

AM03

Notice of administrator's proposals



Companies House

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1 Company details

Company number 08075740

Company name in full Disciple Media Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Nick M

Surname Wilson

3 Administrator's address

Building name/number 11th Floor

Street Landmark St Peter's Square

Post town 1 Oxford St

County/Region Manchester

Postcode M14PB

Country

4 Administrator's name ①

Full forename(s) Philip

Surname Stephenson

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 11th Floor

Street Landmark St Peter's Square

Post town 1 Oxford St

County/Region Manchester

Postcode M14PB

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 1 ^d 2 ^m 0 ^m 4 ^y 2 ^y 0 ^y 2 ^y 4

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	Suzanne Blakey				
Company name	Grant Thornton UK LLP				
Address	11th Floor				
	Landmark St Peter's Square				
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Postcode	M	1		4	P B
Country					
DX					
Telephone	0161 953 6900				



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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.



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DX 33050 Cardiff.



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Disciple Media Limited - in administration

Grant Thornton UK LLP
UK Restructuring
11th Floor
Landmark St Peter's Square
1 Oxford St
Manchester
M1 4PB

**Joint administrators' statement of proposals
and report under Statement of Insolvency
Practice 16**

Should you wish to discuss any matters in this report, please
email cmusupport@uk.gt.com, or write to the above address

Guide to this report

Report sections

Definitions

1 **Executive summary**

This should be read in conjunction with the remainder of this statement of proposals, together with its appendices

2 **Background to administration**

Includes details of the company and its financial difficulties, actions taken, initial introduction to the proposed administrators and their prior involvement with the company, together with the options considered and work done prior to the administration to determine that a prepack was the optimal strategy to maximise return to creditors, and the decision to appoint administrators

3 **Marketing of the business and assets**

Includes strategy and details of the joint administrators' decision on an offer in the lead-up to administration

4 **Valuation of the business and assets**

Includes details of agents used and the basis adopted for valuations in the lead-up to administration

5 **The transaction**

Includes details of the pre-pack transaction completed by the administrators shortly after their appointment

6 **Evaluator's report**

Includes details on the report provided by an evaluator instructed by the purchaser, being a connected party purchaser

7 **Proposals for achieving the objective of the administration**

Includes explanation of the objective of the administration and the anticipated exit route from administration

8 **The assets and liabilities of the company**

Includes information relating to the statement of affairs

9 **Progress of the administration**

Includes strategy and progress (sale of business, realisation of assets)

10 **Investigations into the affairs of the company**

Includes brief information on statutory investigations

11 **Creditors and dividends**

Includes creditor balances and information on dividends

12 **Joint administrators' remuneration and expenses**

Includes details of payments to the joint administrators (including details of fees and expenses incurred) and their associates

13 **Future strategy**

Includes summary details of further work to be done, extension, details on any proposed creditor decisions

Appendices

A Notice about this statement of proposals

Includes information about the preparation and purpose of this statement of proposals, reliance on them and no liability

B Statutory information

Includes information required about the company (eg name, address) and about the administration (eg court reference, administrators, contact details, data protection)

C Evaluator's report

D Purchaser's viability statement

E Estimate of the financial position of the Company

F Abstract of the joint administrators' receipts and payments

G Statement of Insolvency Practice 9 disclosure: Payments to the joint administrators and their associates

Includes remuneration basis, work done, expenses of the joint administrators sub-contracted out work, relationships requiring disclosure

Definitions

The following definitions are used either within the body of this statement of proposals, the appendices to it, or both.

Act	The Insolvency Act 1986
AMA	Accelerated Merger and Acquisition
Bank	Shawbrook Bank Limited
Company	Disciple Media Limited
CVA	Company Voluntary Arrangement
CVL	Creditors' Voluntary Liquidation
Directors	Alexander Beard, Nicholas Luckcock, Eirik Svendsen and Nicholas Vaughan
Firm / Grant Thornton	Grant Thornton UK LLP
GDPR	General Data Protection Regulation
Hilco	Hilco Appraisal Limited
IP Bid	www.IP-BID.com
JMW	JMW Solicitors LLP
Joint Administrators / we / us / our	Nick Wilson Philip Stephenson
Management	Eirik Svendsen and Chief Financial Officer
M&A	Merger and Acquisition
NDA	Non-Disclosure Agreement
PE	Private Equity
Period	The period from 5 April 2024 to 10 April 2024
Proposals	The Joint Administrators' statement of proposals dated 12 April 2024
Purchaser	Lobaso Limited
RPS	Redundancy Payments Service
Rules	the Insolvency (England and Wales) Rules 2016
SAAS	Software as a Service
Shoosmiths	Shoosmiths LLP
SIP	Statement of Insolvency Practice
SPA	Sale and purchase agreement between Lobaso Limited and Disciple Media Limited dated 5 April 2024
Transaction	The pre-packaged sale executed by the Joint Administrators on 5 April 2024
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
US Subsidiary	Disciple Media Inc.
VAT	Value added tax

1 Executive summary

Overview of the administration appointment and the Transaction

- We were introduced to, and the Firm was engaged by, the Company in the lead-up to administration. This enabled us to obtain valuations, market the Company's business and assets and negotiate a pre-pack sale to be executed upon our appointment as administrators
- We were appointed by the Directors as Joint Administrators of the Company on 5 April 2024
- The Joint Administrators are both authorised by the Insolvency Practitioners Association to act as insolvency practitioners in the UK and are bound by the Insolvency Code of Ethics
- Upon appointment, we sold the majority of the Company's trade and assets to the Purchaser for a total consideration of £1.7 million, being £0.2 million cash on completion of the Transaction and £1.5 million of non-cash consideration
- This Transaction was entered into in pursuit of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up without first being in administration, being a statutory objective of administration. We are of the opinion that the outcome achieved was the best available outcome, that could be reasonably obtained, for creditors as a whole in all the circumstances
- We requested the Purchaser to obtain an Evaluator's report on the basis that a Director is a shareholder and director in the purchasing entity and therefore the Transaction is deemed a disposal to a connected party
- We anticipate that there will be a partial return to secured creditors. We do not currently anticipate a return to preferential or unsecured creditors (Section 11 – Creditors and dividends)

Proposed administration objective, strategy and exit route

- The objective of the administration is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up without first being in administration. See section 7.1 as to how this will be achieved
- It is anticipated that the administration will end by filing a notice to dissolve the Company, as we do not anticipate paying a dividend to unsecured creditors
- These Proposals are deemed delivered on 15 April 2024
- These Proposals will be deemed approved by the creditors unless, within eight business days of being delivered, creditors whose debts amount to at least 10% by value of the total debts of the Company request that the Joint Administrators seek a decision from the creditors as to whether they approve the Proposals

Progress of the administration

- Our work during the Period mainly included investigating the realisable value of excluded assets and completing statutory duties
- Receipts and payments of the estate during the Period total £29,800 and nil. The receipt is in respect of the pre-appointment cash at bank, however is not yet reflected in Appendix F due to the short timescale from receipt of the cash to delivery of this report
- We will approach the secured creditor, and the secondary preferential creditor should there be sufficient realisations to enable a distribution to this class of creditor, to approve our pre-appointment fees of £75,000 and expenses of £44,295
- Our post-appointment remuneration basis is yet to be fixed and we propose it be fixed on the basis of a set amount of £115,000. We will approach the secured creditor, and the secondary preferential creditor should there be sufficient realisations to enable a distribution to this class of creditor, to fix the basis of our remuneration following the circulation of this SIP 16 report and Proposals

Future of the administration

- We will continue to manage the affairs, business and property of the Company to achieve the purpose of the administration
- The administration is currently due to end on 4 April 2025
- Our next report will cover the six-month period from the date of administration, or for the entire period of the administration if this is sooner

Dividends

- Based on our current knowledge, we anticipate there will be insufficient realisations to enable payment of a dividend to unsecured creditors

Information for creditors and members

- Information to help creditors and members to understand their rights in insolvency and regarding administrators' fees, the roles and functions of committees and how to make a complaint is available via Grant Thornton's website: <https://www.grantthornton.co.uk/portal>
- Alternatively, we will supply this information by post, free of charge, on request
- Please be aware that a genuine administrator would never ask (directly or via a third party) for an upfront fee or tax to release an investment or to enable payment of a dividend / release of money payable to a creditor



Nick Wilson
Joint Administrator

12 April 2024

The affairs, business and property of Disciple Media Limited are being managed by Nick Wilson and Philip Stephenson appointed as Joint Administrators on 5 April 2024.

2 Background to administration

2.1 Nature of the Company's business

The Company was incorporated on 18 May 2012. The principal trading activities of the Company were to carry out the business of developing, supporting and monetising a technology platform that supports interaction between content publishers and communities.

There were 11 full time employees on appointment.

The Company has a wholly owned subsidiary based in the USA. The US subsidiary is dormant for state tax purposes.

2.2 Causes of the Company's financial distress

From discussions with Management, we understand that the insolvency of the Company can be attributed to:

- an underperformance in revenue growth;
- an inability to service debt leading to cash flow pressures;
- increasing cash flow pressures limiting the ability to embed strategic changes.

The above causes are consistent with the findings from the work undertaken by Grant Thornton as set out in section 2.3.

2.3 Actions taken by the Company

The Bank provided funding to the Company by way of a £3 million term loan agreed in June 2022.

Following a deterioration in performance in the year to 31 December 2022, driven by an overspend on customer acquisition costs and inconsistent sales performance, the Company was expected to breach covenants in March 2023. At this stage, the Company approached the Bank and requested:

- a six-month capital repayment holiday, with repayments to recommence in October 2023;
- a covenant reset to align with a revised forecast.

Grant Thornton was invited to tender for the opportunity to carry out an independent business review on 10 March 2023 and was subsequently engaged on 20 March 2023 to assess trading forecasts, the appropriateness and adequacy of the capital repayment holiday and suggest amended covenants.

The capital repayment holiday was granted with a view to providing the Company liquidity to embed its operational changes and focus on achieving forecast revenue growth.

In September 2023, revenue growth was tracking behind forecast and, with capital repayments due to recommence in October 2023, the Company anticipated a funding requirement in Q4 2023 in addition to a likely covenant breach. In response to these challenges, the Company engaged a US-based third-party corporate finance advisor, with a view to raising funds through a merger with a strategic partner by way of a new share issue.

