

AM03

Notice of administrator's proposals



Companies House

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

1 Company details

Company number 08495145

Company name in full Tilon C G Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Mike

Surname Dillon

3 Administrator's address

Building name/number Leonard Curtis

Street Riverside House

Irwell Street

Post town Manchester

County/Region United Kingdom

Postcode M35EN

Country

4 Administrator's name ①

Full forename(s) Rochelle

Surname Schofield

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Leonard Curtis

Street Riverside House

Irwell Street

Post town Manchester

County/Region United Kingdom

Postcode M35EN

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

0

d

9

m

0

m

1

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

Harry Knowles

Company name

Leonard Curtis

Address

Riverside House

Irwell Street

Manchester

Post town

County/Region

Postcode

M 3 5 E N

Country

DX

Telephone

0161 831 9999



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

All information on this form will appear on the public record.



Where to send

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

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



Further information

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

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

TILON C G LIMITED
(IN ADMINISTRATION)

Registered Number: 08495145

Court Ref: CR-2023-MAN-001378

High Court of Justice Business and Property Courts in Manchester - Company &
Insolvency List (CHD)

Joint **Administrators' Report and Statement of Proposals** in
accordance with Para 49 of Schedule B1 to the Insolvency Act 1986
and Rule 3.35 of the Insolvency (England and Wales) Rules 2016

Report date: 9 January 2024

Date report deemed to be delivered to creditors: 9 January 2024

Decision date: 24 January 2024

Leonard Curtis contact details:

Riverside House, Irwell Street,
Manchester M3 5EN
Tel: 0161 831 9999

General email: recovery@leonardcurtis.co.uk

Email for requests for a physical meeting: Manchester.meetingreq@leonardcurtis.co.uk

Ref: M/56/HKN/TF49K/1040

CONTENTS

- 1 Introduction
- 2 Statutory Information
- 3 Historical Background and Events Leading Up To Administration
- 4 Recent Trading Results and Current Financial Position
- 5 Events Following the Joint Administrators' Appointment
- 6 Achieving the Purpose of Administration
- 7 Joint Administrators' Proposals and Exit Route
- 8 Extension of Administration
- 9 Pre-Administration Costs
- 10 Joint Administrators' Remuneration and Expenses
- 11 Estimated Outcome for Creditors
- 12 Release of Administrators from Liability
- 13 Voting Procedure and Conclusion

APPENDICES

- A Joint Administrators' Statement of Proposals
- B Statement of Affairs as at 16 November 2023
- C Summary of Joint Administrators' Receipts and Payments from 16 November 2023 to 9 January 2024
- D Summary of Joint Administrators' Pre-Administration Costs
- E Joint Administrators' Fees Estimate incorporating time incurred to date
- F Joint Administrators' Statement of Likely Expenses
- G Estimated Outcome Statement
- H Leonard Curtis Policy regarding Fees and Expenses
- I Notice of a Decision Procedure by Correspondence
- J Voting Form for Creditors
- K Proof of Debt Form
- L Notice of an Invitation to Creditors to Form a Creditors' Committee
- M Information in relation to the pre-packaged sale of the business and assets in accordance with the provisions of Statement of Insolvency Practice 16

TO: THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL EMPLOYEES
ALL MEMBERS

1 INTRODUCTION

General information

- 1.1 I refer to the appointment of Rochelle Schofield and I as Joint Administrators ("the Joint Administrators") of Tilon C G Limited ("the Company") on 16 November 2023 and now write to present the Joint Administrators' proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 ("the Act").
- 1.2 Para 3 of Schedule B1 to the Act requires the administrators to perform their functions with the objective of:
- Rescuing the company as a going concern; or
 - Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration); or
 - Realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.3 Para 51(1) of Schedule B1 to the Act ordinarily requires the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. However, this does not apply where the administrators state that they think:
- That the company has sufficient property to enable each creditor of the company to be paid in full; or
 - That the company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of a distribution of the prescribed part fund; or
 - That neither of the objectives specified in 1.2(a) and 1.2(b) above can be achieved.
- 1.4 I can confirm that in this case the administrators are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors and accordingly neither of the objectives specified in 1.2(a) and 1.2(b) above can be achieved. A dividend is, however, expected to be paid to the secured creditors in line with the objective set out at 1.2(c) above. As a result, there is no requirement to seek a decision from the Company's general body of creditors as to whether they approve the Proposals.
- 1.5 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. Such a request must be delivered to the administrators within 8 business days of the date on which this report was delivered and comprise the following:
- A statement of the purpose of the proposed decision; and EITHER
 - A statement of the requesting creditor's claim, together with:
 - A list of the creditors concurring with the request and the amount of their respective claims or values; and
 - Confirmation of concurrence from each creditor concurring. OR
 - A statement of the requesting creditor's debt and that that alone is sufficient without the concurrence of other creditors.

The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.

- 1.6 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 ("the Rules"). Where this is the case, notification of the date on which the Proposals were deemed to have been approved

(being 19 January 2024) will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.

- 1.7 The Administrators are required to seek a decision from the Company's creditors to determine, amongst other things, the basis upon which the Joint Administrators will draw their remuneration and Category 2 expenses (including payments to associates). It is our intention to seek these decisions by correspondence as provided for by the Act and Rules. Formal Notice of this Decision Procedure is attached at Appendix I. A voting form is attached at Appendix J. This form should be completed and returned to this office by 23:59 on the Decision Date, being 24 January 2024, with a completed proof of debt form (attached at Appendix K) or your vote will be disregarded, as will any forms returned after the decision date.
- 1.8 Creditors meeting the following minimum criteria may request in writing that the decisions be made at a creditors' meeting, rather than by correspondence:
- a) 10% in value of the creditors; or
 - b) 10% in number of the creditors; or
 - c) 10 creditors

Such a request must be made not later than five business days after the date on which these Proposals were delivered. The deemed date of delivery of this report is given on the front page. Requests should ideally be made to Manchester.meetingreq@leonardcurtis.co.uk.

