

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 0 5 6 6 0 5 4 6

Company name in full Fortoak Rolls Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Gareth

Surname Prince

3 Administrator's address

Building name/number Begbies Traynor (Central) LLP, 8th Floor

Street One Temple Row

Post town Birmingham

County/Region

Postcode B 2 5 L G

Country

4 Administrator's name ①

Full forename(s) Mark

Surname Malone

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Begbies Traynor (Central) LLP, 8th Floor

Street One Temple Row

Post town Birmingham

County/Region

Postcode B 2 5 L G

Country

② 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**7**

Qualifying report and administrator's statement ^①

☒ I attach a copy of the qualifying report☐ I attach a statement of disposal

^① 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

2

^d

7

^m

1

^m

0

^y

2

^y

0

^y

2

^y

3

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 Josh Lloyd

Company name Begbies Traynor (Central) LLP

Address 8th Floor
One Temple Row

Post town

County/Region Birmingham

Postcode B 2 5 L G

Country

DX

Telephone 0121 200 8150



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



The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability.

FORTOAK ROLLS LIMITED (IN ADMINISTRATION)

Statement of proposals for achieving the purpose of administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016

Important Notice

This statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Contents

1. Interpretation
2. Statutory information
3. Details of appointment of administrators
4. Circumstances giving rise to our appointment
5. Estimated statement of financial position
6. The administration period
7. Estimated outcome for creditors
8. Proposals for achieving the purpose of the administration
9. Pre-administration costs
10. Remuneration and expenses
11. Other information to assist creditors
12. Conclusion
13. Appendices
 1. Account of receipts and payments
 2. Estimated statement of financial position as at 23 October 2023
 3. Remuneration and expenses
 4. SIP 16 statement
 5. Evaluator qualifying report

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Fortoak Rolls Limited (in administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 23 October 2023
"the administrators", "we", "our", "us"	Gareth Prince of Begbies Traynor (Central) LLP, 8th Floor, One Temple Row, Birmingham, B2 5LG and Mark Malone of Begbies Traynor (Central) LLP, 8th Floor, One Temple Row, Birmingham, B2 5LG
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act
"the Directors"	Alexander Stephen Vergopoulos and Craig Andrew Alford
"the Purchaser"	FleQlux Ltd
"HMRC"	HM Revenue & Customs
"TUPE"	The Transfer of Undertakings (Protection of Employment) Regulations 2006
"Pinsent Masons"	Pinsent Masons LLP
"SIP"	Statement of Insolvency Practice
"VAT"	Value Added Tax
"SPA"	Sale and Purchase Agreement
"Begbies Traynor"	Begbies Traynor (Central) LLP
"RPS"	Redundancy Payments Service

2. STATUTORY INFORMATION

Name of Company	Fortoak Rolls Limited	
Trading name:	None	
Date of Incorporation:	21 December 2005	
Company registered number:	05660546	
Company registered office:	Unit 2 Prologis Business Park, Rowan Way, Hams Hall Coleshill, Birmingham, B46 1DS	
Trading address:	Unit 2 Prologis Business Park, Rowan Way, Hams Hall Coleshill, Birmingham, B46 1DS	
Principal business activities:	46900 - Non-specialised wholesale trade	
Directors and details of shares held in the Company (if any):	Name	Shareholding
	Alexander Stephen Vergopoulos	88%, 50,000 ordinary shares
	Barnaby Cardwell	12%, 6,818 ordinary shares
		100%, 300,000 preference shares
	The Company's shareholding was changed on 13 January 2023, however, has not yet been reflected on Companies House.	
Accountants:	MacIntyre Hudson LLP, Rutland House, 148 Edmund Street, Birmingham, B3 2FD	
Share capital:	56,818 of Ordinary Shares 300,000 of Preference Shares	
Shareholders:	Alexander Stephen Vergopoulos (50,000 ordinary shares) Barnaby Cardwell (6,818 ordinary shares and 300,000 preference shares)	
Moratorium under Part A1 of the Act:	No such moratorium has been in force for the Company at any time within the period of two years ending with the day on which it entered administration.	

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	23 October 2023
Date of resignation:	N/A
Court:	High Court of Justice The Business and Property Courts in Birmingham
Court case number:	CR-2023-BHM-000564
Person(s) making appointment / application:	Directors
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
Type of proceedings:	The proceedings will be COMI proceedings, as defined by the Insolvency (England and Wales) Rules 2016 (as amended)

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows:

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
 - (b) 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
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole.
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."

4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

Company Background

The Company was incorporated on 21 December 2005 and grew to become a leading supplier of paper rolls, labels, and packaging serving the UK market.

In October 2022, the Company moved its office headquarters, warehouse and distribution facility to a new purpose-built eco-building at Unit 2, Prologis Business Park, Hams Hall, Coleshill Birmingham, B46 1DS ("the Premises") on a leasehold basis. The Company's registered office was also the Premises.

In recent years, the Company has regularly achieved sales between £6m to £10m per annum, and as at the date of the appointment of the Administrators, the Company employed 13 staff (excluding directors).

Details of the Company's current directorship and shareholdings are summarised below:

- Directors: Alexander Vergopoulos and Craig Alford ("the Directors")
- Shareholders: Alexander Vergopoulos (88%) and Barnaby Cardwell (12%).

The Company's working capital was funded by a confidential invoice discounting facility provided by Barclays Sales Finance ("BSF"). At the date of appointment, the indebtedness to BSF is approximately £1.17m, subject to contractual charges, fees and interest. This is understood to be comprised of £970,201 relating to the Sterling ledger and €232,178 relating to the Euro ledger. One of the Director's had also provided a personal guarantee up to £50k to BSF.

The reasons for the Company's insolvency

The Company began to face cash flow constraints and a resulting build up of creditor and HM Revenue & Customs ("HMRC") arrears as a result of a number of factors.

During the Covid-19 pandemic, the Company had successfully diversified into supplying PPE items – hand sanitizer, surgical aprons etc, but significant levels of unsold stock had been allowed to build up as demand rapidly decreased which led to obsolescence and out of date items taking up expensive storage space and absorbing cash.

One particular customer accrued a significant accumulation of unpaid debt, part of which is disputed, which led to reserves being applied on the Company's sales finance facility and therefore significantly restricted available cash.

There were also a number of logistical and management issues which led to additional costs such as demurrage charges being incurred for goods not collected on time from port (partly because of cash flow constraints) which exacerbated the situation.

There also appear to have been issues within the finance function of the business which meant that cashflow forecasts were not being prepared, the accounting software was not setup or used correctly, VAT returns were regularly filed late resulting in significant penalties, a Time to Pay arrangement was agreed with HMRC, with monthly repayments higher than monthly profit generated and was therefore unrealistic.

Due to the precarious financial position, BTG Advisory LLP (part of the Begbies Traynor Group) was engaged on 28 September 2023 to advise the Directors on potential restructuring options available to the Company, to review financial information and to assist in discussions with key stakeholders (as required).

The Directors have advised that, when they became aware of the full extent of the HMRC arrears and the issues with non-submission of returns, they contacted HMRC to discuss the position early in September and we have seen confirmation from HMRC that they then agreed to defer any legal action until 11 October 2023.

Although the Company had also accrued significant debt to trade suppliers, it appeared largely under control with the majority creditor being the Company's principal supplier, Formers Security Printing Limited ("Formers") in China, who remained supportive. The Directors then set about seeking to raise funding to be able to make a credible proposal to HMRC to repay a substantial proportion of the debt with perhaps a balance to be paid over a short period of time. Formers indicated that they may be in a position to introduce some additional funding, probably in return for equity in the Company and the Directors entered into discussions with another paper company and even got as far as having heads of terms in place that would have seen substantial funds introduced into the Company in return for a majority stake in the Company.

Regrettably, neither of these options were capable of either concluding within the time available or providing sufficient funding to be able to provide the means to turn the position around. The Directors also sought alternative funding options and a re-financing of the invoice discounting facility but, we understand, received no offers to re-finance.

If achieved, a solvent (or going concern pre-pack sale) would help ensure continuity for customers, thereby limiting the likelihood of counter claims/ offset, which could adversely impact the debtor recoveries – the Company's key asset, and it would also secure the employment for a majority, if not all, of the employees.

Rationale leading to Administrators' Appointment

Given the circumstances, BTG Advisory LLP recommended that an Accelerated Merger and Acquisition ("AMA") sale process be undertaken immediately to explore interest from prospective buyers and investors (initially on a solvent basis). Additional debt funding was not considered appropriate due to the existing leverage.

Under a separate letter of engagement dated 3 October 2023, Begbies Traynor (Central) LLP was engaged to assist with an exercise to market the business and assets of the company for sale. Eddisons Commercial Limited ("Eddisons") were subsequently engaged to provide valuation advice and assist with an AMA process in order to seek prospective buyers for the Company or its business and assets.

The Company continued to trade during the AMA process in order to improve the prospects of achieving a sale. The AMA was run on a restricted timetable due to the cash flow pressure and significant funding requirement in excess of the facilities available to it.

Despite the wide marketing and general level of interest received, no interest for the Company was generated on a solvent share sale basis.

All interested parties approached the opportunity as a business and asset purchase (via a pre-pack administration), primarily due to the significant levels of debt. The Directors had already indicated that they would be interested in making a bid for the business and assets via a pre-packaged sale if this was the likely outcome.

Once this became apparent, a Notice of Intention to Appoint Administrators ("NoI") was filed on 10 October 2023 in order to notify Barclays Bank Plc ("Barclays") as Qualifying Floating Charge Holder ("QFCH") and to protect the Company from any creditor action whilst the possibility of a sale was explored.

5. ESTIMATED STATEMENT OF FINANCIAL POSITION

Given the short timeframe between the Joint Administrators' appointment and this report being issued, the directors have not yet prepared a statement of affairs of the Company as at 23 October 2023 and this is awaited.

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 creditor's names and addresses (obtained from the Company's records)

is provided at Appendix 2. The Estimated Outcome Statement ("EOS") which has been prepared from information provided by the Company, asset realisations to date, advice received in connection with the value of the Company's assets, estimated sums due to creditors. It makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement. The assumptions made in preparing the EOS are set out in the notes column of the EOS.

Upon receipt, the directors' statement of affairs will be filed at Companies House and available for creditors to review.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 23 October 2023 to 27 October 2023.

The sale consideration paid by the Purchaser is currently being held to the administrators' order by our solicitors, Pinsent Masons, whilst the administrators' bank account is opened. On my instruction, Pinsent Masons have made a distribution of £40k to Barclays under their fixed charge from the sale proceeds.

Work undertaken by the administrators and their staff

Following a series of negotiations, we completed a sale of the business and certain assets to the Purchaser immediately following the administrators appointment on 23 October 2023. The sale consideration amounted to £75,000 apportioned as follows:

- Goodwill - £64,995;
- Business intellectual property - £1;
- Business records - £1;
- Customer contracts - £1;
- Information technology - £1;
- Supplier contracts - £1;
- Stock - £7,000;
- Work in progress - £2,000; and
- Plant and machinery - £1,000

Full consideration was received immediately upon completion of the sale. Creditors should refer to my SIP 16 statement for further details of this transaction attached at Appendix 4.

The sale also included the transfer of all employees under TUPE with the relevant transfer being 23 October 2023.

Since our appointment we have undertaken key statutory obligations including, but not limited to:

- Sending notification of the administrators' appointment to the Registrar of Companies, creditors and the shareholders;
- Arranging the advertisement of the appointment in the London Gazette;
- Written to the Company's pre appointment bank and requesting a new bank account in the administration;
- Sending notification of the administrators' appointment (Section 120 and S22 Notices) to the Pension's Regulator, the Pension Protections Funds and the trustees of the Company's pension scheme;
- Sending notification of the administrators' appointment (VAT 769) to HMRC;
- Corresponding with the Directors and requesting the delivery of a Statement of Affairs;
- Preparing and circulating the information required under SIP16 (attached at Appendix 4);
- Dealing and responding to creditor queries and correspondence in a timely manner; and

- Preparing the administrators' Statement of Proposals.

Sale to a connected party– requirement for a Qualifying Report

Where a sale of the Company's assets involves a substantial disposal to a connected party within the eight-week period after the appointment of an administrator, the Purchaser must obtain a qualifying report from an Evaluator.

This Evaluators' qualifying report was provided to us on 23 October 2023 (prior to the appointment of administrators). The Evaluator is Johnny Abraham of J9 Advisory Limited.

Mr Abraham is a member of the Institute of Chartered Accountants in England and Wales, the Association of Business Recovery Professionals, and Turnaround Management Association in the UK, as well as an accredited member of the Institute for Turnaround.

The administrators can confirm that, having regard to the date on which the report was made, they are satisfied that Johnny Abraham has sufficient relevant knowledge and experience to make the report, and that the content of the report complies with 'The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021'.

A copy of the report is attached at Appendix 5. The report confirms that the Evaluator was satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

7. ESTIMATED OUTCOME FOR CREDITORS

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

Secured creditors

At the date of appointment, the following charges granted by the Company remained outstanding at Companies House:

<u>Charge holder</u>	<u>Security held</u>	<u>Date created</u>	<u>Date registered</u>
Barclays Bank PLC	Fixed and floating charge	29 January 2010	4 February 2010
Barclays Bank PLC	Guarantee and debenture conferring fixed and floating charge	12 September 2012	18 September 2012

Barclays Sales Finance ("BSF") provided a confidential invoice discounting facility to the Company secured against the Company's debtor ledger. At the date of appointment, the indebtedness to BSF was approximately £1.17m, prior to contractual charges, fees and interest.