In order to provide time for this solution to be delivered, the Company held initial discussions with the Bank regarding a potential extension of the capital repayment holiday through to the end of 2023. As part of this process, on 20 September 2023, Grant Thornton was engaged to review the Company's short-term cash flow forecast as well as monitoring the solvent M&A process. The capital repayment holiday was extended until the end of December 2023, subject to minimum cash covenants being adhered to and certain milestones being met in the solvent M&A process.

By the end of 2023, no credible offers for a solvent transaction had been received and there had been a covenant breach. To enable the remaining solvent options to be explored, Management requested a further capital repayment holiday.

On 19 February 2024, with no deliverable offers and cash headroom diminishing, the Directors sought our assistance and we were engaged to commence an AMA process to sell the trade and assets of the Company by way of pre-packaged sale from administration and assist with putting the Company into administration. Grant Thornton was also engaged to review the short-term daily cash flow forecast to enable an assessment of the cash runway to complete the sale process.

2.4 Joint Administrators' initial introduction to and prior involvement with the Company

The Joint Administrators

We were introduced to the Company by the Bank on 15 March 2023 in the Bank's capacity as secured creditor.

Grant Thornton initially tendered for the independent business review on 10 March 2023 and had a discussion with one of the Company's Directors on 15 March 2023. Eirik Svendsen has been the principal point of contact.

Following further phases of work conducted by Grant Thornton (detailed below), on 19 February 2024, we were formally engaged by the Company to:

- explore whether a pre-packaged sale of the trade and assets of the Company could be achieved by way of an AMA;
- if appropriate, assist the Directors in taking steps to place the Company into administration.

The fees for this engagement have not been paid prior to the commencement of the administration and, as per the terms of the letter of engagement, we propose that these fees are paid as an expense from the administration estate, subject to the approval of the secured creditors. The Joint Administrators' fees and expenses are detailed in Appendix G.

The Firm

As noted above, Grant Thornton was introduced to the Company by the Bank in March 2023 and initially tendered for the independent business review on 10 March 2023.

On 20 March 2023, Grant Thornton was engaged to:

- assess historical performance and trading forecasts;
- assess the appropriateness and adequacy of the capital repayment holiday;
- suggest amended covenants.

The fee for this assignment was £15,000, which has been paid.

On 20 September 2023, Grant Thornton was subsequently engaged to:

- assess the short-term cash flow forecast and identify key risks and vulnerabilities;
- monitor the solvent M&A process.

The fee for the assessment of the short-term cash flow forecast was £7,000, which has been paid.

The monitoring of the solvent M&A process was conducted over a 14-week period and the total fee was £7,000, which has been paid.

To enable monitoring of the cash runway to determine the timeline to complete the AMA sale process, on 19 February 2024 Grant Thornton was also engaged to:

- assess the short-term cash flow forecast
- provide comments on the criticality of proposed payments.

The monitoring of the short-term cash flow was conducted over a five-week period and the total fee was £12,500, of which all has been paid.

The Joint Administrators carefully considered the position prior to accepting the appointment, having regard to their licensing bodies' ethical guidelines, and considered that there were no circumstances preventing them being administrators of the Company.

2.5 Alternative options considered by the proposed administrators

At the inception of the AMA process, on 19 February 2024, we considered all options for the Company.

We reviewed the solvent M&A process which had been undertaken and considered that it was sufficiently comprehensive. Given the solvent M&A process and the subsequent exploration of solvent options by Management, we established that a solvent solution to the funding issues was not possible as:

- the engagement from interested parties did not result in an offer that would provide a satisfactory outcome for the Bank in order for it to agree to release its security and therefore enable a solvent transaction
- there was uncertainty around the deliverability of a solvent option, arising from the level of due diligence to be undertaken which was unlikely to be completed before the Company required additional funding to continue to trade
- due to the financial position of the Company and existing debt levels, additional third-party finance could not be sourced to restore cash flow solvency.

It was determined that trading in an administration, whilst running a further sales process, was not in the interests of creditors as:

- the AMA process marketed the Company extensively to both distressed investors and trade buyers and therefore the transaction accepted was considered to be fair market value and to provide the best return to creditors
- it was considered that a sales process within the administration was unlikely to provide a materially better offer or higher return to creditors as the value of assets may be eroded in an administration and this would be to the detriment of creditors
- additional finance would have been required to support the Company continuing to trade in administration, which would require repaying out of the proceeds of any sale, reducing the return to creditors.

A CVA or Restructuring Plan were not credible options as they would not provide an immediate solution to the funding that the Company required to fulfil its ongoing trading activities.

A moratorium under Part A1 of the Act was also not a credible option. For a moratorium to commence, a monitor must be of the view that it is likely that the moratorium will result in the rescue of a company as a going concern. This was not possible given the losses being incurred and existing debt levels.

A CVL was considered and was also deemed not to be a preferable option. The assets of the Company would have had significantly less value in a CVL and therefore the return to the secured creditor under the fixed charge would have been materially reduced. Additional creditors would also crystallise in a CVL as employees would be made redundant and their claims would need to be funded by the RPS, subject to statutory limits.

Therefore we considered the viable options, being:

- the Transaction resulting from the AMA process
- the alternative of a cessation of trade followed by the collection of trade debtors/piecemeal sale of assets.

Based on the financial analysis performed, the return to creditors from the Transaction was considered to be the best outcome for the creditors as a whole.

2.6 Requests for funding the administration, and the decision of whether to trade

Based on financial analysis undertaken by us prior to the administration, continuing to trade would have been to the detriment of the creditors as a whole due to forecast losses. Therefore, no funding requests were made to any lender.

2.7 Consultation with major creditors and key stakeholders

We consulted with the following creditors and stakeholders:

- The Bank, in its capacity as the secured creditor, was consulted throughout the AMA process to ensure its agreement to release its security could be obtained, to enable a sale to proceed
- HMRC as a second ranking preferential creditor was contacted via its EISC e-mail address and we are awaiting a response.

Note that details of registered charges are provided within Appendix B.

2.8 Previous connected insolvencies

The Directors confirmed that the business/assets have not been acquired from an insolvency process in the last 24 months.

2.9 Appointment of Joint Administrators

Having considered all the options, the Directors concluded that the best option for the Company was for it to be placed into administration. Subsequently, on 4 April 2024, the Directors issued a notice of intention to appoint administrators. This was served on the Bank on 4 April 2024. The Bank has a qualifying floating charge registered at Companies House. We have instructed Shoosmiths to prepare a report to confirm the validity of our appointment.

Upon consent being granted by the charge holder, the Directors filed a notice of appointment of administrators in accordance with paragraph 22 of Schedule B1 to the Act.

3 Marketing of the business and assets

3.1 Approach to interested parties

We identified potential interested parties through the following channels:

- Our existing database of distressed investors
- Consulting with our technology sector specialist corporate finance colleagues
- Parties identified by the Directors
- Advertising the opportunity online on IP Bid.

We established a list of 56 potential interested parties and obtained approval from the Directors to begin the outreach process detailed below, which was managed by Grant Thornton.

3.2 Marketing strategy

The marketing strategy was determined considering the following:

- The short timescale, due to cash constraints within the business, indicated that a transaction needed to be completed by early April 2024
- The large number of parties identified in section 3.1 across trade, PE and distressed investors
- The level of engagement from interested parties in the solvent M&A process
- That confidentiality was required to protect the value of the assets of the Company.

The following marketing was undertaken, commencing 22 February 2024:

- Initial confidential approaches (including an anonymised teaser document) were sent to all of the identified interested parties to generate interest and follow-up phone calls/emails were made
- Where we were unable to obtain contact information, we approached the parties via LinkedIn
- An advertisement was placed online on IP Bid to generate additional interest, from which we received expressions of interest from 17 parties
- NDAs were signed by 18 parties which had indicated they were interested in considering the opportunity following receipt of the teaser
- Upon return of the signed NDAs, we granted access to a data room which contained electronic versions of management accounts, trading forecasts and other documentation we thought appropriate to share to support the parties in making an indicative offer
- Whilst reviewing the information, we invited interested parties to hold calls with us to discuss the mechanism of the proposed transaction and anticipated process timeline. We held such calls with 10 interested parties
- Of those 10 parties, four parties subsequently requested the opportunity to meet with Management to facilitate the due diligence process, and three parties wished to progress to offer stage without the requirement of a Management meeting

We concluded that, given the timescales available, the marketing strategy has achieved the best possible outcome for creditors because the confidentiality procedures adhered to throughout the process limited reputational damage to the Company whilst balancing this confidentiality against the need to expose the business to a wide buyer pool via online advertisements and a direct targeted approach to the approved list of parties we identified.

Given the extent of the interested party list, our own research, and confirmation from the Directors this represented all major parties in the sector, we are comfortable that the opportunity was sufficiently marketed.

3.3 Offers received

We received three formal offers by 21 March 2024, with a further alternative offer proposed by Management if a workable solution could not be achieved. Of these four offers, one was significantly below the others and this party withdrew from the process.

Given the nature of the business, the majority of the value was held within intangible assets and as such covered by the Bank's fixed charge. The estimated outcome to the Bank from each proposal was therefore a critical factor in determining a preferred offer, as we required the Bank's agreement to release its security to enable a sale to proceed.

The final offers were assessed based on the following criteria:

- The value of the total consideration
- The deliverability of the offer
- The degree of due diligence required and the expected timescale to complete the due diligence process
- The ability of the party to engage and work with key stakeholders of the Company to ensure continuity and limit the transaction execution risk.

Based on the above analysis, one of the remaining three offers was discounted as the total consideration was below the other offers received and the party required extensive due diligence, which we could not be certain would be completed within the timeline, and therefore carried a significantly higher execution risk.

Of the remaining two offers, the proposal from Management included higher total consideration.

As such, it was determined that the Management offer represented the best result for creditors. The allocation of consideration within this offer is set out below:

Allocation of consideration

£	
Intangible assets:	
Goodwill	1,648,493
Intellectual property	1
Name and title	1
Business information	1
Social media accounts	1
Other assets:	
Contracts	1
Computer equipment	6,500
Shares in US Subsidiary	1
Trade debtors	45,000
US Subsidiary intercompany debt	1
Total consideration	1,700,000

3.4 Agent's recommendation

We engaged with Hilco as part of our overall assessment of the offers received. Hilco is RICS regulated and Steve Kerr is Director of Intellectual Property. Hilco has adequate professional indemnity insurance and has confirmed its independence in this matter.