Notice of an Invitation to Creditors to Form a Creditors' Committee

- 1.9 Creditors are entitled to decide whether a creditors' committee should be established if sufficient creditors are willing to be members of that committee.
- 1.10 Attached at Appendix L is Notice of an Invitation to Form a Creditors' Committee. Any nominations must be delivered to the Joint Administrators by the Decision Date shown on the front of this report and can only be accepted if the Administrators are satisfied as to the creditors' eligibility under Rule 17.4 of the Rules.
- 1.11 In order to assist creditors in making an informed decision on whether they wish to be nominated to serve on a committee, creditors are encouraged to access the document below, which provides information on the rights, duties and functions of creditors' committees.

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/29111/page/1/liquidation-creditors-committees-and-commissioners/>

2 STATUTORY INFORMATION

- 2.1 The Administration proceedings are under the jurisdiction of the High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD) under Court reference CR-2023-MAN-001378.
- 2.2 During the period in which the Administration Order is in force, any act or function required or authorised to be done by the Joint Administrators may be exercised by both or either of them.
- 2.3 The Company's registered office was changed from Suite I Windrush Court, Abingdon Business Park, Abingdon, Oxfordshire OX14 1SY, to Riverside House, Irwell Street, Manchester, M3 5EN on 27 November 2023. The registered number is 08495145. The Company traded as its registered name.
- 2.4 The Company operated from leasehold premises at Unit 23, Rassau Ind Estate, Ebbw Vale, Blaenau Gwent.

2.5 The Company's directors and secretary are:

Name	Role	Date Appointed
Lorna Mary Leonard	Company secretary	1 May 2019
Michael Agapios Diamandis	Director	1 May 2019
Lyndon Hugh Whitlock	Director	9 March 2023
Andrew Charles Woollett	Director	12 November 2021

2.6 The Company's authorised share capital is £150,050. The issued share capital comprises 150,050 Ordinary £1 Shares, the shares being owned as follows:

Name	Class of Share	No. of Shares	% of Total Owned
Tilon (Holdings) Ltd	Ordinary £1	150,050	100
		<u>150,050</u>	<u>100%</u>

2.7 According to the information registered at Companies House, the Company has the following registered charges:

Chargeholder	Date created	Description	Amount secured £	Assets Charged
The Waste and Resources Action Programme	30 November 2021	Equipment Mortgage	All Monies	All Assets
ECapital Limited ("ECapital")	6 March 2020	Debenture	All Monies	All Assets

2.8 The insolvency proceedings are COMI proceedings.**3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION****3.1 The Company was incorporated on 18 April 2013. The Company's current directors are Michael Diamandis, Lyndon Whitlock and Andrew Woollett. The Company's current and sole shareholder is Tilon (Holdings) Ltd.****3.2 The Company traded from leasehold premises at Unit 23, Rassau Ind Estate, Ebbw Vale Blaenau Gwent.****3.3 The Company manufactured scaffold boards and noise barriers from recycled plastic and secondary fibreglass.****3.4 On appointment, the Company had 24 employees.****3.5 The business was established in 2003. Initially the business traded through Tilon Composite Limited, until it entered Administration in January 2018 and a sale of the business and assets was completed to Castlegate 535 Limited.****3.6 In August 2019, Castlegate 535 Limited was placed into Liquidation. A sale of the assets of Castlegate 365 Limited was completed to the Company, via an auction process.****3.7 The Company shareholder at that time was Artemas Joseph Holdings Limited ("AJH") (CRN: 12188902). It should be noted that Artemas Joseph Holdings Limited holds the lease to the trading premises at Rassau Industrial Estate, Rassau, Ebbw Vale, Wales, NP23 5SD.****3.8 The Company has been primarily funded by way of an invoice finance facility with Ecapital.**

- 3.9 In 2020, the pandemic had a severe effect on the Company's trading. However, the Directors took steps to raise new capital to expand production and reduce unit costs so that the Company could be operated profitably. The Company had agreed a price of €850k for a second production line from an Italian engineering company that had supplied the original production equipment. By the middle of 2021, efforts to raise loan finance for the expansion were unsuccessful as lenders required personal guarantees. As existing directors/shareholders of AJH were unwilling to invest significantly, the Company looked for new equity investors via AJH.
- 3.10 In August 2021, The Waste and Resources Action Programme ("WRAP"), being a government organization established to support recycling companies agreed to provide a £300,000 grant to the Company towards the new equipment, without the requirement of a personal guarantee. The Company and its shareholders then sought to raise £550,000 for the new line and auxiliary equipment, and a further £150,000 in working capital. This new equity together with the WRAP grant was deemed sufficient to install the new line and keep the Company solvent until the new line started production.
- 3.11 At the time of raising the new equity, the shareholding of the Company was transferred to Tilon (Holdings) Limited (CRN: 12789360). All equity funding was received via Tilon (Holdings) Limited.
- 3.12 In February 2022, the Company found that the cost of auxiliary equipment had increased and some capital needed to be spent on the plant to improve its reliability, so further funding was required. The previous equity funders in Tilon (Holdings) Limited participated in further injection of funds totalling £315,897, which was received by the Company in March 2022.
- 3.13 In March 2022, the Company became aware that the Italian engineering company supplying the new equipment had failed to undertake detailed designs for the new line and place critical orders with sub-contractors, which together with the global supply chain issues as a result of the war in Ukraine, was going to delay the delivery of the new line. At the same time, the existing production line experienced breakdowns that limited production. However, Lyndon Whitlock, current director and whose family business had provided equity funding, agreed to assist in the operational management of the business. Over the next four months Mr Whitlock's involvement had a marked impact on the performance of the equipment, improving reliability and reducing wastage. In July 2022, this allowed, for the first time, the Company to catch up with its order book.
- 3.14 Since the start of 2022, however, the order book had been slowly declining, likely as a result of the fall in the price of wood, which had previously been very high in November 2021, but which started to fall back to more normal levels thereafter. This made the Company product less price competitive against the traditional wood product.
- 3.15 In October 2022, the new financial policy of the government had a catastrophic impact on investment confidence and customer orders. Regular customers ceased confirmation of ongoing orders and new customers to replace these orders could not be sought. For the remainder of the year, monthly revenues were limited to about £215,000 at which level the company just managed to break even. In addition, major building projects, particularly for roads, that impact directly on the barriers sales, were continuing to be delayed, likely as a result of fast rising costs caused by high inflation. By January 2023 the situation had become considerably worse, and from February to October 2023, the monthly income averaged only £66,000 per month, insufficient to cover the wages, rent and insurance.
- 3.16 Throughout 2022, the Company was pressing the Italian supplier to deliver the new line, which only arrived in the UK at the start of 2023. Furthermore there were several design faults and poor integration between components supplied by different subcontractors. As a result of these shortcomings, in order to make the plant operational, the Company began to deal directly with relevant subcontractors.
- 3.17 As of October 2023, the new line is installed but is still awaiting final commissioning, and there are still invoices outstanding to sub-contractors. Due to a lack of funds and the very poor level of sales, that can easily be satisfied by the production from the original line alone, these invoices remain unpaid.
- 3.18 In March 2023, shareholders of Tilon (Holdings) Limited provided loans, amounting to £300,000 in the hope that the position would improve, but it did not. In April 2023, the Company arranged a short term loan of £150,000 with HSBC Bank Plc ("HSBC"), but the poor market persisted.