It is currently anticipated that BSF will be repaid in full and will not suffer a shortfall in the administration. It is understood that Alex Stephen Vergopoulos has provided a personal guarantee in respect of the BSF facility.

Preferential creditors

Pursuant to the SPA, the employees of the Company were transferred to the Purchaser under TUPE provisions and consequently, no employee related claims are anticipated. We understand the Purchaser may request employees to approach the RPS in relation to unpaid wage arrears and we await further details.

Secondary preferential creditors

Further to the changes to the Finance Act 2020, HMRC are now able to claim secondary preferential status for certain liabilities. Taxes owed by the business to HMRC comprising of:

- VAT;
- PAYE Income Tax;
- Employee National Insurance Contributions; and
- Student loan deductions and Construction Industry Scheme deductions fall under the secondary preferential status.

The secondary preferential claim of HMRC is estimated at £1,461,142. It is anticipated HMRC will receive a dividend as the second preferential creditor but will suffer a shortfall in relation to the amounts owed.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of net property;
- ☐ 20% of net property thereafter;
- ☐ Up to a maximum amount to be made available of £600,000.

An administrator will not be required to set aside the prescribed part of net property if:

- ☐ The net property is less than £10,000 and the administrator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit; (Section 176A(3)); or
- ☐ The administrator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

The joint administrators have estimated, to the best of their knowledge and belief, based on the figures shown in the EOS and after taking into account the costs and expenses of the administration, that the Company's net property will be nil and therefore, the provision of Section 176A of the Act shall not apply as no prescribed part of net property will be available for distribution to unsecured creditors.

Unsecured creditors

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors.

Effect of administration on limitation periods under the Limitation Act 1980

As explained in our initial correspondence confirming our appointment as administrators, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at Section 2 of this report above.

For the reasons set out in this report, we presently consider that it is not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), being to rescue the Company as a going concern, for the following reasons:

- The significant level of creditor arrears (in particular to HMRC) and ongoing creditor pressure; and
- The significant quantum of funding likely to be required to restore the Company to solvency.

Objective 3(1)(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), is not anticipated to be achievable on the basis that a distribution to unsecured creditors is unlikely.

Consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors. Furthermore, we consider that pursuing this objective should not unnecessarily harm the interests of the creditors of the Company as a whole, that the sale price was the best reasonably obtainable and was considered to be in the overall best interest of all creditors of the Company.

We consider that this has been achieved by the completion of the pre-pack sale of the business and certain assets of the Company on 23 October 2023 to the Purchaser. The pre-pack sale has enabled a distribution to be made to the secured creditor and should enable a distribution to the preferential creditors. It will also:

- Improve the value realised for the Company's assets (when compared to a break-up sale of the assets in a shut-down scenario);
- Ensure continuity for the Company's customers. If the Company went into administration or liquidation with no continuation of supply, it is more likely (in our experience) that the debtor recoveries would be adversely impacted;
- Mitigate employee claims (preferential and unsecured) in respect of 15 employees transferred to the Purchaser under TUPE;
- Potentially mitigate the landlord's claim as the Purchaser may continue to occupy the Premises longer if an agreement can be reached with the landlord; and
- Reduce costs compared with a shut-down scenario (such as agent's fees, debt collection fees and holding costs) and therefore maximise net collections.

Details of proposals

I can confirm the transaction details at Appendix 4 should enable the statutory purpose identified above to be achieved. The sale has preserved the employment for all staff and the aggregate sale value exceeds the aggregate ex-situ value of the assets.

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to manage the affairs, business and property of the Company. The key matters to deal with in this respect are:

- Monitoring compliance of the Purchaser within the general terms of the SPA including the Licence to Occupy;
- Pursuing the recovery of the overdrawn directors' loan account;
- Recovering any credit bank balances currently held by Barclays or agreeing any set-off claims;
- Assisting Barclays or their nominated agents with the collection of the outstanding book debts as and when required;
- Should Barclays' indebtedness be settled in full from debtor collections, we will seek for the debtor ledger to be reassigned to the Company and we will progress the remaining debtor collections for the benefit of the estate;
- Realising any refunds, repayments or deposits due back to the Company;
- Deal with the return of leased assets or novation of relevant lease agreements to the Purchaser;
- Oversee any retention of title claims;
- 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 or company that supplies or has supplied goods or services to the Company;
- Do all such things and generally exercise all their powers as administrators as they in their discretion consider desirable or expedient in order to achieve the purpose of the administration or protect the assets of the Company or maximise the realisations of those assets, or any purpose incidental to these proposals;
- Addressing creditor correspondence and queries;
- Dealing with VAT and Corporation Tax matters including any potential recoveries;
- Agreeing claims and distributing funds to the secondary preferential creditors, as appropriate;
- Ensure all statutory and compliance matters are attended to;
- Seek an extension of the administration if needed; and
- Pay all administration costs and expenses and bring the administration to an end when deemed appropriate by the administrators.

As a result of the above, we anticipate that sufficient funds will be realised to enable distributions to the secured and secondary preferential creditors.

Exit from administration

Dissolution

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to deliver a notice of moving from administration to dissolution to the Registrar of Companies. Upon the registration of such

notice our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the Company.

Contingency Plan – extending the administration

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to collect all the deferred consideration in the proposed timescale. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

Contingency Plan – unforeseen surplus funds

If (whether or not an extension to the period of administration actually becomes necessary) it ultimately transpires that there are indeed surplus funds enabling a distribution to the unsecured creditors, then unless the court makes an order permitting such a distribution on our application, we will issue revised proposals for consideration by creditors dealing with the most appropriate exit strategy from the administration in those circumstances.

9. PRE-ADMINISTRATION COSTS

Appendix 3 provides details of the work “The Work” that we have carried out, the associated costs and our proposed remuneration. The Work was carried out pursuant to an agreement made between us and the Company entered into on 3 October 2023 (“the Agreement”). The Agreement provides for the payment of our fees and the discharge of expenses incurred by us (collectively referred to as “the pre-administration costs”) in carrying out the Work.

The Work was carried out before the Company entered administration because it was necessary to market the business and assets and negotiate a sale agreement prior to appointment in order that the sale of the business could be concluded immediately following appointment. For these reasons, the Joint Administrators consider that the Work has furthered the achievement of the objective of administration being pursued, namely realising property in order to make a distribution to one or more secured or preferential creditors.

The Work carried out by us consisted of (but was not limited to):

- (1) Reviewing the Company’s financial position and assessing its options;
- (2) Preparing and completing the relevant documentation in readiness for the appointment; and
- (3) Managing, negotiating and concluding a sale of the business and certain assets.

The pre-administration costs are broken down as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our professional fees in relation to the Work	Begbies Traynor	39,880.00	7,976.00	47,856.00
Legal professional fees	Pinsent Masons	20,763.00	4,152.6	24,915.60
Legal disbursements	Pinsent Masons	106.10	21.22	127.32
Agents professional fees	Eddisons	8,750.00	1,750.00	10,500.00
Agents disbursements	Eddisons	459.00	91.8	550.80
TOTAL PRE-ADMINISTRATION COSTS		69,958.10	13,991.62	83,949.72

The pre-administration costs are unpaid and we are seeking that they be paid as an expense of the administration. Approval to discharge such costs ("the unpaid pre-administration costs") as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, from Barclays as the secured creditor of the Company. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, a document detailing the work carried out, the associated costs and the proposed remuneration is provided together with a pre-administration time costs summary at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged.

10. REMUNERATION AND EXPENSES

Remuneration

The Joint Administrators have not at this time drawn any funds on account of their remuneration, nor on account of certain expenses as approval has not previously been sought. Best practice guidance provides that payments to an office holder should be fair and reasonable and reflect the work that has been, and will be, properly carried out. The following proposal represents what we believe is a fair and reasonable fee basis, based on the work which has been carried out to date and the work which is yet to be undertaken.

The Joint Administrators propose that the basis of our remuneration be fixed under Rule 18.16 of the Rules by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters as set out in the fees estimate at Appendix 3.

The Joint Administrators consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part fund of any net floating charge property. In these circumstances, if there is no creditors' committee, or the committee does not make a determination, it is for each secured creditor and the preferential creditors of the Company to determine the basis of our remuneration under Rule 18.18 of the Rules.

Please note that the Joint Administrators are required to disclose any business or personal relationships with parties responsible for approving their remuneration. The Joint Administrators' firm is currently on Barclays' panel of approved suppliers of insolvency services. As a result, the Joint Administrators consider that their firm has a business relationship with the secured creditor. However, they do not consider that the relationship will give rise to a conflict of interest in this case.

Appendix 3 sets out the Joint Administrators' firm's hourly charge out rates, their fees estimate and the time that the Joint Administrators and their staff have spent in attending to matters arising in the administration since 15 May 2023.

Expenses

We propose that expenses for services provided by our firm and/or entities within the Begbies Traynor group, be charged in accordance with our firm's policy, details of which are set out at Appendix 3. These expenses will be identified by us and will be payable subject to the approval of those responsible for determining the basis of our remuneration.

Estimate of expenses

The Joint Administrators are required by the Rules to provide creditors with details of the expenses that they consider will be, or are likely to be, incurred in the course of the administration. This information also appears at Appendix 3.

Expenditure incurred to date

Due to the timescales involved in circulating these proposals, the expenditure which has been incurred is minimal and is detailed in Section 5 of this report.

11. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

We have a statutory duty to investigate the conduct of the Directors and any person we consider to be or have been a shadow or de facto director during the period of three years before the date of our appointment, in relation to their management of the affairs of the Company and the causes of its failure. We are obliged to submit confidential reports to the Department for Business, Energy and Industrial Strategy.

As administrators of the Company, we are required by best practice guidance to make enquiries of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the administration, or wish to bring to our attention any potential recoveries for the estate. If you would like to bring any such issues to our attention, please do so in writing to the address detailed at Section 1 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

Investigations carried out to date

Due to the short period of time that has passed since the Joint Administrators' appointment, the Joint Administrators have not yet undertaken an initial assessment of possible actions in relation to the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect. As such, they are not currently able to determine the full scope of such investigations and the likely impact on the time required to be spent in dealing with the same.

Connected party transactions

In accordance with Statement of Insolvency Practice 13, we confirm that the following assets were sold:

Date of sale	Asset sold and nature of transaction	Consideration paid and date	Name of Purchaser	Relationship with the Company
23 October 2023	Business and certain assets including: <ul style="list-style-type: none">• Goodwill• Business intellectual property• Business records	£75,000 on 23 October 2023	FleQlux Ltd (company registration number: 13473693)	Common directorship and shareholdings

	<ul style="list-style-type: none"> • Customer contracts • Information technology • Supplier contracts • Stock • Work in progress • Plant and machinery <p>A Licence To Occupy has also been granted to the Purchaser at passing rent.</p>			
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Deemed delivery

These proposals will be deemed to have been delivered on 31 October 2023.

Use of personal information

Please note that in the course of discharging our statutory duties as s, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

Right to request further information

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses which have been incurred during the period of this progress report.

Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or any unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

12. CONCLUSION

We presently consider that as explained in Section 7 above, we anticipate that the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than virtue of the prescribed part).

In the circumstances, we are not required to seek a decision from the creditors on the approval of our proposals. However, creditors, whose debts amount to at least 10% of the total debts of the Company, may request that a decision is sought from the unsecured creditors as to whether to approve our proposals, via a qualifying decision procedure. Any such request must be delivered to our office in writing within eight business days of 14 November 2023. If no such requests are received, our proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, we will write to you to confirm that is the position.

Subject to the approval of our proposals we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.

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

Gareth Prince
Joint Administrator

Date: 27 October 2023

ACCOUNT OF RECEIPTS AND PAYMENTS

23 October 2023 to 27 October 2023

Fortoak Rolls Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 27/10/2023

S of A £		£	£
	SECURED ASSETS		
64,995.00	Goodwill	NIL	
1.00	Business Intellectual Property	NIL	
1.00	Business Records	NIL	
1.00	Customer Contracts	NIL	
1.00	Information Technology	NIL	
1.00	Supplier Contracts	NIL	
Uncertain	Book debts	NIL	
			NIL
	SECURED CREDITORS		
(1,172,372.00)	Barclays Bank PLC	NIL	
			NIL
	ASSET REALISATIONS		
7,000.00	Stock	NIL	
2,000.00	Work in Progress	NIL	
1,000.00	Plant and Machinery	NIL	
90,233.00	Directors' Loan Account	NIL	
			NIL
	SECONDARY PREFERENTIAL CREDITORS		
(1,461,142.00)	HMRC	NIL	
			NIL
	UNSECURED CREDITORS		
(1,253,496.00)	Trade Creditors	NIL	
			NIL
(3,721,777.00)			NIL
	REPRESENTED BY		NIL

Note: the sale consideration paid by the Purchaser is currently being held to the administrators' order by our solicitors, Pinsent Masons, whilst the administrators' bank account is opened.