Hilco recommended that the offer from the Purchaser should be accepted as it would provide the best results for creditors of the Company.

4 Valuation of the business and assets

4.1 Basis of valuations

In the lead-up to administration we obtained valuations of the assets, subject to the exceptions set out below, to enable us to decide whether the Transaction would be in the best interests of the creditors.

A break-up valuation reflects the value of the assets should a company cease to trade. This is used to estimate the outcome for creditors should a transaction not occur and a company proceed into liquidation. This is usually the worst-case position for creditors.

A going concern valuation reflects the value of the assets where a transaction includes a trading business. This is typically of greater value than a break-up basis due to the attributing of value to goodwill and future income streams. A going concern value is used to provide a guide to administrators as to the value of individual assets being sold as part of a wider transaction.

We consider that we obtained fair market value through the marketing process undertaken as, ultimately, the assets are worth what a party is willing to pay for them in the circumstances, given the distressed nature of the business. We considered the offers received (considered to be fair market value) against the break-up value to ensure that the transaction provided a better position for the creditors.

4.2 Intangible assets

Hilco was engaged by us in order to provide a valuation of the intangible assets comprising:

- Goodwill
- Intellectual property
- Name and right of title
- Business information
- Social media accounts
- Contracts

Intangible assets were valued as a whole, because the Company had no registered intellectual property, and are valued by analysis of future income streams utilising historical data. The intangible assets have been valued at £140,000 on a break-up (orderly liquidation) basis.

The transaction achieved a value of £1,648,498 for the intangible assets. The reason for the favourable variance compared to the valuation above relates to the continuation of the business as a going concern.

Goodwill is included in the valuation of intangible assets by Hilco and was determined by considering the amount an interested party would pay on an as-is, where-is basis. The majority of the consideration achieved for the intangible assets was allocated to goodwill by the Purchaser, as the Company had no registered intellectual property to be acquired or capitalised development costs detailed on the Company balance sheet. This was deemed acceptable given, as noted above, the value is derived by the amount an interested party is willing to pay.

4.3 Chattel assets

Hilco was also engaged by us to provide a valuation of the chattel assets comprising computer equipment.

The valuation of the chattel assets was £5,560 on a break-up (orderly liquidation) basis.

The Purchaser allocated a sum of £6,500 included within the consideration for computer equipment to enable business continuity post-transaction. This also mitigates any risks associated with a breach of GDPR.

Whilst the sum allocated to this asset class in the offer is more than the valuation, it was deemed reasonable to accept this allocation of consideration given the quantum of the favourable variance in isolation is relatively small and is to the benefit of the creditors.

4.4 Trade debtors

An agent was not engaged to review or value the trade debtors, because the Joint Administrators had undertaken their own detailed assessment of recoverability prior to appointment.

At the date of the administration, Company books and records indicated book debts of £188,891. Of this debtor balance, a significant proportion of the counterparties were no longer utilising the services and the Company had instructed a third-party debt collection agent to pursue the debt with limited collections achieved. A line-by-line review of the debtors' ledger identified a small number of balances that may be collectible in an insolvency scenario.

Our own analysis and discussions with Management indicated that if debtors were pursued by the Joint Administrators, the net realisations after costs would be negligible.

The Purchaser allocated a value of £45,000 to trade debtors, which is in excess of the realisations we would expect if pursued by the Joint Administrators. The variance in comparison to our assessment of break-up basis realisations reflects the increased collectability by the Purchaser given the continued provision of service.

4.5 Shares in the US Subsidiary

We did not obtain a valuation for the shares in the US Subsidiary because we understand from Management and from our review of the accounts that it was dormant, with no trade conducted or assets owned. The US Subsidiary had been set up for the purpose of employing a US based employee several years ago.

An intercompany asset, not formalised by way of a loan agreement, of c£12,000 owed to the Company from the US Subsidiary exists. We did not obtain a valuation for the loan because, based on a review of the financial accounts, the US Subsidiary did not own any assets and therefore would be unable to settle the loan under any circumstance.

The Purchaser allocated £1 to the shares in the US Subsidiary and a further £1 to acquire the intercompany asset of the Company. On the basis the US Subsidiary owned no assets, we are comfortable with accepting this offer given in a liquidation scenario a return to creditors from the sale of the shares or enforcement of the intercompany loan would be unlikely to result in a return to creditors.

The US Subsidiary shares were sold on completion of the Transaction, albeit the stock transfer is yet to be formalised.

4.6 Excluded assets

The following assets were excluded from the Transaction:

- Cash at bank on appointment and any cash held by third-party merchant services accounts of c£30,000
- Prepayments, of which we are currently investigating potential realisations.

5 The Transaction

5.1 Details of the Transaction

The Transaction was negotiated in the lead-up to administration then completed shortly after our appointment as administrators.

Date of Transaction	5 April 2024
Identity of Purchaser	Lobaso Limited
Purchaser's connection to the Company's:	
directors	Eirik Svendsen is a shareholder and director of the Purchaser Benjamin Vaughan will transfer to the Purchaser as an employee under TUPE
shareholders	Benjamin Vaughan will transfer to the Purchaser as an employee under TUPE
secured creditors	None
associates	None
Names of Company directors, former directors, or their associates involved in the management, financing or ownership of the purchasing entity	Eirik Svendsen is a shareholder and director of the Purchaser Benjamin Vaughan will transfer to the Purchaser as an employee under TUPE
Assets sold and consideration:	
Fixed charge	
Goodwill	£1,648,493
Intellectual property	£1
Name and right of title	£1
Business information	£1
Social media accounts	£1
Contracts	£1
Shares in US Subsidiary	£1
Floating charge	
Computer equipment	£6,500
Trade debtors	£45,000
US Subsidiary intercompany debt	£1
Total consideration	£1,700,000

Allocation method for consideration	<p>Proceeds have been apportioned based upon the offer as stated by the Purchaser and our valuation guidance.</p> <p>Given the nature of the business, the majority of the value was held within intangible assets and as such covered by the Bank's fixed charge.</p> <p>The Purchaser received independent legal advice from JMW in relation to the SPA.</p>
Material conditions for consideration	<ul style="list-style-type: none"> • £200,000 cash on completion • The Bank has advanced a loan of £1.8 million to the Purchaser, of which £1.5 million relates to the non-cash consideration to acquire the trade and assets of the Company. • Immediately on appointment, a distribution of £1.5 million was made to the Bank under its security. • The effect of the above is that £1.5 million remains outstanding to the Bank, however this is now due from the Purchaser under a separate loan agreement, to be repaid subject to the terms agreed.
Terms of payment	<p>There were no conditions for payment, full consideration was received upon execution of the Transaction.</p> <p>There were no options, buy-back agreements, deferred consideration or other conditions attached to the Transaction.</p>
Part of a wider overall transaction	<p>The Purchaser is acquiring shares in the wholly owned US subsidiary Disciple Media Inc. However, as noted in section 4, the transfer is yet to be formalised.</p>
Providers of finance to the transaction	<p>Cash consideration is being funded by the Purchaser.</p> <p>Non-cash consideration is from the Purchaser's funding agreement with the Bank.</p>
Did the provider of finance also fund the vendor company and, if so, had the directors given any guarantees to that provider?	<p>The Bank is funding the Purchaser and also funded the Company, and we are not aware of any personal guarantees given to the Bank.</p>
Was this a connected party transaction?	<p>Yes - see Section 6 of this report</p>

6 Evaluator's report

6.1 Connected party transactions

The Purchaser, being a party connected with the Company as defined by paragraph 60A(3) of schedule B1 to the Act, appointed an evaluator to provide a qualifying report on the proposed transaction, as required by the Regulations.

Attached at Appendix C is a copy of the evaluator's report. This report, including the statement by the evaluator that they are satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances, is wholly the responsibility of the evaluator. It was not prepared by us, or by Grant Thornton, and neither we, nor Grant Thornton offer any comment on it. The report is attached as required by the Regulations. Neither we, nor Grant Thornton, accept any liability in respect of it.

6.2 Viability statement

A viability statement can be drawn up by a connected party wishing to make a pre-packaged purchase, stating how the purchasing entity will survive for at least 12 months from the date of the proposed purchase.

We requested a viability statement from the Purchaser and a copy of their statement is attached at Appendix D.

7 Proposals for achieving the objective of the administration

7.1 Objective of the administration

The Joint Administrators must perform their 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 to make a distribution to one or more secured or preferential creditors.

In this case, it was not possible to rescue the Company because the previous solvent M&A process had established that a solvent solution to the funding issues was not possible.

The Joint Administrators will therefore pursue the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.

Together with the Transaction that has been completed, this objective will be achieved by the Joint Administrators continuing to manage the business of the Company for as long as they believe it appropriate to continue to pursue realisations of remaining assets and fulfilling statutory duties.

The Joint Administrators will sell any remaining realisable assets, not subject to fixed charges or mortgages, via piecemeal disposal.

7.2 Exit route

It is proposed that, given there are likely to be no monies available for unsecured creditors, by the dissolution of the Company.

8 The assets and liabilities of the Company

8.1 Statement of affairs

The Directors have not yet complied with the notice to provide a statement of affairs, although the statutory deadline to submit this has not yet passed.

Accordingly, we provide an estimate of the Company's financial position at Appendix E along with the names and addresses of the creditors, the amounts of their debt and details of any security held.

9 Progress of the administration

9.1 Strategy

As set out further above:

- the Joint Administrators determined it was not in the best interests of creditors to trade the business
- the business and assets of the Company were marketed and a sale was negotiated in the lead-up to administration, which the Joint Administrators then completed shortly following their appointment (the Transaction).

The ongoing strategy is to realise the remaining assets excluded from the Transaction and complete our statutory duties.

9.2 Realisation of assets

Cash at bank on appointment

On appointment, there was cash at bank totalling £29,800 and cash held by third-party merchant services accounts totalling c£1,000.

We have received the cash at bank during the Period however this is not yet reflected in Appendix F due to the short timescale from receipt of the cash to delivery of this report. We anticipate collecting the cash held by third-party merchant services accounts in the coming weeks.