- 3.19 In July 2023, with shareholders of Tilon (Holdings) Limited unwilling to support the Company further, the Company considered its available options. The Directors contacted LC for general advice on the Company's available options in the event of an insolvency scenario, however this was avoided as the Company arranged for further funding to be received by way of asset finance, provided by Close Brothers Asset Finance ("Close") over the new production line equipment. This resulted in a cash injection of £500,000, part of the proceeds from which were required to repay the HSBC loan.
- 3.20 However, monthly losses continued and the shareholder, via its equity funders, could not further support the Company. In addition, it was not considered that any further third party loans were possible.
- 3.21 It should be noted that more recently, the Company has been unable to maintain payments to Close under the asset finance agreement, and that the assets and associated asset finance liabilities have been transferred to Tilon (Holdings) Limited, who will be responsible for the ongoing payments.
- 3.22 As a result of the Company's financial position, the Directors reapproached Leonard Curtis for advice on the Company's position.
- 3.23 It was concluded that the Company was insolvent in accordance with S123 of the Insolvency Act 1986 (as amended) in so far as 'the company cannot pay its debts as and when they fall due' and without an injection of working capital, which was considered unlikely, it would appear that it has no alternative other than to consider a formal insolvency process
- 3.24 It was concluded that Administration was the most suitable insolvency procedure for the Company as it would best allow the possibility of selling the business as a going concern.
- 3.25 It was considered that a sale, without the need for ongoing trading whilst in Administration, would be preferable to allow maximum value to be realised from the Company assets, particularly Goodwill, Book Debts and Physical Assets and to minimise the professional costs of the Administration. Following discussions with the Directors, where the Company's position and the relevant options were discussed, the strategy to place the Company in Administration was agreed.
- 3.26 Cerberus Asset Management ("CAM"), Asset Valuers supported by RICS registered professionals, were instructed by the proposed Joint Administrators to provide advice on the potential realisable value of the Physical Assets.
- 3.27 The business was marketed for sale from 30 October 2023 to 3 November 2023. During the period of marketing, the campaign resulted in 9 expressions of interest in the business from unconnected parties and 1 expression of interest from a connected party. 6 interested parties subsequently returned an NDA and were provided with the relevant information.
- 3.28 One offer was received from a connected party on 3 November 2023 which was subsequently recommended for acceptance. Full details with regards to the marketing of the business and assets are provided at section 4.
- 3.29 The Directors filed a Notice of Intention to Appoint Administrators ("NOI") on 3 November 2023. The NOI was served on the Company and ECapital and HSBC, the Company's Qualifying Floating Chargeholders. The NOI proposed to appoint Mike Dillon and Rochelle Schofield of Leonard Curtis as Joint Administrators. The filing of the NOI created an interim moratorium in favour of the Company. This was considered to be in the best interest of the general body of creditors.
- 3.30 Following agreement to all sales documentation from all stakeholders, the Directors filed a Notice of Appointment at High Court of Justice Business and Property Courts Manchester - Company & Insolvency List (CHD), on 16 November 202, appointing Mike Dillon and Rochelle Schofield as Joint Administrators. The sale of the business and assets of the Company was completed to the Purchaser shortly thereafter and full details of the terms of this transaction is provided at section 6 of this report.
- 3.31 Mike Dillon and Rochelle Schofield are licensed by the Insolvency Practitioners Association. In accordance with paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the functions of the Joint Administrators may be exercised by either both, acting jointly or alone.

4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

4.1 The Company's trading results for the year ended 30 April 2021, 30 April 2022 and 30 April 2023 are detailed below:

	Mgmt Year ended 30 April 2023	Signed Year ended 30 April 2022	Signed Year ended 30 April 2021
Turnover	<u>448,681</u>	<u>2,224,816</u>	<u>1,295,865</u>
Gross Profit	(168,535)	635,787	479,988
Gross Profit %	0	29	37
Administrative expenses	<u>(532,575)</u>	<u>(1,211,344)</u>	<u>(613,748)</u>
Operating Profit/(Loss)	(701,111)	(549,972)	(132,927)
Interest and charges	<u>-</u>	<u>(19,318)</u>	<u>(4,003)</u>
Profit/(Loss) before tax	(701,111)	(569,290)	(136,930)
Taxation	<u>-</u>	<u>34,670</u>	<u>62,898</u>
Profit/(Loss) for the year	(701,111)	(534,620)	(74,032)

4.2 The balance sheets as at 30 April 2021, 30 April 2022 and 30 April 2023 are detailed below:

	Mgmt 30 April 2023	Signed 30 April 2022	Signed 30 April 2021
Fixed Assets			
Tangible Assets	<u>1,289,129</u>	<u>1,070,546</u>	<u>371,682</u>
Current Assets			
Stocks	230,697	103,240	49,200
Debtors	-	311,955	145,284
Cash	<u>4,736</u>	<u>106,146</u>	<u>1,985</u>
	235,433	521,341	196,469
Creditors: Amounts Falling due within one year	<u>(971,529)</u>	<u>(924,066)</u>	<u>(434,683)</u>
Net Current Assets/(Liabilities)	<u>(479,759)</u>	<u>(402,725)</u>	<u>(238,214)</u>
Total Assets less Current Liabilities	809,369	667,821	133,468
Creditors: Amounts falling due after more than year	(665,406)	(1,112,306)	(43,333)
Net Assets	<u>143,963</u>	<u>(444,485)</u>	<u>90,135</u>
Represented by			
Called up share capital	992,000	150,050	150,050
Revaluation Reserve	215,943	215,943	215,943
Profit and Loss account	<u>(810,617)</u>	<u>(810,478)</u>	<u>(275,858)</u>
Shareholders' Funds	<u>143,963</u>	<u>(444,485)</u>	<u>90,135</u>

- 4.3 It should be noted the accounts to 30 April 2023 have been taken from computerised records and should not be taken as agreed amounts. In particular the movement in the profit and loss account as at 30 April 2023 does not correlate with the previous year.