**ESTIMATED STATEMENT OF FINANCIAL POSITION
AS AT 23 OCTOBER 2023**

Fortoak Rolls Limited - in administration Estimated Statement of Financial Position as at 23 October 2023			
	Book Value £	Administration £	Notes
Fixed assets			
Goodwill/ IP/ Customer contracts		65,000	As realised in pre-pack sale
Less: Amount due to Barclays - c/f	(1,172,372)	(1,172,372)	As at 23 October 2023 excluding contractual fees and interest
Surplus/(shortfall) to Barclays		(1,107,372)	
Assigned assets - subject to invoice finance			
Book Debts	2,393,072	1,914,458	NBV as at appointment. Arbitrary 20% provision applied for prudence
Less: Amount due to Barclays - b/d		(1,107,372)	Estimate
Surplus / (shortfall) to Barclays - c/f		807,085	
Assigned assets - subject to hire purchase			
Financed assets	25,500	37,000	Based on ex-situ valuation from Eddisons
Due to finance companies		(52,257)	Estimate
Surplus / (shortfall) to finance companies		(15,257)	
Floating charge assets			
WIP and stock	506,696	9,000	As realised in pre-pack sale
Office equipment, fixtures and fittings	600	-	As realised in pre-pack sale
Plant and equipment	3,244	1,000	As realised in pre-pack sale
Directors' loan account	90,234	90,234	Estimate
Cash at bank		-	Nil balance - to be confirmed
Surplus from Barclays b/d		807,085	Estimate
Total floating charge assets		907,319	
Available to preferential creditors		907,319	
Preferential creditors		-	Pre-pack - TUPE transfer to Purchaser
Secondary preferential creditors		(1,461,000)	Estimate based on Company records
Surplus available for prescribed part		-	
Less: Prescribed Part		-	Not applicable
Available for unsecured creditors		-	Estimate
<u>Estimated unsecured claims:</u>			
Trade Creditors		(1,143,665)	Estimate based on Company records
HM Revenue & Customs - unsecured		TBC	To be confirmed
Landlord		(109,831)	Estimate based on Company records
Shortfall to finance companies b/d		(15,257)	Estimate based on Company records
Employees - Redundancy		-	Pre-pack - TUPE transfer to Purchaser
Employees - Notice		-	Pre-pack - TUPE transfer to Purchaser
		(1,268,752)	
Shortfall to Unsecured Creditors		(1,268,752)	

Notes to the estimated statement of financial position

1. The goodwill (including business intellectual property, business records, customer contracts, information technology, and supplier contracts), stock, work in progress and plant and machinery have been included as per the values apportioned to them in the pre-packaged sale agreement.
2. The book debts are subject to an invoice discounting agreement with Barclays.
3. The book debts have been specifically excluded from the SPA and will be collected by Barclays.
4. Goodwill (including business intellectual property, business records, customer contracts, information technology, and supplier contracts) is subject to fixed charges granted in favour of Barclays.
5. We anticipate that any credit balance held in the Company's bank account will be offset against Barclays outstanding indebtedness under its indemnity agreement. This figure is yet to be confirmed.
6. The administrators shall undertake a review of the director's loan accounts to confirm the outstanding balances and liaise with the directors' as appropriate as regards to payments. We understand that the account was reviewed by MacIntyre Hudson LLP shortly prior to the administration appointment.
7. The employees have been transferred to the Purchaser under TUPE regulations and therefore we do not anticipate any preferential claims in respect of employee wages or holiday pay. We understand that the Purchaser may request employees to approach the RPS in relation to unpaid wage arrears and an update is awaited.
8. Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "Net property" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The prescribed part is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of either £600,000 or £800,000).

We will not be required to set aside the prescribed part of net property if:

- a. The net property is less than £10,000 and we think that the cost of distributing the prescribed part would be disproportionate to the benefit;
 - b. Or if the net property is more than £10,000, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds.
9. The claim of HM Revenue & Customs has been taken from the Company's records and represents VAT , PAYE and NIC.
 10. The indebtedness to Barclays is supported by a personal guarantee from Alexander Stephen Vergopoulos, one of the Directors, and is limited to £50,000.
 11. Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.
 12. The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.
 13. Transactions with directors and associates:

Standard practice requires disclosure to the creditors of any transactions (other than in the ordinary course of business) between the Company (including any of its subsidiaries or any other company in which it has or had an interest) and any of its directors or their associates (as defined in Section 435 of the Act) in the period of two years prior to the commencement of administration, and in the period since the commencement of the administration, or proposed to be undertaken. Relevant details are as follows:

Transaction 1

Date of transaction:	23 October 2023
Assets acquired:	<p>Business and certain assets, including:</p> <p>Goodwill - £64,995 Business intellectual property - £1 Business records - £1 Customer contracts - £1 Information technology - £1 Supplier contracts - £1 Stock - £7,000 Work in progress - £2,000 Plant and machinery - £1,000</p>
Total consideration paid:	£75,000
Date consideration paid:	23 October 2023
Name of counterparty:	FleQlux Ltd
Nature of counterparty's connected party relationship with the vendor:	Common directorship
Name and qualification of person who provided independent valuation advice:	<p>David Ross - MRICS, RICS - Eddisons Commercial Ltd - valuation of assets</p> <p>Johnny Abraham - FCA - J9 Advisory Limited - evaluator report</p>
Date of resolution of Company authorising transaction:	23 October 2023
The scope of our investigations and conclusions reached:	No further investigations deemed to be required – pre-packaged sale

Begbies Traynor (Central) LLP
Fortoak Rolls Limited
Company Registered Number: 05660546

B - Company Creditors

Key	Name	Address	£
CA00	ALEXANDER DANIELS	GROSVENOR HOUSE, 11 ST. PAUL'S SQUARE, BIRMINGHAM, B3 1RB	15,000.00
CA01	Annan Insurance Services Ltd	Three Charter Court, Broadlands, Wolverhampton, WV10 6TD	66.61
CB00	BETTAFREIGHT SERVICES LTD	GARRETTS GREEN FREIGHT DEPOT, BANNERLEY ROAD, BIRMINGHAM, B33 0SL	3,748.98
CB01	BP Fuel Card Services Ltd	Kingsway House, Kingsway, Burnley, BB11 1BJ	1,543.68
CC00	Cartaceo Ltd	11b Newton Court, Penderford Business Park, Wolverhampton, WV9 5HB	14,080.00
CC01	CF Corporate Finance Ltd	Reading International Business Park, Reading, Berkshire, RG2 6AA	556.19
CC02	Cisper	Het Ravelijn 50, 8233 BR LELYSTAD, The Netherlands	32.59
CD00	Days Labels Ltd	Unit 2, Moat Way, Barwell, Leicestershire, LE9 8EY	5,788.49
CD01	Delta Poland Euro Account	PPHU Delta Import-eksport, Makuszynskiego 5, 38-300 Gorlice, Gorlice, PL 738-100, Poland	186.48
CD02	DPD	Roebuck Lane, Smethwick, West Midlands, B66 1BY	-
CD03	DX Network Services Ltd	Ridgeway, Iver, Bucks, SLO 9JQ	5,347.55
CE00	EBUYER (UK) Limited	ebuyer uk limited, Howden, East Yorkshire, DN14 7UW	-
CE01	Etikon Euro	Am Sülzegraben 8, Halberstadt, D-38820, Germany	26,021.55
CF00	FEDEX EXPRESS	EXPRESS HOUSE, HOLLY LANE, ATHERSTONE, WARWICKSHIRE, CV9 2RY	318.12
CF01	FORMERS SECURITY PRINTING LIMITED	2 / F Yau Tak Building, 167 Lockhart Road, Wanchai, Hong Kong, China	436,869.41
CF02	Fortoak Labels Limited	Fortoak Labels Limited, 130,Derby Road, Loughborough, LE11 5HL	130.56
CF03	Future Forwarding Co Ltd	Hawthorne House, Dark Lane, Birstall, Leeds, WF17 9LW	172,088.66
CF04	Funding Circle Limited	71 Queen Victoria Street, London, EC4V 4AY	TBC
CH00	HCR Systems LTD T/A Pricegunland.co.uk	HCR Systems LTD T/A Pricegunland.co.uk, Unit 22 Melton Enterprise Park, Redcliffe Road, Melton, East Riding of Yorkshire, HU	3,836.70
CI00	Infinity Media	Second Floor, 202 Vishal Complex, Pune, Maharastra, India	2,933.88
CI01	IW GROUP SERVICES (UK) LIMITED (SPACE	IW GROUP SERVICES (UK) LTD, 1 BURWOOD PLACE, LONDON, W2 2UT	-
CI02	IWOCA Ltd	101 New Cavendish Street, London, W1W 6XH	TBC
CK00	Kaplan Financial	179-191 Borough High Street, London, SE1 1HR	776.00
CL00	L R SEYMOUR	31B TELSCOMBE ROAD, PEACEHAVEN, BN10 8AG	700.00
CL01	LG Davis Ltd	46 Warstock Road, Kings Heath, Birmingham, West Midlands, B14 4TS	314.17
CL02	LIBERTAS MANAGEMENT LTD	43 HIGH STREET, LEADENHAM, LINCS, LN5 0PN	192.00
CL03	LTS GLOBAL SOLUTIONS	46 TILTON ROAD, BORDESLEY GREEN, BIRMINGHAM, B9 4PP	109,830.92
CL04	Lyreco	Deer Park Court, Donnington Wood, Telford, Shropshire, TF2 7NB	-
CM00	Macfarlane Packing	Bay 2, Orchard Park, Grantham, Lincolnshire, NG31 9RT	1,059.60
CM01	Malver Ltd	38 Meriden Street, Birmingham, B5 5LS	3,656.12
CM02	McCouaig Holdings Limited	Lilac Cottage, Four Ashes Road, Dorridge, Solihull, B93 8ND	432.94
CM03	Meridian Business Support	Part First Floor (Right Wing), Dakota House, Concord Business Park, Threapwood Road, Manchester, M22 0RR	5,095.50
CM04	MHA MACINTYRE HUDSON	RUTLAND HOUSE, 148 EDMUND STREET, BIRMINGHAM, B3 2FD	3,121.20
CO00	Ordian	11b Newton Court, Pendeford Business Park, Wolverhampton, West Midlands, WV9 5HB	5,400.00
CO01	ORIENT OVERSEAS CONTAINER LINE LTD	BRIDGE ROAD, LEVINGTON, IPSWICH, IP10 0NE	175.00
CP00	PacList	Parc d'Activite Millau-Levezou, 190 Rue De Vinnac BP30436, 12104 Millau Cedex, France	-
CP01	Pad Printers Ltd	Park Works, River Street, Heywood, OL10 4AB	1,446.00
CP02	PASACO EURO	Papiery Powlekane Pasaco SP zoo, UL Torunska 63a, 86-050 Solec Kujawski, Poland	24,110.64
CP03	Personal Freight Services Ltd	First Floor, 47 Clontarf Road, Dublin, D03 Y8W7	-
CP04	PRINT MEDIA	Unit 26, Westbrook Park, Trafford Park, Greater Manchester, M17 1AY	2,280.00
CP05	Prismatape UK Ltd	Prismatape UK Ltd, Road One Winsford Ind Estate, Winsford, Cheshire, CW7 3RW	449.04
CQ00	QMULUS SOLUTIONS	UNIT 1.2, LAWRISTON PARK, PITCHILL, EVESHAM, WR11 8SN	22,490.26
CQ01	QUADIENT UK LIMITED	3RD FLOOR PRESS CENTRE, HERE EAST, 14 EAST BAY LANE, LONDON, E15 2GW	161.30
CS00	SAFE PACKAGING	HANGAR 1, North Weald Market, North Weald Areodrome, Merlin Way, Epping, CM166HR	7,802.69
CS01	SALES-i	Floor 3, 31 Homer Road, Solihull, B91 3LT	1,452.00
CS02	Spiral Hosting Limited	3rd Floor, Andras House., 60 Great Victoria Street, Belfast, BT2 7ET	84.00
CT00	The Vacuum Pouch Company Ltd	Unit 1 & 2, Abel House, Leigh Street, Walshaw, BL8 3AL	2,569.90
CT01	Ticketmedia Ltd	Maple Works, Old Shoreham Road, Hove, East Sussex, BN3 7ED	-
CT02	TONER INK ONLINE	33 MARKET STREET, HECKMONDWIKE, WEST YORKSHIRE, WF16 0EU	491.70
CT03	TRANSUK GLOBAL LOGISTICS LIMITED	30 FRANCES AVENUE, CHAFFORD HUBDRED, GRAYS, RM16 6NH	144.50
CT04	TTR EUROWORKS UK LTD	UNIT 6B, LEA GREEN BUSINESS PARK, EUROLINK, ST HELENS, WA9 4TR	394.65
CU00	UMUR BASIM SANAYI VE TICARET	Dudullu OSB Mahallesi 2, Cadde No 5 P K, Umraniye 34 34776, TURKEY TR, Turkey	353,446.92
CU01	Utility Warehouse	Network Hq 508 Edgware Road, The Hyde, London, NW9 5AB	1,421.71
CV00	Vow Office Supplies Ltd	K House, Sheffield Business Park, Sheffield, S9 1XU	50.50
CW00	Whistl UK Limited	Meridian House, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1TB	12,491.43
CZ00	Zenzero Solutions Ltd	Warwick Tech Park, Gallows Hill, Warwick, Warwickshire, CV34 6UW	2,905.58

56 Entries Totalling 1,253,495.72

Begbies Traynor (Central) LLP
Fortoak Rolls Limited
Company Registered Number: 05660546

B1 - Company Creditors - Employees & Directors

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

Begbies Traynor (Central) LLP
 Fortoak Rolls Limited
 Company Registered Number: 05660546

B2 - Company Creditors - Consumer Creditors

Key	Name	Address	£
0 Entries Totalling			-

Begbies Traynor (Central) LLP
Forfoak Rolls Limited
Company Registered Number: 05660546

C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Shares	Called Up per share	Total Amt. Called Up
HV00	Alexander Stephen Vergopoulos		Ordinary	1.00	50,000.00	50,000.00	50,000.00
HC00	Barnaby Cardwell		Ordinary	1.00	6,818.00	6,818.00	6,818.00
HC01	Barnaby Cardwell		Preference	1.00	300,000.00	300,000.00	300,000.00

3 Ordinary Entries Totalling

REMUNERATION AND EXPENSES

Total time spent on this assignment to date amounts to 15.7 hours resulting in total time costs to 27 October 2023 of £3,689.50.

