O. Box 102, 03330 Crevillent, Alicante, Spain	11,386.33
C000	Jaco	Postbus 102, 8200, AC, Gennemulen, Rotterdam 3 8201, Netherlands	701.80
C001	Jacurinda	1 Cockenel Rise, Magrath Park, Desborough, Northamptonshire, NN14 2WE	26,393.76
CC02	Jedson	533 Saines (Floor Level), Moor Lane, Saines, Middlesex, TW18 4YN	2,214.19
C000	Kumdon	Craig Apple Way, Vale Park, Evesham, Worcestershire, WR11 1GP	11,161.94
CH01	Kingsdon	Tims Boat Yard, Timaway, Saines, TW18 3YF	4,106.81
CH02	Kingsdon Carpets	Relay Park, Relay Drive, Tunworth, Suffolkshire, B77 9PB	6,001.80
CH03	Kwik Fit	Etal House, Avenue 19a, Letchworth Garden City, Herts, SG6 2TT	134.26
CL06	Luro Carpet Solutions	805 Salisb., 31 Fries C't, London, EC2M 5S2	4,671.28
CL01	Lynco	Osw Park Court, Derrington Wood, Telford, Shropshire, TF2 7NB	480.96
CH00	Mape	Steel Park Road, Halesowen, West Midlands, B62 8HD	20,963.26
CH02	Meyer Timber	Meyer House, Huddell Park, Grindley Lane, Blyth Bridge, Stone on Trent, Staffs, ST11 9LW	7,128.00
CH02	Modulsoe	Unit 5 Westside Park, Belmore Way, Raynesway, Derby, DE21 7AZ	752.59
CH03	Moguetas Reis	Bol. Ind Furnia, C/ Gato, Nave 70, Apartado / P.O. Box 102, 03330 Crevillent, Alicante, Spain	1,814.40
CH08	Paragon	Furfield Park, Hammers, North - Upon - Deume, Rotherham, S60 5DB	15,751.56
CP01	Pireg	Compass House, V's on Park, Chivers Way Histon, Cambridgeshire, CB24 9AD	2,536.40
CH02	Pire Tape & Labels	Primus House, Faraday Way, St Mary Cray, Harington, Kent BR8 3JW	822.12
CP01	Pri-matex	Terminal House, Station Approach, Shepperton, TW17 8AS	173.51
CP04	Profire Tools	Sutton Co., Sutton Lane, Langley, Berks, SL3 8AR	3,608.90
C008	SPS SASO	Sutton Co., Sutton Lane, Langley, Berks, SL3 8AR	9,402.10
CS01	Shaw Contract	15 Abnall Crescent, Edinburgh, EH3 8HA	41,167.24
CS02	Skairds	Unit 6, Park Road, North Industrial Estate, Blackhill, Consett, Durham, DH8 5UN	1,096.71
CS02	Sual	Unit 6B, Greenwile Business Park, Tadmorden Road, Lissadougou, W15 9FG	6,852.96
C004	Surrey Fire & Safety	Group Head Office, Challenge Road, Ashford, Middlesex, TW15 1AX	552.00
CT00	Tarkett	4th Floor (Unit 19), Connet 38, 1 Dover Place, Ashford Kent, TN23 1FB	1,564.45
CT01	Tier Name	HRA 3415 AG Goodfield Veterans, Dutch, TYS Venwulungs, GmBH, Sudeln, HRB 5154 AG, Goodfield U	1,851.10
CT02	TM Transport	13 Norfolk Close, Twickenham, TW1 1RT	1,434.00
CT02	Tavis Perkins	Sales Ledger Desk, P.O. Box 5227, Northampton, NN5 7ZE	422.17
CH00	UK Heritage Rugs	3 Rectory Lane, Widdington, DL13 3AJ	930.00
CU01	United Hygiene	United House, Spring Coose Business Park, Sliford, Horsham, West Sussex, RH13 0S2	99.16
C008	V4 Wood Flooring	Greenstaple Park, Carthouse Lane, Horsham, Worling, Surrey GU21 4TP	271.69
CY01	Volume	46-76 S. Wimesdown, London, SW17 0BH	5,712.25
CW00	Wentex	Castle Mills, Moreland, Cleckheaton, West Yorkshire, BD19 3PS	16,349.36
CW02	Wey Group	Primmer House, Unit 1C, 111 Chertsey Road, Biffen, Surrey, KT24 7AX	264.29
CW02	World Cargo	The 116 Burn, La Colonnels Lane, Chertsey, Surrey, KT16 8BH	4,955.00
66 Entries Totalling			359,072.50

Gravity Flooring (UK) Limited (In Administration)
The Administrators' Proposals