Statement of Affairs

- 4.4 A statement of affairs of the Company as at 16 November 2023 was submitted to me by Mr Michael Diamandis and this has been filed with the Registrar of Companies. A copy is enclosed at Appendix B.
- 4.5 Please note that no provision has been made in the Estimated Financial Position for costs and expenses of realisation, the costs of the Administration and any corporation tax which may be payable. The following comments are considered to be relevant and should be borne in mind when reading the figures:

Secured Creditor

ECapital

- 4.6 ECapital funded the Company by way of an invoice finance facility and hold security by way of a Debenture incorporating Fixed and Floating charges over all assets, created on 6 March 2020.
- 4.7 At the date of Administration, the gross funded ledger totalled £15,334 all of which was approved for funding and a sum of £1,176 was due to ECapital. Further interest and charges are applicable pursuant to the terms and conditions of the agreement.
- 4.8 To 9 January 2023, debtor collections totalling £16,000.28 have been received by ECapital. The amounts due to ECapital have been repaid in full including any interest and charges applicable.
- 4.9 Following the repayment of the ledger in full, there is a credit balance on the facility of £7,292 which will be paid to the Joint Administrators.

WRAP

- 4.10 WRAP provided funding by way of a Grant of £300k, and hold security by way of an Equipment Mortgage over an Extruder, Dies and Processing Line.
- 4.11 At the date of appointment, £285,997 remains outstanding to WRAP. It is anticipated that the agreement has been, or is proposed to be, novated to the Purchaser, therefore mitigating the claim in the Administration.
- 4.12 As such, no claim is anticipated to be received in the Administration.

Prescribed Part

- 4.13 Based upon the information currently available, it is unlikely that there will be sufficient realisations in this matter to enable a prescribed part fund to be available to unsecured creditors.

Preferential Claims

- 4.14 The only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay and certain pension contributions.
- 4.15 All 26 employees transferred to the Purchaser upon completion of the sale pursuant to Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") therefore mitigating preferential claims for wages and accrued holiday pay.
- 4.16 We understand there are outstanding pension contributions that have been deducted from pay but not paid to the pension scheme for the period 4 August 2023 to 5 October 2023. We have instructed employment agents Evolve to review contributions any potential liability.

- 4.17 For the purpose of this report, we anticipate preferential claims in respect of outstanding pension contributions to is £3,678.23.

Secondary Preferential Creditors

- 4.18 With respect to insolvencies commencing on or after 1 December 2020, HMRC will rank ahead of floating charge holders and unsecured creditors in respect of certain unpaid taxes that the relevant company collects on behalf of HMRC. These taxes are known as Priority Taxes and include:
- VAT;
 - PAYE (including student loan repayments);
 - Construction Industry Scheme deductions; and
 - Employees' NI contributions.
- 4.19 Company records show £89,420 due to HMRC in respect of PAYE and National Insurance Contributions. For illustrative purposes it is anticipated that 25% of the sums due will relate to Employer's National Insurance Contributions and will rank as an unsecured claim. The remaining amount of £67,065 will rank as a secondary preferential claim. Company records detail a further £55,603 in respect of VAT which will rank as a secondary preferential claim. We anticipate a claim will be received from HMRC confirming the total amount due, in due course.

Unsecured Claims

- 4.20 At present, it is considered unlikely that there will be sufficient funds available to enable any form of distribution to unsecured creditors. Creditors should however continue to submit details of their claims using the proof of debt form attached at Appendix K. These claims will be collated and passed to any subsequently appointed Liquidator, should the position change.

Receipts and Payments

- 4.21 A receipts and payments account for the period of Administration to date is enclosed at Appendix C.

5 EVENTS FOLLOWING THE JOINT ADMINISTRATORS' APPOINTMENT

Sale of Business

- 5.1 Prior to and upon appointment, the administrators investigated the possibility of concluding a sale of what remained of the business and assets as it was considered that a sale of all or part of the business as a going concern would allow the following:
- Maximise physical assets realisations – enhanced realisations from the Company's Physical Assets may be achieved compared to ex-situ realisations most likely achievable on a cessation of trade.
 - Maximise realisations in respect of Book Debts – A pre-packaged sale would also allow for business continuity and minimal disruption in trading which may result in enhanced debtor collections than if the Company had to cease trading.
 - Preservation of Goodwill – a pre-packaged sale would allow for a sale of Goodwill, which would be unlikely to be available if the Company ceased to trade. It is critical in maximising realisations from the Goodwill, that there is minimal disruption to trading. Trading the business during Administration would not guarantee an improved offer, and may, conversely devalue Goodwill; and
 - Mitigation of employee claims and preservation of employment for staff – a sale would allow for the transfer of all employees to any purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"). The transfer of employment to the purchasing Company, ensures that all staff remaining in the Company's employment at the date of Administration have full continuity of employment rights. This in turn, mitigates claims in the Administration.

Claims that would ordinarily arise on cessation of trade and/or redundancy, accrued but unpaid Holiday Pay, Pay in Lieu of Notice ("PILON") and Redundancy Pay do not occur. In this case, 26 employees were transferred to the Purchaser, mitigating preferential claims for Accrued but unpaid Holiday Pay and additional unsecured claims for PILON and Redundancy Pay.

5.2 An offer of £80,000 was made by Tilon (Holdings) Limited to the proposed Administrators. Following advice from our appointed agents, Cerberus Asset Management ("CAM"), who had carried out valuations of the Company's physical assets, this offer was accepted and the business sale was concluded on 16 November 2023.

5.3 The Purchaser is a connected party pursuant to Sections 249 and 435 of the Act and para 60(A)(3) of Schedule B1 to the Act by virtue of the fact that Michael Diamandis, Lyndon Whitlock and Andrew Woollett are Directors of both the Company and the Purchaser.