To assist creditors in determining this matter, the following further information appears in this appendix:

- ❑ Begbies Traynor (Central) LLP's charging policy;
- ❑ Pre-administration work, costs and proposed remuneration with pre-administration time costs analysis;
- ❑ Summary of work to be undertaken, payments and expenses;
- ❑ Table of time spent and charge-out value;
- ❑ The administrators' fees estimate; and
- ❑ Details of the expenses that the administrators consider will be, or are likely to be, incurred

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2021' which provides guidance on creditors' rights can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

Finally, the Association of Business Recovery Professionals (R3) has set up a website that contains a step-by-step guide designed to help creditors navigate their way through an insolvency process which includes information in relation to remuneration. You can access the website at the following address: <http://www.creditorinsolvencyguide.co.uk/>

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This policy applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the creditors' decision being made for the office holder to be remunerated on a time cost basis. Best practice guidance* requires that such information should be disclosed to those who are responsible for approving the basis of an office holder's remuneration. Within our fee estimate creditors can see how we propose to be remunerated.

In addition, this policy applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance* indicates that such charges should be disclosed to those who are responsible for approving the basis of the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He will delegate tasks to members of their staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded in six minute units at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Expenses are payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also include disbursements, which are expenses that are initially paid by the office holder's own firm, but which are subsequently reimbursed from the estate when funds are available.

Best practice guidance classifies expenses into two broad categories:

- ❑ Category 1 expenses (approval not required) - Specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ Category 2 expenses (approval required) - Items of expenditure that are directly related to the case and either:
 - (i) include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party; or
 - (ii) are items of expenditure which are payable to an associate of the office holder and/or their firm.

* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

Shared or allocated costs (pursuant to (i) above)

The following expenses include an element of shared or allocated cost and are charged to the case (subject to approval).

- ☐ Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £100 (London £150) per meeting;
- ☐ Car mileage which is charged at the rate of 45 pence per mile.

Payments anticipated to be made to associates (pursuant to (ii) above)

Services provided by other entities within the Begbies Traynor group

The following expenses which relate to services provided by entities within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval):

Eddisons Insurance Services Limited

Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The forecasted cost of insurance for the 3 month period immediately following appointment is £500 inclusive of Insurance Premium Tax. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Where relevant, administration fees may be charged. These costs are taken into consideration and included within the forecasted cost of insurance, above.

In accordance with standard insurance industry practice, EIS will receive payment of commission for the services it provides from the insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

EIS will invoice the insolvent estate for the premium(s) due on the insurer's behalf and receive payment from the estate. EIS will in turn, account to the insurer for the premium(s) payable after deducting any commission payable by the insurer.

Where EIS have initially been consulted on a policy, but the policy has not been taken out, EIS will charge an administration fee of £150 plus VAT (if applicable).

Eddisons Commercial Limited

It may become necessary to instruct Eddisons Commercial Limited to provide additional services, not currently anticipated, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

Grade of staff	Charge-out rate (£ per hour)
Director	£275
Associate	£180
Surveyor	£120
Graduate	£100
Administration	£80
Porters	£35

General Office Overheads.

The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a Category 1 expense:

- ☐ Telephone and facsimile
- ☐ Printing and photocopying
- ☐ Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Birmingham office as at the date of this report are as follows:

Grade of staff	Charge-out rate range (£ per hour) 10 th July 2023 until further notice
Appointment taker/partner	560-640
Managers/directors	415-540
Other professional	215-300
Junior professional/support	170

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

As detailed above, time is recorded in six minute units.

DETAILS OF THE WORK CARRIED OUT PRE ADMINISTRATION, THE ASSOCIATED COSTS AND THE PROPOSED REMUNERATION FOR THE WORK

CASE NAME: Fortoak Rolls Limited

CASE TYPE: Administration

OFFICE HOLDERS: Gareth Prince and Mark Malone

DATE OF APPOINTMENT: 23 October 2023

1 CASE OVERVIEW

1.1 This overview is intended to provide sufficient information to enable the body responsible for the approval of pre-administration costs to consider the level of those costs in the context of the case.

1.2 Time costs information

Details of the time spent by each grade of staff prior to the appointment of the administrators and the overall average hourly charge out rate for the pre-administration work are set out in the attached table.

1.3 Overview of work undertaken prior to appointment

It was determined that a pre-pack administration may provide the best outcome and so the Company instructed Begbies Traynor (Central) LLP to assist with placing the Company into Administration. A deal in principle was agreed with the Purchaser of the Company over the sale of the business and assets. Eddisons Commercial Limited provided a valuation report and their professional recommendation. In addition, as it was to be a sale to a connected party, J9 Advisory Limited, were instructed by the Purchaser to provide a qualifying report. A summary of the work carried out is as follows:

- Advising the Company on the most expedient route to place the Company into administration;
- Determining whether the purpose of administration is reasonably likely to be achieved and completing the administrators' statement and consent to act;
- Compiling an appropriate strategy for placing the Company into administration and securing the Company's assets;
- Requesting information from the Company's directors to assist the proposed Joint Administrators to place the Company into administration;
- Liaising with Pinsent Masons with regard to drafting and filing the appointment documents;
- Corresponding with Barclays in respect of their unsatisfied charges held over the Company's assets, in respect of the proposed appointment of the administrators, filing the Notice of Intention to Appoint Administrators and filing of the Notice of Appointment;
- Dealing with requests for critical payments and ongoing discussions with the Directors on trading issues in the period prior to appointment;
- Preparing an outcome statement for Barclays and a draft SIP16 statement in order that they could consider the proposed administration and consent to the Joint Administrators' appointment;
- Instructing Eddisons to assist with the valuation and marketing of the Company's assets and producing a teaser document;
- Liaising with Eddisons in relation to the offers received and entering into discussions with the proposed purchaser and agreeing Heads of Terms.

1.4 Complexity of work undertaken prior to appointment

We do not consider the advice given and/or negotiations relating to the sale were unusually complex and the time incurred by us is commensurate of a case of this nature and size.

1.5 Exceptional responsibilities

None.

1.6 **The proposed Administrators'** effectiveness

We believe that the purpose of the administration has been largely achieved by the work undertaken prior to appointment. A payment should be available to the secondary preferential creditors as a result of the sale of the business and assets.

1.7 The views of the creditors

Barclays Bank, as the secured lender, has been kept informed of actions taken and planned strategy and, additionally, were provided with a draft version of this SIP 16 disclosure and a copy of the Evaluator's report.

In addition to the secured creditor, HM Revenue & Customs ("HMRC") is a major creditor of the Company. We understand that the Directors held discussions with HMRC regarding the Company's financial position in the weeks prior to the appointment of the Joint Administrators and they were notified that a Notice of Intention to Appoint Administrators had been filed.

We understand that the Directors have held discussions with the Company's principal supplier and majority trade creditor, Formers, who confirmed that they supported the proposed acquisition.

Discussions were held between the Directors and the landlord/warehouse provider directly, and they were advised of the strategy and of the pre-pack sale.

It was not possible in the time available to consult with the wider body of creditors due to the commercial sensitivities and risk it presented to any future going concern sale.

1.8 Approval of fees, and expenses incurred in the period prior to appointment

The Administrators are seeking a resolution in relation to their pre-administration costs as follows:

- That the unpaid pre-administration costs detailed in the joint administrators' statement of proposals for achieving the purpose of administration, be approved for payment.

1.9 Expenses incurred in the period prior to appointment where payment is proposed to be made to Begbies Traynor and/or another entity with Begbies Traynor Group

Category 2 Expenses

Pursuant to the resolution being sought in relation to the unpaid pre-administration costs, the following Category 2 expenses are proposed to be charged in relation to the period prior to appointment:

Other amounts paid or payable to Eddisons Commercial Ltd	
Cost	Amount (exclusive of VAT) £
Valuation Report	1,250.00

10% Commission on sale price (based on £75,000 + VAT)	7,500.00
Disbursements (including third party marketing costs (IP Bid), HPI Checks and mileage)	459.00
Total	9,209.00

Eddisons, which is a member of the Begbies Traynor Group, were instructed to carry out a valuation of the business and assets and were also instructed to undertake a marketing exercise for the purpose of selling the business and assets of the Company. Eddisons were instructed due to their extensive experience in valuing assets in insolvency proceedings.

A brief summary of the pre-appointment work undertaken by Eddisons is provided below:

- Attending the Company's trading premises to assess and value the Company's assets;
- Preparing and circulating a marketing teaser;
- Liaising with interested parties in respect of signing and returning NDA's;
- HPI check on the motor vehicle;
- Preparing an advice letter in terms of the values of the assets for the proposed administrators;
- Liaising with interested parties in respect of offers received;
- Liaising with the proposed administrator with regard to the provision of information to be issued to J9 Advisory Limited (the Evaluator);
- Negotiating with the Purchaser in relation to their offers; and
- Providing a letter of recommendation to the proposed administrators.

1.10 Other professionals employed & their costs

Pinsent Masons were instructed to advise on the legal matters and advice relating to the appointment of the administrators, due to their extensive experience in dealing with insolvency matters. Pinsent Masons were also instructed to prepare the relevant sale documents. Their fees, as detailed below and at Section 9 of the administrators' proposals, have been agreed on a time cost basis plus VAT and disbursements.

Cost	Amount (exclusive of VAT) £
Pre-appointment professional costs	20,763.00
Pre-appointment disbursements	106.10
Total	20,869.10

A brief summary of the pre-appointment work undertaken by Pinsent Masons is provided below:

- Discussions with the proposed administrators and Barclays in relation to the Company's financial position, debtor ledger and obtaining information from the directors of the Company;
- Preparing appointment documentation and liaising with the proposed administrators and the directors in relation to execution of the same;
- Filing the NOI at Court and dealing with service (and calculation of relevant dates in respect of service and expiry of the NOI);
- Preparation and negotiation of sale documentation with the Purchaser's legal representatives and partial deeds of release to be given by Barclays;

- Discussions and consideration in relation to the leasehold trading premises and the Licence to Occupy them;
- Dealing with completion and other ancillary matters and advice connected with the sale;
- Filing the NOA at Court and dealing with service of the same; and
- Various discussions and other related correspondence in relation to the above.

1.11 Staffing and management

Staff were chosen to assist with this matter based on their experience and expertise in dealing with similar case types.

2 **EXPLANATION OF OFFICE HOLDERS' CHARGING POLICY**

- 2.1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 3.
- 2.2 The rates charged by the various grades of staff who may work on a case are attached at Appendix 3.

Fortoak Rolls Limited

SUMMARY OF WORK TO BE UNDERTAKEN, PAYMENTS AND EXPENSES

This summary, which should be read in conjunction with the Time Costs Analysis attached, is intended to provide sufficient information to enable the body responsible for the approval of our fees and the payment of certain expenses to make an informed judgement about the reasonableness of our request for approval of the same.

What work has been done since we were appointed, why was that work necessary and what has been the financial benefit (if any) to creditors?

To assist creditors we have used the headings from our Fees Estimate and Time Costs Analysis attached, to categorise the work that has been and will be undertaken in the administration.

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details>. Under the following headings we have explained the specific work that has been and will be undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been and will be done, why it is necessary and what financial benefit (if any) the work has provided and will provide to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached.

General case administration and planning

Insolvency Practitioners are required to maintain records to demonstrate how the case is administered, and to document any decisions that materially affect the case.

At the onset of the case, we will form a strategy for how the case will be managed. This will take into consideration the level of assets to be realised, how those assets will be realised, and whether there will be sufficient realisations to make a distribution to the Company's creditors.

The case will be subject to regular reviews to ensure case progression and the files will be kept up to date.

Whilst this does not benefit creditors financially, it is necessary to ensure the efficient and compliant progressing of the administration, which ensures that the joint administrators and their staff carry out their work to high professional standards.

Compliance with the Insolvency Act, Rules and best practice

The Insolvency Practitioners are governed by the Insolvency Act and Rules, together with following best practice guidelines known as Statements of Insolvency Practice. We have certain statutory obligations and duties to fulfil whilst in office which include the regular filing of progress reports with Companies House and the filing of a final report at the end of the period. We are also required to notify various bodies of our appointment, including creditors, Companies House, and advertise our appointment in the London Gazette.

We are also duty bound to correspond with creditors and issue notice of the insolvency event to the likes of the pensions departments, banks and other parties who would have an interest in the proceedings. There is also the duty to investigate the directors' conduct, bond the case appropriately and instruct professionals such as property agents and solicitors to assist where necessary.

This work does not benefit creditors financially but is necessary in accordance with the Insolvency Act, Rules and best practice.

Investigations

Within three months of our appointment, we are required to submit an online conduct report in accordance with the Company Directors Disqualification Act. In order to fulfil this duty, we will seek to recover the Company books and records, both hard copy and electronic, from the directors in order to carry out our investigations. Any person who is or has been a director, or is considered as a de facto or shadow director of the Company in the three years prior to the insolvency event are also asked to complete a questionnaire to assist with our investigations.