Prepayments

Upon review of the latest management accounts, we have identified c£30,000 of prepayments.

We are currently analysing the prepayment schedule and we will take steps to realise value where possible.

10 Investigations into the affairs of the Company

10.1 Statutory investigations

Under SIP 2 we have a duty to investigate what assets there are (including potential claims against third parties including the directors) and what recoveries can be made. This includes, for example, investigating whether there are any potential undisclosed assets or antecedent transactions that require further investigation, considering the public interest, potential recoveries from potential claims identified, the funds likely to be available to fund an investigation and the costs involved.

Also, within three months of our appointment as Joint Administrators, as required by the Company Directors Disqualification Act 1986, we will report to the Secretary of State the required facts about the Company's business and the conduct of its directors (including those acting within the past three years).

We would be pleased to receive from any creditor any useful information concerning the Company, its dealings or conduct which may assist us.

11 Creditors and dividends

11.1 Secured creditor

The Bank was granted a fixed and floating charge debenture over the Company's assets on 13 June 2022. At the date of administration, the balance due and secured was £2.75 million. Shoosmiths was engaged to advise us on the validity of the security. No issues were identified.

As at Period end, a distribution of £1.5 million has been paid to the Bank under its security. Whilst we believe the Transaction achieved the best outcome for the Bank, there is likely to be a shortfall to the secured creditor.

11.2 Preferential creditors

Ordinary preferential creditors

These may include employee claims for wages and salary up to £800 per person and accrued holiday pay, and employee contributions to occupational pension schemes deducted in the four months before the insolvency. A significant element of these claims will be transferred to the Secretary of State following payment of employment-related claims by the RPS. There may also be a claim by a lender to the extent the lender advanced funds for payroll which resulted in employees not having preferential claims for arrears of pay.

At the date of appointment, there were 11 employees working at the Company. On completion of the Transaction, all of these employees transferred to the Purchaser and we therefore do not consider there to be any ordinary preferential creditors.

Secondary preferential creditor

These may include HMRC claims for arrears of VAT and for sums deducted in respect of PAYE, employees' national insurance contributions and student loan repayments, and construction industry scheme deductions, as applicable.

The estimated financial position details a secondary preferential creditor balance of £109,712.

Whilst we have not received a claim to date, HMRC, as second ranking preferential creditor, was contacted via its EISC e-mail address with details of the Transaction and we are awaiting a response.

We currently do not anticipate there are sufficient funds available to pay a dividend to the secondary preferential creditors.

11.3 Unsecured creditors

Claims

The estimated financial position details 19 unsecured creditors totalling £952,030.

Prescribed part

In accordance with section 176A of the Act, a prescribed part is to be set aside from the floating charge assets and made available to the unsecured creditors of the Company. The prescribed part calculation is applied to the net property available and is calculated at 50% of the first £10,000 of net realisations and 20% of all further amounts, up to a maximum prescribed part of £800,000.

Based on current information we estimate the net property to be nil, resulting in an estimated prescribed part of nil.

Dividend prospects

Prescribed part

Based on our current knowledge, we do not anticipate a prescribed part dividend.

General unsecured

At present there is unlikely to be a dividend payable to the unsecured creditors.

11.4 Sanctioned creditors

Any distributions made / to be made to creditors, in any class, who are designated under the United Kingdom (UK) sanctions regime (and the United States (US), European Union (EU) and other applicable sanctions regimes) (Sanctioned Creditors) will have been / will be frozen to comply with our legal obligations and will not be made available to Sanctioned Creditors unless, in very limited circumstances, the payment of the distribution is permitted by licenses issued by all applicable sanctions authorities.

12 Joint Administrators' remuneration and expenses

12.1 Overview

Pre-appointment costs

Pre-appointment costs are fees charged and expenses incurred by the Joint Administrators or other qualified insolvency practitioners before a company enters administration but with a view to it doing so.

To the extent they remain unpaid when the company enters administration and payment is sought, approval is required from the appropriate body of creditors as to whether they should be paid from the estate.

Prior to the appointment, the Joint Administrators, by way of engaging Grant Thornton, were engaged by the Company with an engagement letter dated 19 February 2024, to assist the directors in taking steps to place the Company into administration and to explore whether a pre-packaged sale of the business assets of the Company could be achieved via an AMA process. The fee basis was based on actual time spent on the engagements, subject to a weekly cap.

We will approach the secured creditor, and the secondary preferential creditor should there be sufficient realisations to enable a distribution to this class of creditor, to seek approval for payment of the pre-administration fees of £75,000 and expenses (primarily relating to legal and valuation fees) of £44,295, following the circulation of this SIP 16 report and Proposals.

Post-appointment costs

Whilst we have incurred time costs during the Period, this report has been prepared during the first week of the administration, therefore our reporting software is unable to provide detailed analysis of the post-appointment time costs. Further details in relation to time costs will be provided to creditors in our next report.

Our remuneration basis has not yet been fixed as this is our first report to creditors. We will approach the secured creditor, and the secondary preferential creditor should there be sufficient realisations to enable a distribution to this class of creditor, to fix the basis of our remuneration following the circulation of this SIP 16 report and Proposals.

We propose our post-appointment remuneration be fixed on the basis of a set amount of £115,000.

Further details about remuneration and expenses are provided in Appendix G to this report.

13 Future strategy

13.1 Future conduct of the administration

We will continue to manage the affairs, business and property of the Company to achieve the purpose of the administration.

Work to be done

This will include but not be limited to:

- realising the remaining assets of the Company
- finalisation of the Company's tax affairs, including completion of corporation tax and VAT returns and settlement of any post administration liabilities
- complying with statutory and regulatory obligations
- agreeing the claims of the preferential creditors and payment of a dividend, if future realisations make this feasible, although we do not anticipate a dividend to preferential creditors at this time.
- agreeing the claims of the unsecured creditors and payment of a dividend, if future realisations make this feasible, although we do not anticipate a dividend to unsecured creditors at this time
- payment of administration expenses, including our remuneration

Duration of the administration

The duration of an administration is restricted to 12 months from the date of commencement, unless it is extended with the consent of the creditors, or by order of the court.

The administration is currently due to end on 4 April 2025.

If it is identified that an extension is required, the Joint Administrators will seek a resolution from the creditors in our next progress report requesting an extension of up to 12 months.

13.2 Deemed approval of these Proposals

A decision of the creditors is not required because, in accordance with paragraph 52(1) of Schedule B1 to the Act, we are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors and the estimated prescribed part is nil.

The proposals contained in this statement will be deemed to have been approved by the creditors unless, within eight business days of this statement being delivered, creditors whose debts amount to at least 10% by value of the total debts of the Company request that the Joint Administrators seek a decision from the creditors as to whether they approve the proposals.

A Notice about this report

This report has been prepared solely to comply with the Joint Administrators' duty to report to creditors under SIP 16 on the pre-packaged sale of the Company's business and assets and under paragraph 49(1) of Schedule B1 of the Act on their proposal for achieving the objectives of the administration and for no other purpose. This report contains the information required by SIP 16 and rule 3.35 of the Rules. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under the Rules do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointment of the Joint Administrators is personal to them and to the fullest extent permitted by law, Grant Thornton does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

Please note that we are both authorised by the Insolvency Practitioners Association to act as insolvency practitioners. We are bound by the Insolvency Code of Ethics.

Unless stated otherwise, all amounts in this report and appendices are stated net of VAT. For definitions of abbreviations please refer to the 'Definitions' table at the start of this report.

B Statutory information

Company information

Company registered name	Disciple Media Limited		
Date of incorporation	18 May 2012		
Company registration number	08075740		
Former trading address and registered office	86-90 Paul Street, London, England, EC2A 4NE		
Present registered office	11th Floor, Landmark St Peter's Square, 1 Oxford St, Manchester, M1 4PB		
Registered charges	Chargeholder: Shawbrook Bank Limited Creation date: 13 June 2022 Nature of security: Fixed and floating charge		
Authorised share capital	2,337		
Issued share capital	2,337		
Directors and officers: shareholding			
	Alexander Beard	58,106 ordinary shares	30%
	Nicholas Luckock	5,592 ordinary shares	3%
	Eirik Svendsen	Nil	Nil
	Benjamin Vaughan	7,734 ordinary shares 16,751 growth shares	4.0%

Administration information

Court reference	In the The High Court of Justice Business and Property Courts Manchester, 865 of 2020		
Appointor	Directors		
Date of appointment	5 April 2024		
Joint Administrators' names and addresses	<p>Nick Wilson Grant Thornton UK LLP, 11th Floor, Landmark St Peter's Square, 1 Oxford St, Manchester, M1 4PB</p> <p>Philip Stephenson Grant Thornton UK LLP, 11th Floor, Landmark St Peter's Square, 1 Oxford St, Manchester, M1 4PB</p>		
Objective of the administration	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)		
Functions	In accordance with paragraph 100(2) of Schedule B1 to the Act, the functions of the administrators are to be exercised by any or all of them.		
Current administration expiry date	4 April 2025		

EU Regulation

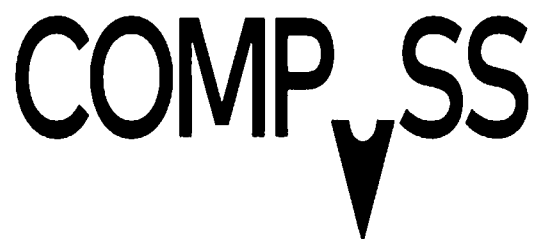
These insolvency proceedings are centre of main interests (COMI) proceedings to which the EU Regulation as it has effect in the law of the United Kingdom applies

Part A1 of the Act moratorium

A moratorium has not been in force for the Company within the period of two years ending on the day the Company entered administration

Data protection

Any personal information held by the Company will continue to be processed for the purposes of the administration and in accordance with the requirements of data protection law. Our privacy notice on our website (www.grantthornton.co.uk/en/privacy) contains further details as to how we may use, process and store personal data.