5.4 The offer received totalled £80,000 for the Company's right, title and interest (if any) in the business and assets. The offer was apportioned, following advice from CAM, as follows:

	£
Goodwill	2,500
Fixtures & Fittings	2,500
Plant & Machinery	62,500
Stock	<u>12,500</u>
	<u>80,000</u>

5.5 The consideration is proposed to be paid £80,000 on completion, followed by 9 monthly payments of £8,000.

5.6 I can confirm that the sales consideration due on completion and 1 month following completion have been received by the Joint Administrators.

5.7 The deferred consideration has been secured by way of personal guarantees from Michael Diamandis, and Lyndon Whitlock.

5.8 There are no other terms and conditions of the contract that could materially affect the asset consideration.

5.9 The sale is not part of a wider transaction and there are no buy-back arrangements or similar conditions attached to the contract of sale.

5.10 We are not aware of any Directors providing personal guarantees to any creditors. We understand that ECapital are proposed to provide funding to the Purchaser.

5.11 The Company employed 26 members of staff as at the date of administration who have been transferred under the TUPE regulations to the Purchaser.

5.12 We are aware that Michael Diamandis, Lyndon Whitlock and Andrew Woollett is involved in the management of the Purchaser.

5.13 Following the completion of the pre-packaged sale of the Company's business and assets, the Joint Administrators sent a letter to creditors on 16 November 2023 to provide further information on the sale pursuant to the requirements of Statement of Insolvency Practice 16. A copy of the information provided is attached at Appendix J. The Proposals were not able to be circulated at the same time as this letter as the Joint Administrators were waiting on finalising the likely level of creditor claims, in particular WRAP and pension contributions, to be able to update the draft proposals accordingly.

Book Debts Subject to Invoice Finance Facility

5.14 ECapital funded the Company by way of an invoice finance facility and hold security by way of a Debenture incorporating Fixed and Floating charges over all assets created on 6 March 2020.

- 5.15 At the date of Administration, the gross funded ledger totalled £15,334 all of which was approved for funding and a sum of £1,176 was due to ECapital. Further interest and charges are applicable pursuant to the terms and conditions of the agreement.
- 5.16 To 9 January 2023, debtor collections totalling £16,000.28 have been received by ECapital. The amounts due to ECapital have been repaid in full including any interest and charges applicable.
- 5.17 Following the repayment of the ledger in full, there is a credit balance on the facility of £7,292 which will be paid to the Joint Administrators.

Cash at Bank

- 5.18 The Company operated bank facilities with HSBC Bank Plc ("HSBC") which was overdrawn in the sum of £134.22 on the appointment of the Joint Administrators. We have requested that the account be closed.

Leasehold / Trading Premises

- 5.19 The Company vacated the premises at Unit 23 Rassau Industrial Estate, Ebbw Vale, Blaenau Gwent NP23 5SD on the appointment of the Joint Administrators. The Joint Administrators have contacted the landlord and advised them accordingly. The Joint Administrators do not require the continued use of the premises to achieve the purpose of the Administration and have not and will not occupy the premises during the Administration.

Professional Advisors ("PA") and / or Subcontractors ("S") used

- 5.20 On this assignment the Joint Administrators have or are proposing to use the advisors detailed below.

Name of Party	PA / S	Service Provided	Basis of Fees	
Farleys LLP ("Farleys")	PA	Legal advice	Fixed Fee	
			£10,000	
CAM	PA	Valuation of Physical Assets and recommendations as to sale	Time costs	
Consortium Property Limited ("CAPA")		Property audit to identify non-domestic rates refund	25%	of realisations
Prism 339 Ltd ("Prism")	S	Bank Statement analysis	Fixed Fee	-
			£200 + VAT	
IP-Bid	S	Online sales marketplace	Fixed Fee	-
			£245 + VAT	

Farleys LLP

- 5.21 Farleys have been instructed to assist the Joint Administrators with the relevant sales documents and general legal advice. The Joint Administrators have agreed that Farley's fees for the above work will be fixed at £10,000. It should be noted that time costs incurred by Farleys were anticipated to significantly exceed the agreed fee.
- 5.22 Farleys have been instructed due to their significant expertise in dealing with insolvency matters and have staff available with the appropriate skillset required to assist the Joint Administrators with this matter. The fee proposed is considered to be fair and reasonable based on the level of time that will be spent in assisting the Joint Administrators with this matter, the speed and efficiency with which Farleys will be able to provide their services and the competitive rates agreed with Farleys which are commensurate with other providers of legal services.

CAM

- 5.23 CAM has extensive sector specific product knowledge and experience in managing asset sales. CAM has a longstanding history of assisting insolvency practices with business and asset sales. They are supported by a team of RICS registered professionals who also specialise in security, removal and

disposal of assets. CAM were instructed to provide an assessment of the Company's physical assets and to provide a recommendation of the offer received from the Purchaser.

- 5.24 Given the Joint Administrators are required to obtain independent valuation advice prior to any sale of assets prior to sale, this was necessary in the realisation of assets. We believe that the time costs of £10,000 plus VAT are fair and reasonable considering services provided.

CAPA

- 5.25 CAPA forensically analyses and interrogates property outgoing and accounts payable data to highlight potential errors which may result from the Local Authority in relation to non-domestic business rates. CAPA has a number of years' experience concluding property audits for Insolvency Practitioners. CAPA has been instructed to perform a property audit and investigation into refunds from payments of non-domestic business rates in relation to the trading premises.
- 5.26 We believe that the fixed fee of 25% of realisations is fair and reasonable in light of the services provided by CAPA and will mitigate any time costs incurred by the Joint Administrators. It is considered that if the Joint Administrators staff complete the work then the time costs incurred would be significantly higher.

Prism

- 5.27 Prism is a data analysis company which produces comprehensive reports of the Company's bank statements including providing high level analysis following the conversion of the bank statements to an electronic format. Prism's fee of £200 plus VAT per account is considered fair and reasonable and will mitigate time costs incurred by the Joint Administrators. It is considered that if the Joint Administrators staff complete the work, then the time costs incurred would be significantly higher.
- 5.28 Details of this firm's policy regarding the use of associates, choice of advisors and the basis for their fees are given in Appendix H.