We have a duty to examine the conduct of the Company and its directors in order to identify what assets may be available for realising, including any actions against directors or other parties which may lead to further recoveries into the estate. Such investigations may include analysis of the Company's bank statements, reviewing information provided by third parties and analysis of the Company's management accounting systems.

Where appropriate creditors or other parties may be asked to come forward with information.

Any financial benefit to creditors in carrying out the above work is unclear at present however creditors will receive updates on these matters in our progress reports.

Realisation of assets

Insolvency Practitioners are required to maximise realisations for the benefit of the Company's creditors. In order to do this we may need to consider instructing professional agents to carry out negotiations, provide inventories and valuations. We may also need to instruct solicitors to complete sales. We may need assistance with debt collection exercises.

All work carried out in respect of the asset realisation is for the purpose of realising property and assets for the benefit of the creditors generally.

On 23 October 2023, the business and certain assets were sold to FleQlux Ltd. It is understood that there are outstanding book debts and an overdrawn directors' loan account that may be realisable for the benefit of creditors.

We shall seek to maximise recoveries from these assets during the Administration.

Dealing with all *creditors' claims (including employees), correspondence and distributions*

If there is likely to be a distribution, creditors will be made aware of this at the earliest possibility, whether it be detailed in our initial correspondence, a progress report or by notice of intended dividend issued during the course of administering the case.

Creditors' claims will be dealt with in accordance with the order of priority, and therefore only if there is a prospect of a dividend in the insolvency proceedings, will those specific claims be adjudicated on. However, all claims received will be noted and registered.

In this case, we understand that there may be secured, secondary preferential and unsecured creditors.

Time will be spent dealing with all creditor queries as and when required.

Other matters which include, seeking decisions from creditors (via DCP and/or via Decision Procedures), tax, litigation, pensions and travel

During the course of administering the case, the Insolvency Practitioner will be required to seek decisions from creditors on various proposed resolutions, including the basis of our remuneration and whether a creditors committee is formed.

We may also be required to submit VAT and Tax returns when appropriate in order to reclaim monies for the estate and pay over any taxes due to HMRC. As detailed above, we are also duty bound to provide notifications and further assistance to pensions departments where applicable.

We may be required to travel to the Company's premises, or to a meeting external to our office if it assists with our realisation of assets, investigations or another aspect of the case.

There may not be any obvious financial benefit to creditors, but all work carried out would likely be considered necessary for the administration and progression of the case. Creditors will be notified of all of our actions in the progress and/or final reports issued.

Time Costs Analysis

An analysis of time costs is attached showing the time spent by each grade of staff on the different types of work involved in the case, and giving the total costs and average hourly rate charged for each work type.

Please note that the analysis provides details of the work undertaken by us and our staff following our appointment only.

Pre Administration costs

Details of the pre appointment work carried out, together with our costs and proposed remuneration are found within the Proposal document and are also detailed separately within this Appendix.

A copy of 'A Creditors' Guide to Liquidators Fees (E&W) 2021' which provides guidance on creditors' rights on how to approve and monitor a Liquidator's remuneration and on how the remuneration is set can be obtained online at <https://www.begbies-traynorgroup.com/services-to/creditors/creditors-guides>. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

Why have subcontractors been used?

To date no subcontractors have been used.

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

General case administration and planning

Case administration and planning will continue for the duration of this assignment. This involves dealing with general correspondence and continuing file management. In addition, regular cashiering tasks and banking will continue to be undertaken for the duration of the case. Whilst not necessarily of direct financial benefit to creditors this work is needed to administer the case properly.

Compliance with the Insolvency Act, Rules and best practice

We are governed by the Insolvency Act and Rules, together with following best practice guidelines known as Statements of Insolvency Practice. We have certain statutory obligations and duties to fulfil whilst in office which include the regular filing of progress reports at Companies House and filing a final report at the end of the period. We are also obliged to correspond with creditors and to issue notices of the insolvency event to the pension regulator etc, banks and any other parties who would have an interest in the proceedings. There is also the duty to obtain an insurance bond for

the assets and ensure this is adequate cover throughout the administration. This work does not benefit creditors financially but is necessary in accordance with the Insolvency Act, Rules and best practice.

Investigations

Within three months of our appointment, we are required to submit an online conduct report in accordance with the Company Directors Disqualification Act. In order to fulfil this duty, we will seek to access or recover the Company books and records, both hard copy and electronic, from the directors in order to carry out our investigations. Any person who is or has been a director, or is considered as a de facto or shadow director of the Company in the three years prior to the insolvency event are also asked to complete a questionnaire to assist with our investigations.

We have a duty to examine the conduct of the Company and its directors in order to identify what assets may be available for realising, including any actions against directors or other parties which may lead to further recoveries into the estate. Such investigations may include analysis of the Company's bank statements, reviewing information provided by third parties and analysis of the Company's management accounting systems.

Where appropriate creditors or other parties may be asked to come forward with information.

Any financial benefit to creditors in carrying out the above work is unclear at present however creditors will receive updates on these matters in our progress reports.

Realisation of assets

We shall seek recovery of the overdrawn directors' loan account.

We shall also assist Barclays with the collection of the book debts as and when required. Should Barclays indebtedness be settled in full from debtor collections, we will seek for the debtors ledger to be reassigned to the Company and we will progress the remaining debtor collections for the benefit of the estate.

Dealing with all creditors' claims (including employees), correspondence and distributions

In this case, we anticipate that there will be secured, secondary preferential creditors and unsecured creditors. We anticipate there may be a distribution available to the secondary preferential creditors. In these circumstances, we would review the claims of those creditors ahead of distributing available funds as necessary.

The administrator is unable to distribute a dividend to the unsecured creditors without permission of the court, other than of the prescribed part. Should there be funds available to make a distribution to the unsecured creditors, it is usual practice for a succeeding liquidator to deal with the claims of the unsecured creditors. However, we do not anticipate that there will be sufficient funds available to enable a distribution to the unsecured creditors.

We shall deal with any creditor queries as and when they arise.

Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures) tax, litigation, pensions and travel

During the course of administering the case we will be required to seek decisions from creditors on various proposed resolutions, including the basis of our remuneration and whether a creditors committee is formed. We are also required to submit VAT and Tax returns when appropriate in order to reclaim monies for the estate and pay over any taxes due to HMRC. As detailed above, we are also duty bound to provide notifications and further assistance to pensions departments where applicable.

We may be required to travel to the Company's premises, or to a meeting external to our office if it assists with our realisation of assets, investigations or another aspect of the case. We will also liaise with the Company's pension provider regarding the outstanding pension contributions. There may not be any obvious financial benefit to creditors, but all work carried out would likely be considered necessary for the administration and progression of the case. Creditors will be notified of all of our actions in the progress and/or final reports issued.

There are certain other matters which we may have to deal with which are not evident or foreseeable at the outset of the Administration. I am unable to seek approval to fix remuneration for any work unless and until the nature of any such work has been identified and the work involved can be quantified. If this scenario should occur, I will revert to creditors, providing full details of the circumstances at the time, to seek creditor approval of a further fees estimate. Instances and explanations of the such work that might fall under this category are provided on our website at <http://www.begbies-traynorgroup.com/work-details>.

How much will this further work cost?

The 'further work' detailed above has always been anticipated, but at this point in the proceedings, it has not yet been completed. As you know, this work is necessary in order that I may complete the administration as envisaged. The cost of completing this work will not exceed any amounts that I am seeking approval for at this point. Detail of the further work are contained within our fees estimate enclosed at Appendix 3 of this report.

Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above, as well as expenses that we have already incurred, are set out in the estimate of anticipated expenses also enclosed at Appendix 3.

What is the anticipated payment for administering the case in full?

We estimate that the cost of administering the case will be in the region of £57,227.50, and consequently we are seeking approval for us to draw our remuneration up to that level.

SIP9 Fortoak Rolls Limited - Administration - 60FO386.ADM : Time Costs Analysis From 01/01/2000 To 27/10/2023

Staff Grade		Consultant/Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning												0.00
	Administration						0.6				0.6	141.00	235.00
	Total for General Case Administration and Planning:						0.6				0.6	141.00	235.00
Compliance with the Insolvency Act, Rules and best practice	Appointment	5.4					2.7				8.1	1,903.50	235.00
	Banking and Bonding							0.5			0.5	117.50	235.00
	Case Closure												0.00
	Statutory reporting and statement of affairs			6.5							6.5	1,527.50	235.00
	Total for Compliance with the Insolvency Act, Rules and best practice:	5.4		6.5			2.7	0.5			15.1	3,548.50	235.00
Investigations	CDDA and investigations												0.00
	Total for Investigations:												0.00
Realisation of assets	Debt collection												0.00
	Property, business and asset sales												0.00
	Retention of Title/Third party assets												0.00
	Total for Realisation of assets:												0.00
Trading	Trading												0.00
	Total for Trading:												0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Secured												0.00
	Others												0.00
	Creditors committee												0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions:												0.00
Other matters which includes meetings, tax, litigation, pensions and travel	Seeking decisions of creditors												0.00
	Meetings												0.00
	Other												0.00
	Tax												0.00
	Litigation												0.00
	Total for Other matters:												0.00
	Total hours by staff grade:	5.4		6.5			3.3	0.5			15.7		
	Total time cost by staff grade £:	1,269.00		1,527.50			775.50	117.50				3,689.50	
	Average hourly rate £:	235.00	0.00	235.00	0.00	0.00	235.00	235.00	0.00	0.00			235.00
	Total fees drawn to date £:											0.00	

FORTOAK ROLLS LIMITED

THE ADMINISTRATORS' FEES ESTIMATE

Further to our appointment as administrators, we are seeking to be remunerated on a time costs basis. Details of our firm's hourly charge-out rates are set out in the charging policy which accompanies this estimate. Prior to creditors determining the basis upon which we are to be remunerated, we are obliged to produce a fees estimate and to provide it to each creditor of whose details we are aware so that it can be approved at the same time as the basis of our remuneration.

Our fees estimate for the administration is set out below. Please note that blended hourly rates have been used which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column.

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	34.50	12,602.50	365.29
Compliance with the Insolvency Act, Rules and best practice	21.00	7,722.50	367.74
Investigations	23.00	8,495.00	369.35
Realisation of assets	21.50	8,300.00	386.05
Trading	0.00	0.00	
Dealing with all creditors' claims (including employees), correspondence and distributions	30.00	11,035.00	367.83
Other matters which include seeking decisions from creditors via Deemed Consent Procedures or Decision Procedures, tax, litigation, pensions and travel	25.00	9,072.50	362.90
Total hours	155.00		
Total time costs		57,227.50	
Overall average hourly rate			369.21

What is the anticipated payment for administering the case?

Although the fees estimate indicates that the total time costs for this matter will be £57,227.50, we are aware that there are limited assets to realise and so the time costs that we will be able to draw will be limited to the amount that is realised for the assets. We anticipate we will be able to draw full fees if approved by creditors.

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any work that is to be undertaken in any insolvency procedure following the administration.

Should creditors require further information on how this estimate has been produced this can be obtained from our website at <http://www.begbies-traynorgroup.com/fee-estimates>.

A more detailed explanation of the work that falls into the categories mentioned in the table above can be obtained from our website at <http://www.begbies-traynorgroup.com/work-details>. There is also a case specific explanation in the letter accompanying this fee estimate

Dated: 27 October 2023

Arriving at our fee estimates

The cost of the process at this early stage is uncertain, but the fee estimate that I have produced provide a general overview of the likely costs.

The estimates are produced by looking at historical cases of a similar nature, (asset value, number of creditors, case type and staffing levels). The estimates are then made case specific by considering the depth of investigations needed, whether significant time will be spent on adjudicating claims etc.

As the case progresses it may become apparent that the initial fees estimate will be exceeded, for example if any unforeseen circumstances arise which result in additional and unexpected costs being incurred. If this scenario occurs, we will seek creditor approval of a further fees estimate, providing full details of the circumstances at the time.

Summary of the work to be undertaken in the Administration

The following work category descriptions are provided in order for creditors to understand the statutory and general duties involved during the course of the administration.

General case administration and planning

Insolvency Practitioners are required to maintain records to demonstrate how the case is administered, and to document any decisions that materially affect the case.

At the onset of the case, we will form a strategy for how the case will be managed. This will take into consideration the level of assets to be realised, how those assets will be realised, and whether there will be sufficient realisations to make a distribution to the Company's creditors.

The case will be subject to regular reviews to ensure case progression and the files will be kept up to date.

Whilst this does not benefit creditors financially, it is necessary to ensure the efficient and compliant progressing of the administration, which ensures that the joint administrators and their staff carry out their work to high professional standards.

Compliance with the Insolvency Act, Rules and best practice

The Insolvency Practitioners are governed by the Insolvency Act and Rules, together with following best practice guidelines known as Statements of Insolvency Practice. We have certain statutory obligations and duties to fulfil whilst in office which include the regular filing of progress reports with Companies House and the filing of a final report at the end of the period. We are also required to notify various bodies of our appointment, including creditors, Companies House, and advertise our appointment in the London Gazette.

We are also duty bound to correspond with creditors and issue notice of the insolvency event to the likes of the pensions departments, banks and other parties who would have an interest in the proceedings. There is also the

duty to investigate the directors' conduct, bond the case appropriately and instruct professionals such as property agents and solicitors to assist where necessary.

This work does not benefit creditors financially but is necessary in accordance with the Insolvency Act, Rules and best practice.