EVALUATOR'S REPORT

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

Disciple Media Limited

Date of Report: 3 April 2024

Prepared by:
Compass Evaluator Reports Limited
James House, Yew Tree Way
Golborne, Warrington
WA3 3JD

Company Number 13288603

Kevin Murphy
kevin@compassevaluatorreports.co.uk



Proud Member of
Turnaround Management
Association



Contents & Abbreviations

Contents

1. Introduction and Background
2. Executive Summary
3. The Requirements for Acting as Evaluator
4. The Connected Person(s)
5. The Relevant Property
6. The Evaluator's Decision
7. Information Relied Upon
8. Previous Evaluator Reports

Appendices

- Appendix I Evaluator Bio

The following abbreviations or references are used in this report:

- | | |
|--------------------------|---|
| The Act: | The Insolvency Act 1986 (as amended) |
| The Regulations: | The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021. Unless otherwise stated, any reference to 'Regulation' within this document is a reference to this legislation. |
| The Company: | Disciple Media Limited. |
| Substantial disposal: | This has the meaning given to it in Regulation 3, i.e., a disposal, hiring out or sale to one or more connected persons during the period of 8 weeks beginning with the day on which the company enters administration of what is, in the administrator's opinion, all or a substantial part of the company's business or assets and includes a disposal which is effected by a series of transactions. |
| Relevant property: | This means the property being disposed of, hired out or sold as part of the substantial disposal as defined in Regulation (See Section 5.) |
| Connected Person(s): | As defined in paragraph 60A (3) of Schedule B1 of the Act. (See Section 4.) |
| Proposed Administrators: | Nick Wilson and Philip Stephenson from Grant Thornton UK LLP who are licenced Insolvency Practitioners, authorised and regulated by the IPA. |
| Valuation agents: | Steve Kerr from Hilco – an industry specialist valuation and asset realisation business – valued the Company assets.

The valuation agents possess the requisite knowledge of the market for the type of asset being valued and the skills and understanding necessary to undertake the valuation competently. |
| Purchaser: | Lobaso Limited. |
| Secured Creditor: | Shawbrook Bank Limited. |
| TUPE: | Transfer of Undertaking (Protection of Employment) Regulations 2006. |

1. INTRODUCTION AND BACKGROUND

- 1.1. I, Kevin Murphy, Managing Director of Compass Evaluator Reports Limited, confirm that I meet the requirements for acting as an Evaluator specified in Part 3 of the Regulations.
- 1.2. This report has been requested by the Purchaser (via Eirik Svendsen as director). The Purchaser is considered a connected person in relation to the substantial disposal of the Company.
- 1.3. I am required to determine whether I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.
- 1.4. The Company was incorporated in 2012, trading as a Software as a Service (SaaS) platform provider of white-label applications for communities and networks. The principal trading activities of the Company were to carry out the business of developing, supporting and monetising a technology platform that supports interaction between content publishers and communities.
- 1.5. The Company's typical customers are creators and knowledge professionals who have built an initial business model based on separate social platforms, payment tools and course platforms.
- 1.6. The Company faced issues with underperformance in revenue growth and an inability to service debt leading to cash flow issues which in turn limited the ability to embed strategic changes. The Company has had the benefit of capital holidays to ease the cashflow pressures and has been exploring opportunities for strategic mergers and fresh investment through a solvent solution. No credible offers were received for the solvent solution, and more recently an accelerated sales process has been explored.
- 1.7. The Company is currently unable to pay its debts as and when they fall due, and the directors of the Company – having taken professional advice on the options available - have concluded that the Company is no longer able to continue trading as a going concern. A Notice of Intention to Appoint an Administrator is soon to be filed in Court and the appointment of the Proposed Administrators is understood to be imminent.
- 1.8. The Proposed Administrators have been seeking to maximise realisations from the assets of the Company and maximise the funds available to creditors of the Company. Whilst the opportunity to acquire the business and assets has been marketed for sale, an offer – from a Connected Person – is considered the best achievable in the circumstances by the proposed administrators and has been recommended for acceptance by the valuation agents as being in the best interests of creditors.

2. EXECUTIVE SUMMARY

- 2.1. I have formed the following opinion in this case:

CASE MADE

I AM SATISFIED that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

- 2.2. The factors considered in forming this opinion are detailed in full within my report at section 6.

3. THE REQUIREMENTS FOR ACTING AS EVALUATOR

- 3.1. I confirm that I meet the requirements for acting as an Evaluator set out in Part 3 of the Regulations.
- 3.2. I am satisfied that I have the relevant knowledge and experience required to act as Evaluator and I include a summary of my qualifications and experience at Appendix 1.
- 3.3. The Proposed Administrators have not raised any objections to my suitability as an Evaluator.
- 3.4. I confirm that I meet the requirements of independence within Regulation 12, as follows:
- I am not connected with the Company.
 - I am not an associate of the connected person or connected with the connected person.
 - I do not know of or have reason to believe that I have a conflict of interest with respect to the substantial disposal.
 - I have not, at any time during the period of 12 months ending with the date on which this report is made provided advice to, and in respect of, the Company or a connected person in relation to the Company –
 - In connection with, or in anticipation of, the commencement of an insolvency procedure under Parts A1 to 5 of the Act, or
 - In relation to corporate rescue or restructuring.
- 3.5. I am not excluded from acting as an Evaluator for any of the reasons outlined in Regulation 13.
- 3.6. I confirm that I meet the requirements as to insurance specified in Regulation 11.
- 3.7. Details of the professional indemnity insurance for Compass Evaluator Reports Limited are as follows:
- Axa Insurance Plc.
 - Policy number AC SPI 4331301.
 - Expiry date 22 August 2024.
 - Professional indemnity cover limit of £1,000,000 for any one claim.
 - Risks covered: Misc Professional Indemnity breach of professional duty.
 - Exclusions from cover: Misc to include Directors' and Officers' liabilities, deliberate acts and omissions, virus exclusion, dishonesty, and fraud. (Full details available on request.)

4. THE CONNECTED PERSON(S)

- 4.1. Based on available information, connected persons include the following:

Name of connected person	Nature of the connection
Lobaso Limited	Purchaser.
Eirik Svendsen	Director and shareholder of the Purchaser and director of the Company.

5. THE RELEVANT PROPERTY

5.1. The assets being sold are considered to constitute a substantial disposal.

5.2. The Purchaser is acquiring whatever right, title and interest the Company has in the following assets:

- Goodwill (including IPR, Business name, business information, social media accounts, website and contracts)
- Computer equipment
- Debtors
- Shares in the US Subsidiary, Disciple Media Inc (dormant).
- US Subsidiary intercompany debt

5.3. Total consideration is stated to be £1.7 million payable overall which is made up of a £1.5 million by way of a funds flow statement (non cash consideration in the form of debt provided to the Purchaser by the secured creditor which is then used in part satisfaction of the Company's debt to the secured creditor) and £200k cash consideration, which is payable upon completion.

6. THE EVALUATOR'S DECISION

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

6.2 My principal reasons for this opinion are as follows:

- 6.2.1 The assets have been professionally valued by the Proposed Administrator's appointed valuation agents, who possess the requisite knowledge of the market for the type of asset being valued. The valuation agents are recognised professionals in the industry and are regulated by the industry professional bodies.
- 6.2.2 The Proposed Administrators have been seeking to maximise realisations from the Company assets. The Proposed Administrators have carried out a marketing exercise in relation to the business and assets in accordance with the guidance issued in SIP 16. In the timescale available to the Proposed Administrators, necessitated by the Company financial position and the need to provide certainty to all stakeholders, an offer has been received - from a connected party - which is considered the best achievable in the circumstances by the Proposed Administrators and has been recommended for acceptance by the valuation agents.
- 6.2.3 The consideration offered for all the assets is in excess of the valuation agents' opinion of the market value of the assets on an ex-situ / cessation of trading basis. In the event of a piecemeal disposal of all assets, the realisations from all categories of assets would be reduced. The proposed connected party sale therefore provides for better realisations than would be the case on a break-up. Based on a review of the Proposed Administrators Estimated Outcome Statement, the connected party deal provides a better outcome for the secured creditor, as well as the employees who will continue to be employed, and customers who will benefit with continuity of service.
- 6.2.4 The employees associated with the business being acquired will transfer under TUPE to the Purchaser, avoiding a claim against the National Insurance Fund.
- 6.2.5 The alternative to the current sale is for the assets to be sold piecemeal and the Company placed into Liquidation. That will however result in a significant reduction in value for the business and

assets of the Company, given the nature of the Company activities, and will also lead to increased holding and disposal costs, and increased claims against the Company.

- 6.2.6 Even though the consideration is all payable on completion, I have been provided with a presentation prepared for interested parties which indicates that the Purchaser should be viable with a significantly reduced and restructured debt base and significantly reduced cash burn. In addition, there is an introduction of c£300K of additional working capital that is being invested by the Secured creditor as part of the transaction.
- 6.2.7 The Purchaser has also confirmed that it expects to benefit from the operational changes and efficiency savings that have already been implemented by the Company in recent months to significantly reduce overheads and benefit from the results of market research to pivot the business in respect of new customer profiles with higher life time values and significantly lower churn rates, which is expected to allow the business to be profitable and cash generative going forwards.
- 6.2.8 The Purchaser will continue to focus on the controlled reset of operations, rightsizing and strengthening the organisation to get to profitability with controlled growth.
- 6.2.9 I offer no opinion on the viability of the Purchaser.

7. INFORMATION RELIED UPON

7.1. In forming my opinion, I have relied on my discussions with, and information provided by, the connected persons, the Proposed Administrators, and the valuation agents instructed by the Proposed Administrators. This includes the following:

- Compass Evaluator Reports application/information request form
- Valuation report from the agents
- Offer
- Recommendation from the agents
- Company financial information
- Financial information for the Purchaser
- Correspondence with the Proposed Administrators
- Estimated Outcome Statement and draft SIP 16 statement
- The Company's Website

7.2. I have also relied on information freely available in the public domain.

7.3. I have relied upon the accuracy of the information as provided to me in forming my opinion. I have not carried out an audit or other verification of the information received. The Proposed Administrators are licenced Insolvency Practitioners with legal duties and obligations to creditors and their regulatory body, as such the decision whether to enter into the sale is for them to determine. As such, I offer no opinion on the decision to enter into the sale.

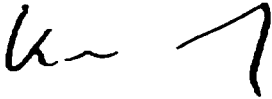
7.4. In addition to the sale of the business and assets, the Proposed Administrators have investigative powers available to them post appointment that may further enhance asset realisations.