IP-Bid

- 5.29 IP-BID is a web-based insolvency marketplace that specialises in matching potential buyers and funders to suitable business opportunities. Advertising on this platform was considered appropriate as it would provide a greater level of exposure to applicable parties nationwide pursuant to the requirements of SIP16.
- 5.30 We believe that a fixed fee of £245 plus VAT is fair and reasonable considering the services provided.
- 5.31 Details of this firm's policy regarding the use of associates, choice of advisors and the basis for their fees are given in Appendix H.

6 ACHIEVING THE PURPOSE OF ADMINISTRATION

- 6.1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
- (a) rescuing the Company as a going concern, or (if this cannot be achieved);
 - (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 (if (a) and (b) cannot be achieved);
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- 6.2 The first objective is not considered to be capable of being achieved given the extent of historic liabilities.
- 6.3 The second objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration). In the opinion of

the Joint Administrators, this objective is unlikely to be achieved as there is no prospect of a dividend being available to unsecured creditors.

6.4 The third objective is to realise property in order to make a distribution to secured and / or preferential creditors. The third objective has been achieved in this case as ECapital have received a distribution under their fixed charge from book debt realisations.

6.5 The Administration has been, and will continue to be financed by monies received from asset realisations.

7 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE

7.1 The Joint Administrators' Proposals for achieving the objective of Administration are attached at Appendix A.

7.2 Ordinarily the Joint Administrators would seek a decision from the Company's creditors as to whether they approve the Proposals. However, in this case, as there is little likelihood of a dividend being available for unsecured creditors and the Joint Administrators anticipate achieving the third objective as set out at section 6.4 above, there is no requirement to seek such a decision from creditors.

7.3 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. Such a request must be delivered to the administrators within 8 business days of the date on which this report was delivered. The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.

7.4 If such a decision is requisitioned, creditors will again be invited to consider the appointment of a creditors' committee and to vote on the Joint Administrators' Proposals as set out at Appendix A.

7.5 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 ("the Rules"). Where this is the case, notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.

7.6 Once approved, the affairs of the Company will be managed in accordance with the Proposals and financed out of asset realisations.

7.7 Once the Administration has been finalised, and if there are insufficient funds available to allow a distribution to unsecured creditors, the Joint Administrators will file a Notice with the Registrar of Companies that the Company be dissolved. Alternatively, if there are assets still to be realised or investigations concluded but there will be no return to unsecured creditors, the Company may be placed into Compulsory Liquidation.

8 EXTENSION OF ADMINISTRATION

8.1 The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.

8.2 In certain circumstances it may be necessary to extend the Administrators' term of office. In the circumstances of this case, this may be done for a specified period not exceeding twelve months with the consent of:

- each secured creditor of the Company; and
- the unsecured creditors of the Company.

8.3 We do not believe that an extension to the administration will be necessary in this case.

9 PRE-ADMINISTRATION COSTS

9.1 Pre-administration costs are defined as:

- Fees charged; and
- Expenses incurred

by the Administrator, or another person qualified to act as an insolvency practitioner before the Company entered Administration (but with a view to its doing so). "Unpaid pre-administration costs" are pre-administration costs which had not been paid when the Company entered Administration.

9.2 Time charged and expenses incurred by the Joint Administrators and their agents and solicitors in the period prior to their appointment are summarised below:

Charged by	Services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
Leonard Curtis ("LC")	Attending meetings and liaising with management with regards Administration strategy. Marketing of the Company, dealing with interested parties, negotiating a sale of the business and assets, preparing and reviewing sales documentation. Liaising with CAM and CRM with regards to the Company assets. Discussions with solicitor with regards Court proceedings. Conducting formalities with regards to the appointment and conducting statutory obligations.	21,890.50	-	N/a	21,890.50
CAM	Valuation of physical assets and assistance with the marketing of the business and assets. Providing a recommendation in respect of the sale of business and assets.	10,000.00	-	N/a	7,500.00
Farleys Solicitors	Drafting and executing Notices of Intention and Appointment documents. Preparation of sales document suite. General legal advice.	10,000.00	-	N/a	10,000.00
IP-Bid	Online sales marketplace	295.00	-	N/a	295.00
Total		42,185.50	-	N/a	42,185.50

9.3 Enclosed at Appendix D is an analysis of the Joint Administrators' pre-administration costs. The analysis shows that total pre-administration time costs of £21,890.50 have been incurred which represents 52.0 hours at a rate of £420.97 per hour.

Work Undertaken by LC

9.4 In the period prior to Administration, LC provided insolvency advice to the Company and carried out an assessment of its financial position with a view to establishing the appropriate insolvency procedure for the Company.

- 9.5 Subsequently it was advised that Administration was the most suitable form of insolvency procedure and the Joint Administrators assisted in formulating an administration strategy.
- 9.6 The work undertaken included but was not limited to:
- General legal advice, in particular in relation to current legal claim which Company was party to;
 - Dealing with the formalities and statutory obligations in relation to the appointment of the Administrators;
 - Liaising with the Company and the secured creditors with regards to the strategy;
 - Marketing of the business by way of advertising on our website and the website of our instructed agents;
 - Providing the secured creditors with updates in regards to the strategy of the Administration and the resultant outcome;
 - Corresponding with legal parties in relation to Court action being taken which the Company was party to;
 - Negotiating the sale of the business and liaising with key stakeholders to obtain the required agreement to the sale;
 - Liaising with CAM regarding the valuations of various asset categories to be sold;
 - Drafting the SIP 16 letter to be sent to creditors following administrators' appointment;
 - Reviewing sales documentation; and
 - Reviewing and submitting the appointment documents.
- 9.7 The above work ensured that the Administration purpose could not be achieved. In addition to the statutory work conducted, the work was required to be done before the Company entered administration, as the sales processes needed to be dealt with prior to the appointment of the Joint Administrators to preserve the business, safeguard job and ensure the best realisations for the Company's assets was obtained. As detailed at Appendix M, it was not appropriate to trade the business, and offer it for sale as a going concern, during the Administration.
- 9.8 The Joint Administrators pre-appointment fees have been incurred on a time costs basis as agreed with the Company pursuant to the letter of engagement, which was sent to the Company on 20 October 2023, which was signed and returned on 23 October 2023, confirming acceptance to the terms of the engagement.