Investigations

Within three months of our appointment, we are required to submit an online conduct report in accordance with the Company Directors Disqualification Act. In order to fulfil this duty, we will seek to recover the Company books and records, both hard copy and electronic, from the directors in order to carry out our initial investigations. An initial investigation is carried out in all cases to determine whether there are potential recovery actions for the benefit of creditors. Such investigations include analysis of the Company's bank statements, reviewing information provided by third parties and an analysis of the Company's management accounting records/systems. Any person who is or has been a director, or is considered as a de facto or shadow director of the Company in the three years prior to the insolvency event are also asked to complete a questionnaire to assist with our investigations.

Where appropriate creditors or other parties may be asked to come forward with information.

Any financial benefit to creditors in carrying out the above work is unclear at present, however, creditors will receive updates on these matters once we are appointed.

Dealing with all creditors' claims (including employees), correspondence and distributions

Time will be spent dealing with creditor queries as and when required. This can include queries by telephone, email or within letters received in the post.

If there is likely to be a distribution, creditors will be made aware of this at the earliest possibility, whether it be detailed in our initial correspondence, a progress report or by notice of intended dividend issued during the course of administering the case.

Creditors' claims will be dealt with in accordance with the order of priority, and therefore only if there is a prospect of a dividend in the insolvency proceedings, will those specific claims be adjudicated on. However, all claims received will be noted and registered. The administrator is unable to distribute a dividend to the unsecured creditors without permission of the court, other than of the prescribed part. Should there be funds available to make a distribution to the unsecured creditors, it is usual practice for a succeeding liquidator to deal with the claims of the unsecured creditors.

Where the Company has employees who have claims in the Administration, it will be the role of appointed Administrator to liaise with the Redundancy Payments Service ("RPS") and collate employment records in order to submit information concerning sums potentially due in respect of outstanding salaries, holiday pay, pay in lieu of notice and redundancy. The government will initially review and make payment of the claims of the employees, (up to their maximum allowances), and any shortfall on those claims will be a claim in the insolvency proceedings.

In this case, we understand that there may be secured, secondary preferential and unsecured creditors.

Time will be spent dealing with all creditor queries as and when required.

Realisation of assets

Insolvency Practitioners are required to maximise realisations for the benefit of the Company's creditors. In order to do this we may need to consider instructing professional agents to carry out negotiations, provide inventories and valuations. We may also need to instruct solicitors to complete sales. We may need assistance with debt collection exercises.

All work carried out in respect of the asset realisation is for the purpose of realising property and assets for the benefit of the creditors generally.

We shall seek recovery of the overdrawn directors' loan account.

We shall also assist Barclays with the collection of the book debts as and when required. Should Barclays indebtedness be settled in full from debtor collections, we will seek for the debtors ledger to be reassigned to the Company and we will progress the remaining debtor collections for the benefit of the estate.

Distribution of funds

In cases where sufficient realisations are made to enable a dividend to the secured and preferential creditors, I must review the claims and supporting documents and formally adjudicate on the claims. This may involve seeking additional supporting documents where claims require further review.

This will only occur should sufficient proceeds remain in the Administrators' estate after the costs of the Administration have been met in full.

As mentioned above, any distribution to the unsecured creditors, (unless by way of prescribed part), would be paid by a succeeding liquidator. However, we do not anticipate that there will be sufficient funds available to enable a distribution to the unsecured creditors.

Other matters which include, seeking decisions from creditors (via DCP and/or via Decision Procedures), tax, litigation, pensions and travel

During the course of administering the case, the Insolvency Practitioner may be required to carry out additional work which doesn't necessarily fall under any of the other categories above.

This may include seeking additional decisions from creditors on various proposed resolutions, including where relevant an increase to our original remuneration estimate, and whether a creditors committee is formed.

We may also be required to submit VAT and Tax returns when appropriate in order to reclaim monies for the estate and pay over any taxes due to HMRC. As detailed above, we are also duty bound to provide notifications and further assistance to pensions departments where applicable.

We may be required to travel to the Company's premises, or to a meeting external to our office if it assists with our realisation of assets, investigations or another aspect of the case.

There are certain other matters which we may have to deal with which are not evident or foreseeable at the outset of the Administration. I am unable to seek approval to fix remuneration for any work unless and until the nature of any such work has been identified and the work involved can be quantified. If this scenario should occur, I will revert to creditors, providing full details of the circumstances at the time, to seek creditor approval of a further fees estimate. Instances and explanations of the such work that might fall under this category are provided on our website at <http://www.begbies-traynorgroup.com/work-details>.

Once again, there may not be any obvious financial benefit to creditors, but all work carried out would likely be considered necessary for the administration and progression of the case. Creditors will be notified of all of our actions in the progress and/or final reports issued.

Dated: 27 October 2023

FORTOAK ROLLS LIMITED

DETAILS OF THE EXPENSES THAT THE ADMINISTRATORS CONSIDER WILL BE, OR ARE LIKELY TO BE INCURRED DURING THE COURSE OF THE ADMINISTRATION

No.	Type of expense	Description	Estimate £
1.	Advertisements	Of appointment, distributions (if applicable)	250.00
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	100.00
3.	Insurance	An Insolvency Practitioner is required to ensure that there is sufficient insurance cover over the assets of the insolvent entity. Administration fees may also be charged on the policy	500.00
4.	Storage costs	An Insolvency Practitioner is required to retain relevant books and records of the insolvent entity in order to carry out his/her duties as office holder. In addition, following case closure the Insolvency Practitioner will retain his/her working papers to allow any queries or issues raised to be dealt with.	250.00
5.	Stationery and postage	Reasonable postage costs incurred in administering the insolvency of the Company	250.00
6.	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements	5,500.00
7.	Agents fees and disbursements	The fees of any agents instructed to assist the Insolvency Practitioner and their anticipated disbursements	5,500.00
8.	Accountants fees and disbursements	The fees of any accountants instructed to assist the Insolvency Practitioner and their anticipated disbursements	2,500.00
9.	Debt collection fees	The fees of any third party instructed by the Insolvency Practitioner to assist with the collection of the debts of the insolvent entity and their anticipated disbursements	% of successful collections
10.	Bank charges	An Insolvency Practitioner is required to operate a separate bank account in relation to the insolvent entity's estate	50.00
11.	Statement of Affairs fee	Estimated sum in relation to the preparation of the Company's Statement of Affairs	5,000.00
12.	Administrators' expenses	Additional expenses likely to be incurred by the administrators throughout the assignment	1,000.00
13.	Provision	Additional provision estimate for expenses not originally anticipated at the outset of the administration	5,000.00

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any expenses that will or may be incurred in any insolvency procedure following the administration

SIP 16 STATEMENT

SIP 16 Statement

FORTOAK ROLLS LIMITED (IN ADMINISTRATION) (“**THE COMPANY**”)

INFORMATION ABOUT THE COMPANY AND THE PRE-PACKAGED SALE OF THE **COMPANY'S** BUSINESS AND CERTAIN ASSETS ON 23 OCTOBER 2023

Background Information

Our proposals for achieving the purpose of the administration provide detailed information in relation to the Company. The following background information is provided to assist creditors who may have limited knowledge of the Company and its affairs to better understand the reasons for the pre-packaged sale.

The Company was incorporated on 21 December 2005 and grew to become a leading supplier of paper rolls, labels, and packaging serving the UK market.

In October 2022, the Company moved its office headquarters, warehouse and distribution facility to a new purpose-built eco-building at Unit 2, Prologis Business Park, Hams Hall, Coleshill, Birmingham, B46 1DS (“the Premises”) on a leasehold basis. The Company’s registered office was also the Premises.

In recent years, the Company has regularly achieved sales between £6m to £10m per annum, and as at the date of the appointment of the Administrators, the Company employed 13 staff (excluding directors).

Details of the Company’s current directorship and shareholdings are summarised below:

- Directors: Alexander Vergopoulos and Craig Alford (“the Directors”)
- Shareholders: Alexander Vergopoulos (88%) and Barnaby Cardwell (12%).

The Company’s shareholding was changed on 13 January 2023, however, has yet to be updated on Companies House.

The Company’s working capital was funded by a confidential invoice discounting facility provided by Barclays Sales Finance (“BSF”). At the date of appointment, the indebtedness to BSF was approximately £1.17m, subject to contractual charges, fees and interest. This is understood to be comprised of £970k relating to the Sterling ledger and €232k (approximately £202k) relating to the Euro ledger. One of the Directors had also provided a personal guarantee up to £50k to BSF.

The reasons for the Company’s insolvency

The Company began to face cash flow constraints and a resulting build up of trade creditor and HM Revenue & Customs (“HMRC”) arrears as a result of a number of factors.

During the Covid-19 pandemic, the Company had successfully diversified into supplying PPE items (hand sanitizer, surgical aprons etc), but significant levels of unsold stock had been allowed to build up as demand rapidly decreased which led to obsolete and out of date items taking up expensive storage space and absorbing cash.

One particular customer accrued a significant accumulation of unpaid debt, part of which is disputed, which led to reserves being applied on the Company’s sales finance facility and therefore significantly restricted cashflow.

There were also a number of logistical and management issues which led to additional costs such as demurrage charges being incurred for goods not collected on time from port (partly because of cash flow constraints) which exacerbated the situation.

There also appear to have been issues within the finance function of the business which meant that cashflow forecasts were not being prepared, the accounting software was not setup or used correctly, VAT returns were regularly filed late resulting in significant penalties, a Time to Pay ("TTP") arrangement was agreed with HMRC, with monthly repayments higher than monthly profit generated and was therefore unrealistic.

Due to the precarious financial position, BTG Advisory LLP (part of the Begbies Traynor Group) was engaged on 28 September 2023 to advise the Directors on potential restructuring options available to the Company, to review financial information and to assist in discussions with key stakeholders (as required).

The Directors have advised that, when they became aware of the full extent of the HMRC arrears and the issues with non-submission of returns, they contacted HMRC to discuss the position early in September and we have seen confirmation from HMRC that they then agreed to defer any legal action until 11 October 2023.

Although the Company had also accrued significant debt to trade suppliers, it appeared largely under control with the majority creditor being the Company's principal supplier, Formers Security Printing Limited ("Formers") in China, who remained supportive. The Directors then set about seeking to raise funding to be able to make a credible proposal to HMRC to repay a substantial proportion of the debt with perhaps a balance to be paid over a short period of time. Formers indicated that they may be in a position to introduce some additional funding, probably in return for equity in the Company and the Directors entered into discussions with another paper company and even got as far as having heads of terms in place that would have seen substantial funds introduced into the Company in return for a majority stake in the Company.

Regrettably, neither of these options were capable of either concluding within the time available or providing sufficient funding to be able to provide the means to turn the position around. The Directors also sought alternative funding options and a re-financing of the invoice discounting facility but, we understand, received no offers to re-finance.

Given the circumstances, BTG Advisory LLP recommended that an Accelerated Merger and Acquisition ("AMA") sale process be undertaken immediately to explore interest from prospective buyers and investors (initially on a solvent basis). Additional debt funding was not considered appropriate due to the existing leverage.

Under a separate letter of engagement dated 3 October 2023, Begbies Traynor (Central) LLP was engaged to assist with an exercise to market the business and assets of the Company for sale. Eddisons Commercial Limited ("Eddisons") were subsequently engaged to provide valuation advice and assist with an AMA process in order to seek prospective buyers for the Company or its business and assets.

If achieved, a solvent (or going concern pre-pack sale) would help ensure continuity for customers, thereby limiting the likelihood of counter claims/ offset, which could adversely impact the debtor recoveries – the Company's key asset, and it would also secure the employment for a majority, if not all, of the employees.

The Company continued to trade during the AMA process in order to improve the prospects of achieving a sale. The AMA was run on a restricted timetable due to the cash flow pressure and significant funding requirement in excess of the facilities available to it.

Despite the wide marketing and general level of interest received, no interest for the Company was generated on a solvent share sale basis.

All interested parties approached the opportunity as a business and asset purchase (via a pre-pack administration), primarily due to the significant levels of debt. The Directors had already indicated that they would be interested in making a bid for the business and assets via a pre-packaged sale if this was the likely outcome.

Once this became apparent, a Notice of Intention to Appoint Administrators ("Nol") was filed on 10 October 2023 in order to notify Barclays Bank Plc ("Barclays") as Qualifying Floating Charge Holder ("QFCH") and to protect the Company from any creditor action whilst the possibility of a sale was explored.

The reasons for the pre-packaged sale

The pre-pack sale should enable a distribution to be made to the secured and preferential creditors. It should also:

- Improve the value realised for the Company's assets (when compared to a break-up sale of the assets in a shut-down scenario);
- Ensure continuity for the Company's customers. If the Company went into administration or liquidation with no continuation of supply, it is more likely (in our experience) that the debtor recoveries would be adversely impacted;
- Mitigate estimated employee claims (preferential and unsecured) in respect of 15 employees transferred to FleQlux Ltd ("the Purchaser") under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE");
- Reduce costs compared with a shut-down scenario (such as agents' fees and property holding costs) and therefore maximise net collections; and
- Potentially mitigate the landlord's claims as the Purchaser may continue to occupy the premises (assuming that assignments are granted), therefore claims will be diminished.

The statutory purpose of administration that was pursued

The Joint Administrators must seek to achieve one of the three following purposes of administration:

- (a) rescuing the Company as a going concern, or
- (b) achieving a better result for the Company's creditors as a whole than would have been likely if the Company had been wound up (without first being in administration), or
- (c) realising property in order to make a distribution to one or more secured or preferential creditors.