7.5. The extent of my work is limited to providing the opinion specified in the Executive Summary.

8. PREVIOUS EVALUATOR REPORTS

8.1 Regulation 8 does not apply, as I am advised that no previous report exists in relation to this substantial disposal, and I have no reason to believe that this statement is incorrect.

**For and on behalf of
Compass Evaluator Reports Limited**

A handwritten signature in black ink, appearing to be 'K Murphy'.

**Kevin Murphy
Evaluator**

Date: 3 April 2024

EVALUATOR BIO: KEVIN MURPHY

Before entering the insolvency profession, Kevin trained as a lawyer, undertaking a law degree (achieving a 2:1 classification) and successfully completing the Law Society's Final Exam. Kevin is a licensed Insolvency Practitioner (currently non-appointment-taking), with over 25 years of experience of dealing with a wide range of insolvency matters, including extensive experience of turnaround work, focusing on Company Voluntary Arrangements and Administration.

He has spent much of his career with a national firm of insolvency specialists, where he progressed to Director of Insolvency, heading up the firm's Administration Team in the Manchester Office. Responsible for many complex and challenging matters, Kevin developed practical skills in dealing with cases in an efficient, commercial, and pragmatic manner alongside the technical demands of compliance with regulation and legislation, to achieve the best outcome for stakeholders.

In more recent times, Kevin has utilised the extensive skill set developed because of his experience of turnaround and insolvency work in dealing with solvent acquisitions. Since 2017, Kevin has been an advisor to a buy and build acquisitions group.

Kevin is a member of the Turnaround and Management Association and R3, the Association of Business Recovery Professionals.

For more information, please visit <https://compassevaluatorreports.co.uk/>

VIABILITY STATEMENT

Lobaso Limited
Unit W8a Knoll Business
Centre, 325-327 Old
Shoreham Road
Hove BN3 7GS

Grant Thornton UK LLP
Landmark, St Peters
Square, 1 Oxford Street,
Manchester M1 4PB

Disciple Media's journey as a SaaS company unfolds across three distinct phases. Under its original management the company was focussed on high growth and early learnings about the market, which came with a high burn rate caused by inefficient customer acquisition and too rapid organisational growth.

The second phase started towards the end of 2022 with new leadership that has taken the company through a pivotal transformation towards efficiency, validated market insight, and a clear path to profitability. As the company prepares to enter its third phase, it will benefit from the foundations laid during this transformative period laying the grounds for stable operations and sustainable growth.

At the core of future viability lie three pivotal factors emerging from its transformation phase:

Firstly, the company boasts a resilient and resourceful team, adept at driving lean and efficient operations.

Secondly, meticulous customer research has guided a strategic pivot towards an Ideal Customer Profile (ICP) with higher lifetime value and reduced churn rates, fundamentally improving underlying metrics and financial predictability. This research and pivot to focus on ICPs has opened up additional opportunities for cost efficient customer acquisition through tech-assisted outbound sales and channel partnerships, in addition to its current focus on paid performance marketing.

Lastly, the company has already started realising its credible plans and projections and profitability is within grasp.

Looking ahead, with a steadfast focus on operational efficiency, customer-centricity, and financial prudence, the company is primed to weather challenges and to thrive in its niche domain and beyond.

Yours sincerely,



Eirik Svendsen, Director

E Estimate of the financial position of the Company

Disciple Media Limited- in Administration
Estimated financial position as at 5 April 2024

£'000	NBV as at 5 April 2024	Estimated to realise	Notes
Assets subject to a fixed charge			
Goodwill	-	1,648	
Intellectual property	-	0	Purchaser allocated £1 consideration
Name and right of title	-	0	Purchaser allocated £1 consideration
Business information	-	0	Purchaser allocated £1 consideration
Social media accounts	-	0	Purchaser allocated £1 consideration
Contracts	-	0	Purchaser allocated £1 consideration
Shares in US subsidiary	-	0	Purchaser allocated £1 consideration
Due to fixed chargeholder under fixed	(2,750)	(2,750)	
Fixed charge (deficit)/surplus	(2,750)	(1,101)	
Assets subject to a floating charge			
Computer equipment	16	7	
Trade debtors	189	45	
Other debtors	11	-	
US Subsidiary intercompany debt	12	0	Purchaser allocated £1 consideration
Cash at bank	30	30	
Prepayments	33	10	
Total assets subject to floating charge	291	92	
Fixed charge surplus		-	
Available for preferential creditors		92	
Preferential creditors		-	
Secondary preferential creditors		(110)	
Available for floating charge creditors		-	
Due to the Bank under floating charge		(1,101)	
Available for unsecured creditors		-	
Unsecured creditors			
Trade		(952)	
Employees		-	
HMRC		-	
		(952)	
Estimated shortfall to unsecured		(952)	
Issued and called up share capital		(2)	
Estimated shortfall to members		(955)	

Note: The above is stated before costs of realisation

Disciple Media Limited
Company Registered Number: 08075740
Company Creditors

Name	Address	£
AppFigures	133 Chrystie St. 3rd Fl., New York, NY 10002, USA	79.10
Avalara	255 South King Street, Suite 1200, Seattle, WA 98104, USA	12,012.49
Amazon Web Services	1 Principal Place, Worship Street, London, EC2A 2FA	30,106.66
Barclaycard Commercial	PO Box 4000, Saffron Road, Wigston LE18 9EN	67,138.24
Benefit Systems	Plac Europejski 2, 00-844 Warszawa, Poland	277.52
Chart Mogul	Kemperplatz 1, Berlin, Berlin 10785, Germany	1,305.28
Cloudflare	101 Townsend Street, San Francisco CA 94107, United States	2,180.74
Custify	Str Zagazului, Nr. 4E, sc. A, ap. 1A, Bucurest, Romvñia 014262, Romania	6,400.60
Deel Inc	425 1st St, San Francisco, CA 94105, USA	10,176.69
Growisto	24A Trolley Square #1368, Wilmington, Delaware 19806-3334, USA	5,960.00
Google Ireland	Gordon House, Barrow Street, Dublin 4	46,018.01
GO Cardless	65 Goswell Road, London, EC1V 7EN	60.00
HM Revenue & Customs	Debt Management, EIS C BX9 1SH	109,711.94
Hubspot	Ground Floor, Two Dockland Central, Guild Street, Dublin 1, Co Dublin	12,146.64
Ithaca LABS Ltd	19 Tree Road, London, E16 3DZ	2,000.00
IONOS	Discovery House, 154 Southgate Street, Gloucester	59.99
Lovetts	Bramley House, The Guildway, Old Portsmouth Road, Guildford, Surrey GU3 1LR	90.00
Pretzel Marketing	14 Hanover Square, London, W1S 1HN	9,000.00
Row Crop LLC	1600 Division Street, Suite 225, Nashville, TN 37203, USA	746,938.00
Shawbrook Bank	Lutea House, The Drive Warley Hill Business Park, Great Warley, Brentwood, Essex CM13 3BE	2,750,182.39
Talend	400 South El Camino Real, Suite 1400, San Mateo, CA 94402, USA	79.11
		<u>3,811,923.40</u>

Disciple Media Limited
Company Registered Number: 08075740
Shareholders

Name	Address	Type	Nominal Value	No. Of Shares	Called Up per share	Total Amt. Called Up
AJ Holdco2 Limited	13a Station Road, Beaconsfield, Bucks, HP9 1NL	B Ordinary	5.16	516	25006.40	25011.56
Alex Beard		A Ordinary	581.06	58106	8329164.62	8329745.68
Sharon Brittan		A Ordinary	42.21	4,221	290598.22	290640.43
Tony Banks	c/o Hit and Run Music, 25 Ives Street, London, SW3 2ND	A Ordinary	18.18	1,818	146900.53	146918.71
Erin Booth		B Ordinary	1.00	100	24929.61	24930.61
Jamie Campbell		B Ordinary	4.50	450	58135.49	58139.99
Pandora Cooper-Key		B Ordinary	2.54	254	62869.41	62871.95
Tanguy Cotton		B Ordinary	1.05	105	55122.66	55123.71
Peter Dailey		B Ordinary	1.09	109	36482.44	36483.53
Bob Dowson		B Ordinary	2.09	209	39956.98	39959.07
Neil Donovan		A Ordinary	75.59	7,559	636995.02	637070.61
Glen Duckworth		B Ordinary	15.75	1,575	121770.29	121786.04
Khalid Derbas		B Ordinary	0.29	29	3195.13	3195.42
Mark Downey		Growth	19.93	1,993	0.00	19.93
Tony Fabrizi		B Ordinary	2.98	298	43971.47	43974.45
Ellie Franchitti		A Ordinary	28.11	2,811	225399.95	225428.06
Dario Franchitti		A Ordinary	30.29	3,029	255423.29	255453.58
Marino Franchitti		B Ordinary	5.35	535	41241.31	41246.66
Philip Gebbett		B Ordinary	3.47	347	85601.28	85604.75
Ulrich Gerza		B Ordinary	3.64	364	67075.93	67079.57
Philipp Christian Marcus Guertler		A Ordinary	15.74	1,574	136005.35	136021.09
Neil Grainger		B Ordinary	6.19	619	29997.99	30004.18
Clive Hollick		A Ordinary	23.51	2,351	388566.41	388589.92
Tomas Jansons		B Ordinary	2.63	263	34476.27	34478.90
Jay Jopling		A Ordinary	31.19	3,119	391428.06	391459.25
Sohrab Jahromi		B Ordinary	0.88	88	20281.86	20282.74
Michael James		B Ordinary	13.54	1,354	98947.97	98961.51
Nicholas Jopling		B Ordinary	1.17	117	13139.45	13140.62
Serena Jopling		B Ordinary	1.17	117	13139.45	13140.62
Robert Kilby		A Ordinary	11.88	1188	375049.22	375061.10
Nick Luckock		A Ordinary	55.92	5,592	402954.35	403010.27
Jonathan Lewis		B Ordinary	6.95	695	75076.24	75083.19
Natasha Lewis		B Ordinary	2.31	231	24953.40	24955.71
Philip Muelder		B Ordinary	4.24	424	82033.90	82038.14
Jonathan Morris		B Ordinary	2.60	260	0.00	2.60