Work Undertaken by Farleys

- 9.9 The work undertaken by Farleys included:
- Drafting the NOI and serving on ECapital and HSBC;
 - Drafting of the NOA and filing of the same in the High Court of Justice Business and Property Courts in Manchester – Company & Insolvency List (CHD);
 - Checking if any winding up petitions had been presented in relation to the Company; and
 - Preparing the required sales documentation in anticipation of the proposed sale of business.
- 9.10 The above work undertaken by Farleys ensured that the Administration purpose could be achieved. It was necessary for a solicitor to be appointed to draft the sales documentation that was required prior to the Administration appointment to ensure that the sale was agreed prior to the administration, and capable of completion immediately following the Joint Administrators appointment.

Work Undertaken by CAM

- 9.11 CAM has extensive sector specific product knowledge and experience in managing asset sales. CAM has a longstanding history of assisting insolvency practices with business and asset sales. They are supported by a team of RICS registered professionals who also specialise in security, removal and disposal of assets.
- 9.12 CAM were instructed to provide a valuation of the Company's physical assets to assist with the pre-packaged sale of the Company. The above work undertaken by CAM ensured that the Administration purpose could be achieved. It was necessary for a valuation to be prepared by CAM, independent agents, prior to the appointment to allow the strategy for the Administration to be finalised and ensure that an Administration purpose could be achieved. CAM's recommendation allowed the sale of

business to take place and achieve the objective of the Administration. It also assisted the rescue of 26 jobs.

Work Undertaken by IP-Bid

- 9.13 IP-Bid is a web-based insolvency marketplace that specialises in matching potential buyers and funders to suitable business opportunities. IP-Bid was chosen as a platform to market the Company as the platform would enable the Company to be exposed to a great level of applicable parties nationwide.
- 9.14 The above work undertaken by IP-Bid ensured that the Administration purposes could be achieved, by assisting with the marketing process to allow the sale of business and assets to be achieved.
- 9.15 The payment of unpaid pre-administration costs (set out above) as an expense of the Administration is subject to the approval of the appropriate class of creditors, separately to the approval of the Administrators' Proposals. This approval will be the responsibility of the Creditors' Committee if one is appointed or alternatively will be by a decision of the general body of creditors.

10 JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES

General

- 10.1 The basis of the Joint Administrators' remuneration may be fixed either as a percentage of the value with which they have to deal ('a percentage basis'), as a set amount, or by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in a Fees Estimate. A combination of these bases may be fixed, with different bases being fixed in respect of different things done by the Joint Administrators. Additionally, where a percentage basis is fixed, different percentages may be fixed in respect of different things done by the Joint Administrators.

Approval by appropriate body

- 10.2 The Joint Administrators think that the Company has sufficient property to enable a distribution to be made to the secured creditors as detailed at Section 1.3 of this report. In such circumstances, it is for the Creditors' Committee to determine the basis of remuneration. If there is no Committee, or if the Committee fail to make the requisite determination then the basis of remuneration must be fixed by a decision of the creditors.
- 10.3 The outcome of this decision will be reported to all creditors in due course.

Information to be given to creditors

- 10.4 The Joint Administrators wish, in this case, to seek the creditors' agreement to their remuneration being fixed by reference to the time properly given by them and their staff in attending to matters as set out in a Fees Estimate. Prior to seeking approval of this basis, the Joint Administrators are required to provide all known creditors with their Fees Estimate and details of the expenses that they consider will be, or are likely to be, incurred during the administration ("Statement of Likely Expenses").

The Fees Estimate

- 10.5 The Joint Administrators' Fees Estimate for the whole of the Administration is set out at Appendix E. It includes the following:
- Details of the work that the Joint Administrators and their staff propose to undertake;
 - The hourly rate or rates that Joint Administrators and their staff propose to use; and
 - The time that the Joint Administrators anticipate that each part of the work will take.

Details of the Joint Administrators' time costs to 31 December 2023 have also been included for comparison purposes. In summary, time costs of £19,885.00 have been incurred to 31 December 2023 which represents 62.9 hours at a rate of £316.14 per hour.

- 10.6 The total amount of time costs as set out in the Fees Estimate is £95,589.50. Once approved by the appropriate body of creditors, the remuneration drawn by the Joint Administrators must not exceed

this total amount without prior approval. It should be noted that in some instances payment of these costs will be limited to the amount of realisations available in the administration.

- 10.7 The Fees Estimate is based upon information currently available to the Joint Administrators. Based upon this information, the Joint Administrators do not anticipate that the Fees Estimate will be exceeded. However should information come to light during the course of the administration which means that the Joint Administrators will be required to undertake work not envisaged at the time that the Fees Estimate was provided, it may be necessary for the Joint Administrators to revert to creditors for further approval.
- 10.8 Details of the firm's charge-out rates and policy regarding the recharge of expenses, staff allocation, support staff and the use of subcontractors are attached at Appendix H. Please be aware that the firm's charge out rates have been amended with effect from 1 March 2021.
- 10.9 Further guidance may be found in "Administration: A Guide for Creditors on Insolvency Practitioner Fees" (Version 1 – April 2021) which may be downloaded using the following link:
<https://www.r3.org/technical-library/england-wales/technical-guidance/fees/>.

If you would prefer this to be sent to you in hard copy please email recovery@leonardcurtis.co.uk or contact Harry Knowles of this office on 0161 831 9999

Statement of Likely Expenses

- 10.10 The Joint Administrators' Statement of Likely Expenses is set out for creditor information at Appendix F. To assist creditors' understanding of this information of this information, it has been separated into the following categories:
- (i) Standard Expenses: this category includes expenses payable by virtue of the nature of the Administration process and / or payable in order to comply with legal or regulatory requirements.
 - (ii) Case Specific Expenses: this category includes expenses likely to be payable by the Joint Administrators in carrying out their duties in dealing with issues arising in this particular case. Also included within this category are costs that are directly referable to the administration but are not paid to an independent third party (and which may include an element of allocated costs). These are known as "Category 2 expenses" and they may not be drawn without the approval of the creditors in the same way as fees and creditors will be contacted directly in this respect. The basis of the calculation of their recharge is detailed in Appendix H.
- 10.11 The Joint Administrators are also required to disclose to those responsible for approving our remuneration whether any payments we intend to make from an insolvency estate are to associates of Leonard Curtis. Payments to associates are subject to the same level of approval as the office holder's fees and category 2 expenses. Details of this firm's policy regarding the use of associates and the level of their fees is given in Appendix H.