The Joint Administrators think that objective (a), 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, due to the following:

- Concerns over the ongoing viability of the Company in its current form;
- An absence of available funding to finance the overheads and employee costs;
- The significant quantum of funding likely to be required to restore the Company to solvency; and
- The level of creditor arrears (in particular HMRC) and ongoing creditor pressure.

As there is unlikely to be a distribution to the unsecured creditors, given the extent of preferential claims and the likely level of realisations, the Joint Administrators consider that it is unlikely that they will be able to achieve the objective specified in sub paragraph 3(1)(b), namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).

Consequently, the most appropriate objective to pursue in this case is that specified in sub paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors. Furthermore, the Joint Administrators consider that pursuing this objective should not unnecessarily harm the interests of the creditors of the Company as a whole.

The Joint Administrators consider that this has already been largely achieved by completing a pre-pack sale of the business and certain assets of the Company on 23 October 2023 and the sum of £40,000 has already been distributed to the secured creditor under its fixed charge security. The sale ought to provide continuity and therefore the best chance of maximising any surplus in the sales ledger following repayment of the Barclays debt and this would then be available to creditors along with the recovery of the outstanding director's loan account (subject to costs).

FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE

Who was the source of Begbies Traynor (Central) LLP's **initial introduction to the Company?**

Gareth Prince of Begbies Traynor was initially approached (directly) by one of the Directors of the Company on 11 September 2023. We were already known to the Directors due to the fact that Gareth Prince and Mark Malone had been the Joint Administrators of Meriden Paper Limited, having been appointed on 13 June 2017. The two companies are connected by common directorship although there is no other known connection between the companies. We were subsequently appointed as Joint Liquidators in the winding up of Meriden Paper Limited and the company is now dissolved.

What was the extent of Gareth Prince and Mark Malone, their associates and Begbies Traynor (Central) LLP's **involvement with the Company before appointment?**

BTG Advisory LLP (part of the Begbies Traynor Group) was engaged on 28 September 2023 to advise the Directors on potential restructuring options available to the company, to review financial information and to assist in discussions with key stakeholders as required.

Under a separate letter of engagement dated 3 October 2023, Begbies Traynor was engaged to assist with an exercise to market the business and assets of the Company for sale.

Prior to their appointment, the proposed administrators advised the Company and not the Directors on their personal position, the Directors were encouraged to take independent advice.

Please note that negotiations with the Purchaser in relation to the pre-packaged sale were conducted by Gareth Prince and Mark Malone prior to their formal appointment as administrators and not by the Directors.

It was made clear to the Directors that once Gareth Prince and Mark Malone were appointed as administrators that their responsibilities would be to act in the best interests of the Company's creditors. This would mean that they could no longer provide advice to the Company and that their duties to the Company would cease. They would be required to take custody or control of the Company's property and assets and to manage the affairs, business and property of the Company in accordance with the approved proposals of the administrators.

Was the business or were the assets of the Company acquired from an insolvency practitioner prior to this pre-packaged sale?

We are not aware of any previous insolvency sale of the Company or its business and assets.

Details of the marketing of the business and assets of the Company that were undertaken prior to the pre-packaged sale

The primary assets of the Company were its book debts, goodwill, customer contracts, intellectual property and an overdrawn director's loan account.

Independent valuation agents, Eddisons Commercial Limited (part of the Begbies Traynor Group), were instructed to carry out a valuation of the business and assets and were also instructed to undertake a marketing exercise for the purpose of selling the business and assets of the Company. Due to significant cashflow pressure, the marketing campaign was restricted to a two-week timescale. The marketing campaign was necessarily short as the Company quickly became unable to draw down on its invoice finance facility and therefore even essential payments became extremely difficult to facilitate. This was brought into sharp focus as all staff are paid monthly and salaries would be due towards the end of October with no certainty that the Company would have available funds to meet this cost.

In order to make the availability of the business and assets known to the widest group of potential purchasers in the time available, two routes to market were used:

Eddisons' Database

A targeted teaser document ("the Teaser") was circulated to approximately 38,500 potential interested parties registered on Eddisons' marketing database on 4 October 2023. The Teaser provided an overview of the Company's business and assets as well as historical and forecast financial performance.

Eddisons confirmed that the notice listed on their website generated 84 page views from 66 unique users. 28 parties requested a non-disclosure agreement, of which 15 were returned and those parties were given access to the dataroom. No parties requested or were sent information in addition to that in the dataroom.

In parallel to the above process, management provided details of the paper company mentioned earlier which had entered into head of terms for a possible equity stake. Eddisons contacted the interested party, however, they advised that they were no longer interested either on a solvent or insolvent basis.

The above marketing exercise generated one offer for the business and certain assets of the Company from a connected party, as summarised in this document.

IP-Bid.com

Furthermore, in order to broadcast the opportunity further, the Teaser was also placed on the marketing website IP-BID, (www.ip-bid.com), on 4 October 2023 for submission of interest.

This resulted in 20 parties expressing their interest in the Company's business and assets but no offers were received from this source.

We are satisfied that the business has been exposed to the widest possible audience in the circumstances and time that was available.

What valuations of the Company's undertaking and assets were obtained?

Independent valuer, Eddisons, was instructed to undertake a valuation of the Company's tangible assets, both on an in-situ and ex-situ basis.

The reporting valuer was David Ross, an MRICS registered valuer. Eddisons is a firm of agents and is regulated by the Royal Institute of Chartered Surveyors. Eddisons confirmed its independence, and that it carries adequate professional indemnity insurance and that it has suitable experience of dealing with similar businesses in distressed situations.

As we considered there to be a prospect of selling the business and assets on a going concern basis, we sought an in-situ valuation to compare any offers against. In the event offers may have been lower than these values, we also sought an ex-situ valuation so that we could assess whether any offer merited acceptance, or if we should sell the assets on a piecemeal basis.

A summary extract from the valuation is detailed below (the figures are prior to the costs of realisation):

<u>Categories of Assets</u>	<u>Valuation £ (In-situ basis)</u>	<u>Valuation £ (Ex-situ basis)*</u>
Stock (please see note below)	35 - 50% of cost (please see note below)	0 – 5% of cost (please see note below)
Work in progress		
Plant and machinery	1,000	350
Motor vehicles (subject to finance)	39,000	37,000

*Please note, the ex-situ valuations are stated prior to costs of realisation which we would anticipate to be approximately 15%.

Goodwill/Intellectual Property Rights

Eddisons' notes in their valuation report were as follows:

"The definition of goodwill is the possession of a ready-formed connection with customers considered as a separate element in the saleable valuation of the business. The Royal Institute of Chartered Surveyors advises caution when valuing goodwill and recommends the exclusion of turnover or profits, which are attributed solely to the personal skill, style or operation, and/or reputation of the existing owner or management. We are not in a position to comment on the skill, style or reputation of the existing owner however; goodwill can correctly be described as a wasting asset, in an Insolvency situation.

IPR do not always have any value in isolation and their value often depends on the firms' continuity as a 'going concern'. The obvious problem is that transactions involving individual IPR are rarely, if ever, publicised and without liquid and organised markets, estimates of fair value, tend to be subjective. In the end in an insolvency situation, it is simply what one person, or preferably two, are prepared to pay for such assets."

Leasehold premises

The Company operated under a limited licence arrangement with its landlord and therefore no assignable value would be anticipated in this arrangement.

Stock

As noted earlier in this report, the Company was holding a significant quantity of obsolete/out of date PPE stock which, as well as having no value and costing money to store, is expected to have a significant disposal cost attached to it (which is partly why the Company had not already disposed of it). Excluding the PPE stock, the book value was some £451k of which stock from the Company's principal supplier, Formers, constituted some £348k. The trading arrangements between Formers and the Company provide that any stock supplied by Formers remains its property until all debts have been paid (an 'all monies' reservation of title clause). Further analysis of the residual stock revealed that some £90k of this was also obsolete or out of date or faulty and therefore the unencumbered 'good' stock only had a book value of some £20k.

What security (if any) has the Company provided to its creditors?

At the date of appointment, the following charges granted by the Company remained outstanding at Companies House:

<u>Charge holder</u>	<u>Security held</u>	<u>Date created</u>	<u>Date registered</u>
Barclays Bank PLC	Fixed and floating charge	29 January 2010	4 February 2010
Barclays Bank PLC	Guarantee and debenture conferring fixed and floating charge	12 September 2012	18 September 2012

What alternative courses of action were considered by the Adminsitrators?

The following options were considered as alternatives to a pre-packaged sale though an administration process:

Refinance / Solvent sale

As mentioned above, due to the level of creditor arrears, the overall liabilities of the Company and inaccurate historical information, this option was considered unlikely to be achievable.

Nonetheless, in order to establish whether a solvent sale was achievable, the opportunity was extensively marketed, inviting offers on both a solvent and pre-pack basis. The Company's balance sheet and trading performance would not (in our opinion) support raising sufficient debt finance to meet the Company's ongoing working capital requirements or to settle the HMRC debt in full.

Creditors' Voluntary Liquidation ("CVL")

The realisable value of the Company's assets in a CVL shut-down scenario were considered to be lower compared to a going concern sale of the business via an administration process. Without the continuation of supply, the book debt recoveries would also potentially reduce. Furthermore, there would be significantly higher preferential and unsecured claims from employees in a CVL scenario compared to a going concern pre-pack sale in which employees would be subject to TUPE transfer.

Company Voluntary Arrangement ("CVA")

A Company Voluntary Arrangement was considered. However, this was not considered a viable option as the Company would require a substantial restructure, which could not be supported by current cashflow, even where a compromise could be reached with its creditors.

Administrative Receivership

The floating charges registered against the Company post-date the introduction of the Enterprise Act 2002 and therefore the secured lenders did not have the ability to appoint Administrative Receivers under the terms of their security.

Restructuring Plan

Due to the relatively protracted time period required to firstly, propose a plan to the Court, and secondly, if the plan was initially approved, convene and hold meetings of the relevant creditors, based on the Directors' representations of the Company's current cashflow pressures, there appeared to be insufficient time available to the Company (to consider and propose a Restructuring Plan). It was also noted that, in its current position, the Company was unlikely to be able to pay the professional costs (both from an insolvency practitioner, and legal court costs) associated with proposing a Restructuring Plan.

Moratorium Procedure

In order to be a suitable candidate to consider the standalone moratorium procedure (introduced by The Corporate Insolvency and Governance Act 2020), an insolvency practitioner (the proposed monitor) will need to be satisfied that a rescue of the Company will be possible. Based on the information provided, the Joint Administrators consider that the moratorium protection alone would not have been sufficient to enable the Company to deal with the historic HMRC liability and restructure its finances to a point that it might then be able to continue to operate and/or avoid an alternative process. In the circumstances, the proposed Joint Administrators did not believe this would be an appropriate route for the Company.

Why was it not appropriate to trade the business during the administration in order to offer it for sale as a going concern?

There would be significant risks attached to trading the Company in administration due to the following reasons:

- Crucially, there was an absence of immediate funding available to finance the overheads, overdue supplier payments and employee wages;
- The Company, whilst trading in administration would most likely generate further losses, particularly where suppliers adopt ransom positions and the additional layer of administrators' costs are applied;
- The trading losses and associated costs of managing the business in administration would not generate any additional meaningful benefit that would not be determined by a period of marketing ahead of an administration;
- The business could suffer irreparable damage and diminution in value if traded through a period of administration as it would not be able to maintain supply to its customers. The Company supplies a commodity product and customers are able to re-source easily; and

- The uncertainty of the situation would likely have resulted in debtors raising disputes and /or delaying payment of outstanding liabilities owing to concerns over potential disruption to supply and after service.

An extensive marketing campaign (within the restriction of the time available and commercial sensitivity) had already been undertaken and it was considered that no additional viable offers would be achieved, even if the business was traded in administration.

What requests were made to potential funders to fund working capital requirements during the administration?

Given the above and likely trading losses, no formal request was made to secured lenders / funders to fund any working capital requirements for trading.

What efforts were made to consult major creditors?

Barclays, as the secured lender, has been kept informed of actions taken and planned strategy and, additionally, were provided with a draft version of this SIP 16 disclosure and a copy of the Evaluator's report.

In addition to the secured creditor, HMRC is a major creditor of the Company. We understand that the Directors held discussions with HMRC regarding the Company's financial position in the weeks prior to the appointment of the Joint Administrators and they were notified that a Notice of Intention to Appoint Administrators had been filed.

We understand that the Directors have held discussions with the Company's principal supplier and majority trade creditor, Formers, who confirmed that they supported the proposed acquisition.

Discussions were held between the Directors and the landlord/warehouse provider directly, and they were advised of the strategy and of the pre-pack sale.

It was not possible in the time available to consult with the wider body of creditors due to the commercial sensitivities and risk it presented to any future going concern sale.

What was the date of the transaction?

Monday, 23 October 2023

What were the assets sold and what was the nature of the transaction?

The sale of the business and certain assets included the following assets:

- Goodwill;
- Business intellectual property;
- Business records;
- Customer contracts;
- Information technology;
- Supplier contracts;
- Stock;
- Work in progress; and
- Plant and machinery.

The sale excluded assets subject to finance agreements but any equity in such agreements is to be assessed post-completion.

Additionally, the Purchaser has agreed to take possession and responsibility for all the obsolete PPE and other stock which would otherwise represent a significant liability in terms of the costs of disposal.

As part of the sale, all 15 of the Company's employees (including the two Directors) were transferred to the Purchaser in accordance with TUPE, thus reducing the employees' preferential and unsecured claims when compared to a liquidation wind-down.

What was the consideration for the sale, including payment terms, and other conditions of the contract that could materially affect the consideration?