Disciple Media Limited
Company Registered Number: 08075740
Shareholders

Name	Address	Type	Nominal Value	No. Of Shares	Called Up per share	Total Amt. Called Up
Nick Mason	c/o Nick Mason Music Ltd, Unit 13, Dove Centre, 109 Bartholomew Road, London, NW5 2BJ	A Ordinary	98.09	9809	732034.34	732132.43
Holly Mason		B Ordinary	3.78	378	29133.21	29136.99
Reece May	c/o Nick Mason Music Ltd, Unit 13, Dove Centre, 109 Bartholomew Road, London, NW5 2BJ	B Ordinary	3.24	324	34999.57	35002.81
Chloe Mason		B Ordinary	4.52	452	35005.84	35010.36
Keith Morris		A Ordinary	148.68	14868	1056865.29	1057013.97
Ian McAndrew		B Ordinary	9.93	993	124685.46	124695.39
Stockford Limited	13a Portobello Road, London, W11 3DA	A Ordinary	64.56	6456	769665.37	769729.93
William McFadden		B Ordinary	2.52	252	85672.81	85675.33
MAC Pension Fund		B Ordinary	1.17	117	3197.98	3199.15
Stewart Newton		A Ordinary	10.90	1090	208041.56	208052.46
Eric Newnham		A Ordinary	10.35	1035	136853.30	136863.65
Mark Noble		B Ordinary	20.63	2063	99977.13	99997.76
Alexis Orssich		Growth	7.35	735	0.00	7.35
Julian Pittam		A Ordinary	13.75	1375	257978.62	257992.37
Jeremy Palmer		A Ordinary	13.57	1357	344761.30	344774.87
Matthew Pinnock		A Ordinary	19.99	1999	249131.60	249151.59
Ilona Pantel-Ayal		B Ordinary	0.25	25	9565.87	9566.12
Rob Pierre		A Ordinary	142.10	14210	1028299.03	1028441.13
Rick Parry		A Ordinary	22.62	2262	108389.23	108411.85
John Redeyoff		B Ordinary	5.31	531	91225.83	91231.14
Mike Rutherford	c/o Tony Smith Personal Management, 2nd Floor, 25 Ives Street, London SW3 2ND	A Ordinary	12.01	1201	101405.97	101417.98
Jeremy Smith		A Ordinary	26.79	2679	0.00	26.79
Sir Martin Smith	Elizabeth House, 9 Castle Street, St Helier, Jersey, JE2 3RT	A Ordinary	11.67	1167	303175.09	303186.76
SoBe Investments		B Ordinary	3.98	398	114732.43	114736.41
Alan Smith	c/o Hit and Run Music, 25 Ives Street, London, SW3 2ND	B Ordinary	0.27	27	9233.53	9233.80
Tony Smith		A Ordinary	32.87	3287	265128.93	265161.80
Piers Stater		A Ordinary	32.14	3214	406254.32	406286.46
Ian Todd		B Ordinary	2.46	246	70725.59	70728.05
Jeff Thomas		A Ordinary	23.75	2375	184212.84	184236.59
Paul Thimont		B Ordinary	3.11	311	39097.27	39100.38
Dimitrios Theocharis		B Ordinary	2.70	270	29970.67	29973.37
Barbara Ungaro		B Ordinary	3.64	364	67075.93	67079.57

Disciple Media Limited
Company Registered Number: 08075740
Shareholders

Name	Address	Type	Nominal Value	No. Of Shares	Called Up per share	Total Amt. Called Up
Benji Vaughan		A Ordinary	244.85	7734	19774.09	20018.94
Benji Vaughan		Growth	167.51	16751	0.00	16751.00
Alex Vaughan		B Ordinary	0.81	81	24998.38	24999.19
Jason Vaughan		B Ordinary	0.81	81	24998.38	24999.19
Douglas Vaughan		B Ordinary	0.81	81	24998.38	24999.19
Lionel Patrick Vaughan		A Ordinary	69.44	6944	430634.61	430704.05
Mark White		B Ordinary	10.18	1018	135784.65	135794.83
John Whalley		B Ordinary	12.54	1254	147221.68	147234.22
Philip Wilkinson		B Ordinary	0.22	22	25523.31	25523.53
Katie Wake		B Ordinary	0.39	39	26851.42	26851.81
Malcolm Wall		B Ordinary	2.08	208	144637.17	144639.25
Patrick Woodroffe		B Ordinary	2.03	203	43904.82	43906.85
Will Wallis		B Ordinary	2.54	254	12012.22	12014.76

Disciple Media Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 05/04/2024 To 10/04/2024 £	From 05/04/2024 To 10/04/2024 £
	NIL	NIL
REPRESENTED BY		NIL

G Payments to the Joint Administrators and their associates

SIP9 disclosure

This appendix has been prepared in accordance with the requirements of the Act, the Rules and SIP9. In summary, it covers:

- pre-appointment costs
- remuneration basis
- work done by the Joint Administrators and their team during the Period
- statement of expenses incurred in the Period
- payments to associates
- relationships requiring disclosure
- sub-contracted work
- information for creditors (rights, remuneration, committees)

Pre-appointment costs

Pre-administration costs are fees charged and expenses incurred by the Joint Administrators, or other qualified insolvency practitioners, before the Company entered administration but with a view to it doing so. To the extent they remain unpaid when the Company entered administration and payment is sought, approval is required from the appropriate body of creditors as to whether they should be paid from the estate.

Prior to appointment, the Joint Administrators, by way of engaging Grant Thornton, were engaged by the Directors through an engagement letter (the Agreement) dated 19 February 2024, under which the fee basis was actual time spent at our normal scale rates (subject to a weekly cap) and out of pocket expenses and VAT at the appropriate rate will be added to our fees. Time costs under this engagement totalled £199,429. The Agreement entitles Grant Thornton to pre-administration fees of £75,000 for the six-week period we were engaged, and creditor approval will be sought for payment of £75,000. We will also seek creditor approval for £44,295 of the pre-administration expenses. We will approach the secured creditor, and the secondary preferential creditor should there be sufficient realisations to enable a distribution to this class of creditor, to seek approval for payment of the unpaid pre-administration fees and expenses following the circulation of this SIP 16 report and Proposals.

Details of the pre-administration costs are provided below:

Cost	Work done	Why the work was necessary pre-appointment and how it furthered the achievement of an objective of administration	Incurring Party	Incurring Party Grade	Incurring Party Hrs	Incurring Party £	Paid £	Unpaid £
Grant Thornton fees	<ul style="list-style-type: none">Administration eligibility assessmentPre-packaged salePre-appointment practicalities	<ul style="list-style-type: none">To assist management with gathering and preparing information, including valuations, for potential acquirers; identification of and introduction to potential acquirers	Partner	Partner	74	52,166	-	75,000
			Manager	Manager	96	59,895		
			Executive	Executive	162	71,864		
		<ul style="list-style-type: none">To confirm that an objective of administration could be achieved and that administration, therefore, was an option for the CompanyTo assist management in liaising with key stakeholders; and to advise the Directors of their general responsibilities with regard to insolvency	Administrator	Administrator	21	6,099		
			Total	Total	386	199,429		

Commercial in confidence

Shoosmiths LLP	<ul style="list-style-type: none"> Assistance with drafting of SPA and appointment documentation 	<ul style="list-style-type: none"> To confirm that an objective of administration could be achieved and that administration, therefore, was an option for the Company 	40,000	-	40,000
	<ul style="list-style-type: none"> Security validity review 	<ul style="list-style-type: none"> To review and advise on the Company's security position To prepare statutory appointment documentation 			
Hilco Appraisal Limited	<ul style="list-style-type: none"> Valuation advice 	<ul style="list-style-type: none"> To satisfy the Joint Administrators that the pre-packaged sale and the administration of the Company was the best outcome for creditors 	4,000	-	4,000
IP-Bid Limited	<ul style="list-style-type: none"> Advertising AMA opportunity online 	<ul style="list-style-type: none"> To satisfy the Joint Administrators that the pre-packaged sale and the administration of the Company was the best outcome for creditors 	295	-	295

Notes:

- Partner includes director
- Manager includes associate directors and managers
- Executive includes assistant managers and executives

Post-appointment costs

Remuneration basis of the Joint Administrators

As at the date of this report the remuneration basis has not been set. No steps have been taken during the Period to fix the basis, however we will approach the secured creditor, and the secondary preferential creditor should there be sufficient realisations to enable a distribution to this class of creditor, to fix the basis of our remuneration following the circulation of this SIP 16 report and Proposals.

As at Period end, no payment from the estate has been made towards our remuneration. Based on the report to which this document is appended, the anticipated payment from the estate is yet to be determined. Please note that the total anticipated payment does not limit the amount of remuneration that the Joint Administrators can draw from the estate.

Proposed remuneration basis

We propose that the post-appointment remuneration of the Joint Administrators be fixed on the basis of a set amount of £115,000.

The Joint Administrators' Proposals, to which this document is appended, we have stated that the Joint Administrators think that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of section 176A(2)(a) of the Insolvency Act 1986 (the "prescribed part" to be carved out of money which would otherwise be payable to the holder of a floating charge).

A consequence of this statement is that rule 18.18(4) of the Rules provides that the basis of the Joint Administrators' remuneration shall be fixed, if, as in this case, there is no creditors committee, by (a) the consent of each of the secured creditors; or (b) if the Joint Administrators have made or intends to make a distribution to preferential creditors (i) the consent of each of the secured creditors, and (ii) a decision of the preferential creditors in a decision procedure.

We provide details of the work we propose to undertake and details of the expenses we consider will be, or are likely to be, incurred in the table below.

We expect this fee basis to produce a fair and reasonable reflection of work anticipated to be undertaken for the following reasons:

- the majority of asset realisations have been completed and therefore funds available to fixed charge creditors have already been determined and distributed
- the remaining tasks largely relate to the Joint Administrators' statutory duties which are able to be reliably forecast
- the fee basis will provide more certainty for creditors as to the final outcome

Likely return to creditors

We do not anticipate any ordinary preferential claims.

We anticipate that there will be insufficient funds available for a dividend to be paid to the secondary preferential creditors or the unsecured creditors.