The total consideration is £75,000, which was immediately payable on completion of the transaction and will be apportioned as follows:

<u>Categories of Assets</u>	<u>Fixed or Floating charge realisation</u>	<u>Total sale consideration on completion £</u>	<u>Valuation £ (In-situ basis)</u>	<u>Valuation £ (Ex-situ basis)</u>
Goodwill	Fixed	64,995	N/A	N/A
Business intellectual property	Fixed	1		
Business records	Fixed	1		
Customer contracts	Fixed	1		
Information technology	Fixed	1		
Supplier contracts	Fixed	1		
Stock	Floating	7,000	35 - 50% of cost (please see note above)	0 – 5% of cost (please see note above)
Work in progress	Floating	2,000		
Plant and machinery	Floating	1,000	1,000	350
Total		75,000		

The goodwill, intellectual property, business records, customer contracts and information technology are considered fixed charge assets; all remaining realisations are considered to be floating charge assets. The allocation was based on the offer received by the Purchaser the corresponding negotiations and advice from Eddisons.

As part of the transaction, the Administrators have granted a licence to the Purchaser to occupy the Premises for a three month period.

The Company operated a confidential invoice financing facility with Barclays and as such, the debtor ledger is assigned to Barclays and was excluded from the sale.

Should the Purchaser dispose of all or a substantial part of the business within 12 months of completion, a sum equivalent to 50% of the gross proceeds exceeding the consideration paid by the Purchaser, would be payable to the Administrators.

The Purchaser is also required to provide assistance with collection of book debts at no cost for a period of 12 months.

The offer is anticipated to result in a materially better outcome for creditors (as a whole) than if the Company be wound-down (i.e. entering CVL).

Eddisons recommended the offer from the Purchaser be accepted and the proposed Administrators concurred.

With the approval of Barclays as secured creditor, and on the recommendation of our appointed agents, Eddisons, we proceeded to complete a sale to the Purchaser on 23 October 2023.

Is the sale part of a wider transaction? If so a description of the other aspects of the transaction

No, the sale is not part of a wider transaction.

Who was the Purchaser?

Fleqlux Ltd (company registered number: 13473693) ("the Purchaser").

Is there a connection between the Purchaser and the directors, shareholders or secured creditors of the Company or their associates?

The Joint Administrators understand that the Purchaser has a common director/shareholder in Alexander Vergopoulos.

Please note that we have been advised that Alexander Vergopoulos intends to be a minority shareholder (24%) in the Purchaser, and that Simon McCouaig, the recently appointed chairman of Fortoak Rolls Limited, will become the majority shareholder and Managing Director / CEO of the Purchaser.

Are any directors, or former directors, of the Company or their associates involved in the management, financing or ownership of the Purchaser, or of any other entity into which any of the assets have been transferred? If so, who are they?

As mentioned above, from information obtained at Companies House and from information provided by the Directors, the Joint Administrators understand that Alexander Vergopoulos of the Company is involved in the management of the Purchaser.

The Evaluators' qualifying report

As the sale of the Company's assets involved a substantial disposal to a connected party within the eight-week period after the appointment of the administrators, the Purchaser must obtain a qualifying report from an Evaluator.

This Evaluators' qualifying report was provided to us on 23 October 2023. The Evaluator is Johnny Abraham of J9 Advisory Limited.

Mr Abraham is a member of the Institute of Chartered Accountants in England and Wales, the Association of Business Recovery Professionals, and Turnaround Management Association in the UK, as well as an accredited member of the Institute for Turnaround.

The Joint Administrators can confirm that, having regard to the date on which the report was made, they are satisfied that Johnny Abraham has sufficient relevant knowledge and experience to make the report, and that the content of the report complies with 'The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021'.

A copy of the report is attached at Annexure 1. The report confirms that the Evaluator was satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

The Purchaser's viability statement

A copy of the Purchaser's viability statement has been requested, but not provided by the Purchaser to date.

Had any directors of the Company given guarantees for amounts due from the Company to a prior financier? Is that financier financing the new business?

Alexander Vergopoulos, one of the Directors, has informed the Joint Administrators that he has provided a personal guarantee capped at £50k to Barclays Bank PLC, the prior financier.

The prior financiers of the Company (Barclays Bank PLC) are not financing the Purchaser, and the sale is not part of a wider transaction. No security is required from the Purchaser as all funds were payable in full on completion.

What options, buy-back arrangements, deferred consideration or other conditions are attached to the contract of sale?

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

As noted above, should the Purchaser dispose of all or a substantial part of the business within 12 months of completion, a sum equivalent to 50% of the gross proceeds exceeding the consideration paid by the Purchaser, would be payable to the Administrators.

ANNEXURE 1 – The Evaluator’s qualifying report

QUALIFYING REPORT

Qualifying Report

Under The Administration (Restrictions on Disposal
etc. to Connected Persons) Regulations 2021

IN RELATION TO THE PROPOSED SUBSTANTIAL
DISPOSAL OF THE BUSINESS AND ASSETS OF:
FORTOAK ROLLS LIMITED TO FLEQLUX LTD

23 OCTOBER 2023



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PURPOSE, CONTENTS AND INTERPRETATION

PURPOSE

As Per the Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021, 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.

CONTENTS

- 1) Evaluator Profile and Professional Indemnity Insurance
- 2) Transacting Companies, The Connected Persons, and Previous Qualifying Reports
- 3) Proposed Transaction Details
- 4) Independent Asset Valuation, Marketing and Evidence Relied Upon
- 5) Opinion on the Proposed Transaction

INTERPRETATION

In this Report:

"The Regulations" means The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021.

"Qualifying Report" has the meaning given to it in Regulation 5 of the Regulations.

"Previous Report" has the meaning given to it in Regulation 8 of the Regulations.

"Substantial Disposal" has the meaning given to it in Regulation 3 of the Regulations.

"Connected Persons" as defined in Paragraph 60A(3) of Schedule B1 to the Insolvency Act 1986 and includes Directors, Shadow Directors, and other Officers of the Company, as well as Connected Companies.

"Relevant Property" means the property being disposed of, hired out or sold by the substantial disposal.

"The Proposed Administrator" means Gareth Prince and Mark Malone of Begbies Traynor (Central) LLP ("Begbies").

1) EVALUATOR PROFILE AND PROFESSIONAL INDEMNITY INSURANCE

EVALUATOR PROFILE

I, Johnny Abraham, confirm that I am satisfied that my knowledge and experience is sufficient to meet the requirements set out under Part 3 of The Administration (Restriction on Disposal etc. to Connected Persons) Regulations 2021.

I have over 22 years of experience specialising in Business Funding, Restructuring and Insolvency matters which has been gained within an International Big 4 Professional Services Firm, a National Independent Restructuring and Insolvency practice, and within my own Independent Specialist Business Advisory Firm. I also have experience in Commercial Lending gained within two International Banks.

I am a Fellow Member of the Institute of Chartered Accountants in England and Wales, a Fellow Member of the Association of Business Recovery Professionals, and an Accredited Member of the Institute for Turnaround. I am also a Member of the Board of the Turnaround Management Association in the UK.

I can confirm that:

- I meet the requirements as to Professional Indemnity Insurance as specified in Regulation 11, (Further details set out below);
- I meet the requirements as to independence, as specified in Regulation 12; and
- I am not excluded from acting as an Evaluator by virtue of Regulation 13.

Having met the requirements set out above, I can therefore act as an Evaluator in respect of making this Qualifying Report.

PROFESSIONAL INDEMNITY INSURANCE

Insurer: QBE UK Limited.

Policy Number: 00010817PIC

Risks Covered: Professional Indemnity Insurance to cover the Business Funding, Rescue and Restructuring Advisory Services provided by J9 Advisory Limited, including acting as an Evaluator in producing a Qualifying Report under the Regulations.

Amount Covered: £1,000,000 (any one claim)

Exclusions: Geographical Exclusion (USA and Canada). Vicarious Liability Exclusion.



2) TRANSACTING COMPANIES, THE CONNECTED PERSONS, AND PREVIOUS QUALIFYING REPORTS

DISPOSING COMPANY

Fortoak Rolls Limited ("Fortoak Rolls")
Company Number - 05660546

PROPOSED PURCHASER

FleQlux Ltd ("FleQlux")
Company Number - 13473693

CONNECTED PERSONS AND NATURE OF CONNECTION

Alexander Stephen Vergopoulos - Is a Director and I am advised that he is an 88% Shareholder of Fortoak Rolls. He is also a Director and I am advised he will be a 24% Shareholder of FleQlux.

PREVIOUS QUALIFYING REPORTS

The Connected Persons above have provided written confirmation that no previous Qualifying Reports have been instructed or received from any other Evaluator.

There is no reason for me to believe that this is incorrect, and therefore I surmise that Section 8 of the Regulations does not apply.

3) PROPOSED TRANSACTION DETAILS

BUSINESS AND ASSETS BEING DISPOSED ("RELEVANT PROPERTY")

FleQlux Ltd is proposing to acquire substantial Business and Assets of Fortoak Rolls Limited which consist of Right, Title and Interest as are held in the following:

- Goodwill
- Stock
- Work in Progress
- Plant and Machinery
- Business Intellectual Property
- Business Records
- Customer Contracts
- Information Technology
- Supplier Contracts

PROPOSED CONSIDERATION AND TERMS

FleQlux Ltd proposes to acquire the Relevant Property of Fortoak Rolls Limited for the consideration and under the terms detailed below:

• Goodwill	£64,995
• Stock	£7,000
• Work in Progress	£2,000
• Plant and Machinery	£1,000
• Business Intellectual Property	£1
• Business Records	£1
• Customer Contracts	£1
• Information Technology	£1
• Supplier Contracts	£1
<hr/>	
Total Consideration	£75,000

Terms:

- The Consideration will be payable in full on completion.
- A License to Occupy will be required.
- The Proposed Purchaser will provide assistance to the Proposed Administrators to collect Book debts at no cost for 12 months.

4) INDEPENDENT VALUATION, MARKETING AND EVIDENCE RELIED UPON

INDEPENDENT VALUATION

The Proposed Administrator has provided me (on a confidential basis) with a copy of a Valuation Report dated 17 October 2023 that has been prepared by a RICS regulated Surveyor from Eddisons Commercial Ltd ("Eddisons").

I have also had sight of a Letter from Eddisons dated 18 October 2023 which sets out a recommendation in relation to the Relevant Property.

MARKETING

The Proposed Administrators have provided information with regards to the level of marketing activity that has been completed in relation to the relevant property which is summarised as follows:

Eddisons commenced a marketing campaign on behalf of the Disposing Company on 4 October 2023.

An Advert Notice was placed on the Eddisons Business for Sale webpage, and a Sales Teaser document was circulated to the Eddisons Commercial Database of approximately 28,000 recipients, together with the IP Bid database of approximately 8,000 subscribers.

This generated 28 expressions of interest, and parties were sent Non-Disclosure Agreements with 15 returned.

These parties were subsequently provided with access to a data room containing further information relating to the opportunity, and a deadline for interest was set for 18 October 2023.

The Proposed Transaction reflects the final offer made by the Connected Persons to purchase the Relevant Property.

EVIDENCE RELIED UPON

In undertaking my review of the Proposed Transaction and reaching the opinion below, I have relied upon the following information and evidence that has been provided to me by the Proposed Administrators. No detailed audit or verification of the information or evidence provided has been undertaken.

- J9 Advisory Information Pack
- Company Financial Information
- Final Sale & Purchase Agreement
- Financial Forecasts
- Newco Changes Plan
- Valuation Report from Eddisons
- Recommendation Letter from Eddisons
- Correspondence with the Connected Persons
- Correspondence with the Proposed Administrators

5) OPINION ON THE PROPOSED TRANSACTION

OPINION

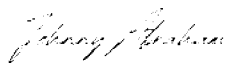
I am satisfied that the consideration to be provided for the Relevant Property, and the grounds for the substantial disposals, are reasonable in the circumstances.

In arriving at this opinion, I have considered all of the information that has been provided to me, and I have also considered the commercial benefit to the Proposed Administrators of completing the Proposed Transaction including:

- The total consideration that is being proposed and payable in full on completion.
- The level of marketing completed and the comments made by Eddisons in their Recommendation Letter especially in relation to stock.
- The continuity of employment provided for c.14 people with the Proposed Purchaser undertaking an estimated TUPE liability of £38,000. This will reduce Employee related claims and related costs in the Administration.
- Continuity of trading together with assistance in collecting book debts (at no cost) will maximise realisations, whilst also reducing costs in the Administration.
- An Anti-Embarrassment clause to cover any sale of the Relevant Property to a third party within the next 12 months, has been included.
- Completion of the Proposed Transaction mitigates against the downside risk that would be associated with progressing with the option of pursuing an auction sale of the Relevant Property which would incur increased Administrators costs and additional creditor claims.

It should be noted, there have clearly been significant Corporate Governance and Internal Control issues within the Disposing Company (which are matters the Proposed Administrators will need to review as part of their statutory duties). This has however been identified by the connected persons and I have been provided with a document detailing changes that will be made in the new business including a new Managing Director and Ultimate Beneficial Owner moving forwards.

For the avoidance of doubt, I express no opinion as to whether FleQlux Ltd is, or will in the future remain a going concern, neither do I express an opinion on any decision made by the Proposed Administrators of Fortoak Rolls Limited to enter into a Connected Party Transaction. These are matters for the Proposed Administrators to determine.



Johnny Abraham FCA
Managing Director
J9 Advisory Limited