Anticipated work and work done in the Period

The table below sets out the work anticipated to be undertaken by the Joint Administrators and their team, together with the associated anticipated expenses. It is based on all the information available to us as at Period end and also includes narrative details of the work done in the Period (numerical analysis of the work done is in the subsequent table and details of expenses incurred in the Period are provided in the 'Expenses' section further below).

Unless otherwise stated, both the work done in the Period and the work anticipated is to comply with legislation and/or best practice requirements and, where applicable, to secure, manage and realise assets/recover claims to help generate financial value for the benefit of the estate and for distributions to creditors to be made (should sufficient funds become available). The work adds value to the insolvency process, if not financial value to the estate, and helps facilitate efficient case management.

Work done and why it was necessary	Anticipated work and why it is necessary
Assets Estimated expenses: Shoosmiths: Legal fees (excluding VAT) £5,000	
Shareholdings / investments	
<ul style="list-style-type: none"> No work done during the Period 	<ul style="list-style-type: none"> Liaising with the solicitors to formalise the stock transfer in relation to the sale of the US Subsidiary shares
Cash at bank	
<ul style="list-style-type: none"> Liaising with the pre-appointment bank to arrange a transfer of funds to the case account Liaising with third-party merchant services accounts to arrange a transfer of funds to the case account 	<ul style="list-style-type: none"> Continuing to liaise with the pre-appointment bank to arrange a transfer of funds to the case account Continuing to liaise with third-party merchant services accounts to arrange a transfer of funds to the case account
Sale of business	
<ul style="list-style-type: none"> Providing information to the Purchaser and dealing with ad-hoc queries in relation to the Transaction 	<ul style="list-style-type: none"> No further work anticipated
Other assets	
<ul style="list-style-type: none"> Liaising with Management to obtain the prepayment schedule 	<ul style="list-style-type: none"> Reviewing the prepayment schedule and requesting repayment of collectible balances
Investigations Estimated expenses: Nil	
Debtor / directors / senior employees	
<ul style="list-style-type: none"> Issuing questionnaires to directors regarding the conduct of the Company 	<ul style="list-style-type: none"> Assessing responses to the directors questionnaires and following up on any matters as appropriate to help assess the conduct of the Directors Considering available Company information, and relevant third-party information, to help assess the conduct of the Directors Prepare and submit a report to the Insolvency Service on the conduct of the Directors Liaise with the Insolvency Service regarding the conduct of the directors

Books & records

- | | |
|--|--|
| <ul style="list-style-type: none"> Write to solicitors, accountants and other third parties and review records received | <ul style="list-style-type: none"> Locating, securing, inventorying, assessing and analysing books and records to facilitate investigations and in accordance with SIP2, legislation and regulatory requirements Review the books and records obtained to facilitate investigations and in accordance with SIP2, legislation and regulatory requirements |
|--|--|

Bank statements & analysis

- | | |
|--|---|
| <ul style="list-style-type: none"> No work done during the Period | <ul style="list-style-type: none"> Obtain and analyse pre-appointment bank statements to identify any potential transactions for investigation and recovery Seek further information to better understand transactions identified for investigation |
|--|---|

Claims

- | | |
|--|---|
| <ul style="list-style-type: none"> No work done during the Period | <ul style="list-style-type: none"> Based on information received and work carried out in this matter, identify potential claims to pursue for financial recovery to the estate |
|--|---|

Creditors

Estimated expenses: Nil

Secured

- | | |
|---|--|
| <ul style="list-style-type: none"> Obtain copies of charge documentation, confirming outstanding balance and details of any security held Assess the validity of security and liaise with solicitors to verify basis for any potential return on security Prepare distribution to secured creditor | <ul style="list-style-type: none"> Respond to correspondence received and provide ad hoc case updates |
|---|--|

Employees & pensions

- | | |
|---|---|
| <ul style="list-style-type: none"> Liaising with employees responsible for payroll to ensure cessation of existing payroll scheme and preparation of P45 documentation | <ul style="list-style-type: none"> Responding to ad hoc queries and correspondence received Dealing with pension related queries raised by employees Continuing to liaise with employees responsible for payroll to ensure cessation of existing payroll scheme and preparation of P45 documentation |
|---|---|

Unsecured

- | | |
|--|--|
| <ul style="list-style-type: none"> No work done during the Period | <ul style="list-style-type: none"> Recording creditors' claims and maintaining the online creditors' portal Updating details and dealing with ad hoc queries and correspondence received |
|--|--|

Administration

Estimated expenses: Statutory advertising £102 / Bonding £200 / Insurance £500

Appointment formalities

- | | |
|---|---|
| <ul style="list-style-type: none"> Checking the presence, validity and filing of all formal appointment documents, instructing and obtaining respective legal advice Preparing, circulating, advertising and filing notice of appointment Preparing and filing change of registered office | <ul style="list-style-type: none"> No further work anticipated |
|---|---|

Case set-up

<ul style="list-style-type: none"> Setting-up and maintaining a case record on the Insolvency Practitioners System, including inputting company/debtor and appointment details, setting the appropriate reporting diary to facilitate compliance with statutory requirements Calculating, completing and submitting the bordereau notification to protect the insolvency estate Collating and assessing information regarding data collection, storage, processing and destruction to comply with data protection regulations; implementing and maintaining any necessary data protection strategies, reporting any known issues 	<ul style="list-style-type: none"> No further work anticipated
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Case management

<ul style="list-style-type: none"> Calculating an estimated outcome statement Preparing and assessing case diary lines Formulating on-going case strategy 	<ul style="list-style-type: none"> Calculating and maintaining an estimated outcome statement, monitoring progress and using the statement to help inform decisions and strategy Preparing and assessing case file reviews (including anti-money laundering, ethics and data protection matters) to ensure efficient and effective case progress Ongoing strategy development
--	--

Reports to creditors, notices & decisions

<ul style="list-style-type: none"> Assessing and reporting on the pre-packaged sale of the Company's business and assets in compliance with SIP16 Drafting, circulating and filing the Joint Administrators' statement of proposals for achieving the purpose of the administration 	<ul style="list-style-type: none"> Drafting, circulating and filing of reports to creditors regarding case progress and any significant matters Preparing and issuing notice of deemed consent or decision procedures (as appropriate) and related documentation, regarding fixing the basis of the office holders' remuneration, forming a committee and any other necessary decisions Monitoring deemed consent / decision procedures, reviewing submissions, establishing the decision outcomes, assessing validity and reporting as appropriate
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Statement of affairs

<ul style="list-style-type: none"> Preparing and issuing notice requiring submission of a statement of affairs for the Company to the Joint Administrators; liaising with the notified person(s) accordingly, obtaining statement of concurrence as appropriate, and filing the statement of affairs 	<ul style="list-style-type: none"> Reviewing and assessing the statement of affairs to identify and seek explanation of any differences regarding expected realisations, following up related queries appropriately
---	--

Treasury, billing & funding

<ul style="list-style-type: none"> Setting-up bank accounts as appropriate 	<ul style="list-style-type: none"> Assessing and processing invoices and remittances, preparing journals and cashbook entries as necessary Prepare and assess bank reconciliations, at least quarterly Prepare, assess and process billing requests
---	--

Tax	
<ul style="list-style-type: none">Notifying tax team of appointment, collating and assessing tax information, continuing liaison as appropriate for the benefit of the case	<ul style="list-style-type: none">Liaise with HMRC regarding tax status, prepare and submit required tax formsPrepare and submit tax and VAT returns as requiredConsidering whether it is appropriate to deregister for VAT and deregistering
Pensions	
<ul style="list-style-type: none">Notifying pensions team of appointment, collating and assessing pensions information, continuing liaison as appropriate for the benefit of the case	<ul style="list-style-type: none">Notifying and liaising with The Pensions Regulator, the Pensions Protection Fund, Trustees and employee benefits providers to comply with relevant regulationsPrepare and file statutory filings as required
Closure	
<ul style="list-style-type: none">No work done during the Period	<ul style="list-style-type: none">Obtain relevant clearances and make final submissions to HMRC and The Pensions RegulatorConduct final case review and reconciliation to ensure all matters are concluded, liabilities and dividends paidPrepare, issue and file final report to creditors and other required statutory noticesClose bank accounts
Total expense estimate	£5,802

Statement of expenses incurred in the Period

This table provides details of expenses incurred in the Period in connection with the work done by the Joint Administrators, description of which is provided in the Fee basis of the Joint Administrators section above.

Category	Incurred in the Period (£)	Of which paid by the estate as at Period end (£)
Category 1 expenses		
Insolvency bond	200	-
Statutory advertising	102	-
Insurance	500	-
Total expenses	802	-

Expenses are any payments from the estate which are neither the Joint Administrators' remuneration nor a distribution to a creditor or member, but they may include disbursements which are payments first met by and then reimbursed to the Joint Administrators from the estate. Expenses fall into two categories:

Category 1 expenses

These are also known as 'out of pocket expenses' and are payments to third parties not associated with the Joint Administrators where there is specific expenditure directly referable to the insolvent estate; they can be drawn without prior approval from creditors.

Category 2 expenses

These are expenses directly referable to the insolvent estate but payments that are either to an associate, or that include shared or allocated costs that may be incurred by the Joint Administrators or their firm and that can be allocated to the appointment on a proper and reasonable basis. Category 2 expenses require approval in the same manner as the Joint Administrators' remuneration.

Payments to associates

Where we have enlisted the services of others we have sought to obtain the best value and service.

To the extent that services have been enlisted from Grant Thornton's specialist teams, for example tax, pensions, digital forensics, or any others, the narrative for and cost of their work is included in the work done narrative in the Fee basis of the Joint Administrators section above.

We confirm that in the Period, we have not enlisted any other services from within our firm or from a party with whom (to the best of our knowledge) our firm, or an individual within our firm, has an association.

Relationships requiring disclosure

We confirm that we are not aware of any business or personal relationships with any parties responsible for approving the Joint Administrators' fee basis.

Sub-contracted work

We confirm that, in the Period, we have not sub-contracted any work that could otherwise have been carried out by us or our team.

Information for creditors and members

Information to help creditors and members to understand their rights in insolvency and regarding officeholders' (ie administrators or liquidators) remuneration and the roles and functions of committees and how to make a complaint is available via Grant Thornton's website:

<https://www.grantthornton.co.uk/portal>

Alternatively, we will supply this information by post, free of charge, on request.