Further Updates

- 10.12 The Joint Administrators will provide creditors with an indication of whether the remuneration anticipated to be charged by them is likely to exceed the Fees Estimate, and if so the reasons for this, in their subsequent reports. Information will also be provided in subsequent reports on whether the expenditure detailed in the Statement of Likely Expenses has been or is likely to be exceeded and the reasons why.

11 ESTIMATED OUTCOME FOR CREDITORS

- 11.1 In order to assist the various classes of creditors in assessing the quantum of any dividend which may or may not be payable to them, we have produced an Estimated Outcome Statement. This is attached at Appendix G.
- 11.2 The Estimated Outcome Statement assumes the following:
- a) That asset realisations are in line with those estimated at Appendix B;

- b) That the Joint Administrators' fees estimate (as detailed at Appendix E) is approved and is not exceeded; and
- c) That the expenses of the administration are as set out in the Statement of Likely Expenses at Appendix F and are not exceeded.

11.3 In summary:

- Secured creditors – ECapital have been repaid in full under their Fixed Charge from book debt collections. It is not anticipated that WRAP have a claim in the Administration.
- Preferential creditors – it is not anticipated that there will be sufficient funds to enable a distribution to Preferential Creditors.
- Secondary Preferential creditors – it is not anticipated there will be sufficient funds to enable a distribution to Secondary Preferential Creditors.
- Unsecured creditors – it is not anticipated there will be sufficient funds to enable a distribution to Unsecured Creditors.

12 RELEASE OF ADMINISTRATORS FROM LIABILITY

- 12.1 As soon as all outstanding matters in the Administration have been attended to it is anticipated that we will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically to dissolution.
- 12.2 The appointment of the Joint Administrators will cease as soon as this notice is issued.
- 12.3 It is for the creditors to fix the date upon which the Joint Administrators are discharged from liability in respect of any action of theirs during the Administration. The relevant form to enable you to consider this decision is attached at Appendix J of this report.

13 VOTING PROCEDURE AND CONCLUSION

- 13.1 It is important that you give careful attention to this report and its Appendices.
- 13.2 Details of all decisions to be made by creditors are included on Appendix I – Notice of a Decision Procedure by Correspondence. In order for your vote to count, you should ensure that your completed voting form (see Appendix J) has been delivered to the Joint Administrators on or before the Decision Date given on the front of this report and in Appendix I. Your vote should be accompanied by a proof of debt, unless one has previously been provided, failing which your vote may be disregarded.
- 13.3 Creditors' attention is drawn to Chapter 9 of Part 1 of the Rules, which detail the rules for delivery of documents.
- 13.4 Creditors will be notified of the outcome of the decision procedure in due course.

Should you have any queries or require any further clarification please contact Harry Knowles at my office, in writing. Electronic communications should also include a full postal address.

for and on behalf of
TILON C G LIMITED



MIKE DILLON
JOINT ADMINISTRATOR

Mike Dillon and Rochelle Schofield are authorised to act as insolvency practitioners in the UK by the Insolvency Practitioners' Association under office holder numbers 24610 and 28312, respectively

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability.

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

It is proposed that:

1. The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration.
2. If appropriate, the Joint Administrators take any action they consider necessary with a view to the approval of a Company Voluntary Arrangement ("CVA") or Scheme of Arrangement in relation to the Company.
3. If appropriate, the Joint Administrators file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation ("CVL"). It is further proposed that that the Joint Administrators in office at the date of conversion to CVL will become the Joint Liquidators of the Company, and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them. NB. Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved.
4. Alternatively, if appropriate, the Joint Administrators apply to Court under Para 65(3) of Schedule B1 to the Insolvency Act 1986 (as amended) for permission to make a distribution to the unsecured creditors within the Administration.
5. In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the Administration have been completed, the Joint Administrators file a Notice with the Registrar of Companies that the Company should be dissolved.
6. The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company.
7. The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that the Joint Administrators in office at the date of conversion to compulsory liquidation will become the Joint Liquidators of the Company, and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them.
8. The Joint Administrators shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.

STATEMENT OF AFFAIRS

Statement of affairs

Name of Company

TILON C G LIMITED

Company number

08495145

In the
High Court of Justice Business and Property Courts in Manchester -
Company & Insolvency List (CHD)

[full name of court]

Court case number

CR-2023-MAN-001378

(a) Insert name and address of
registered office of the company

Statement as to the affairs of (a)

Tilon C G Limited, Riverside House, Irwell Street, Manchester, M3 5EN

(b) Insert date

On the (b)

16 November 2023

being the date that the company entered administration

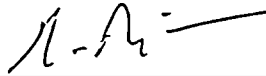
Statement of Truth

I believe that the facts stated in this Statement of Affairs are true. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Full name

Mike Diamandis

Signed



Dated

15th December 2023

A – Summary of Assets

Assets

Assets subject to fixed charge:

	Book value £	Estimated realisable value £
Goodwill	Nil	2,500
Book Debts	15,334	11,674
Less: Ecapital	<u>(1,176)</u>	<u>(1,176)</u>
Surplus as regards ECapital	<u>14,158</u>	<u>12,998</u>

Encumbered Plant and Machinery	N/k	Nil
Less: WRAP	<u>(284,996)</u>	<u>(284,996)</u>
Surplus/(Deficit) as Regards WRAP	<u>(284,996)</u>	<u>(284,996)</u>

Assets subject to floating charge:

Debtor Surplus	14,158	12,998
Goodwill Surplus	Nil	Nil
Unencumbered Plant & Machinery and Office Equipment	1,454,779	62,500
Stock	13,144	12,500
Leasehold Improvements	106,847	Nil

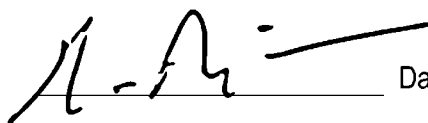
Uncharged assets:

None

Estimated total assets available for preferential creditors

1,588,928 87,998

Signature

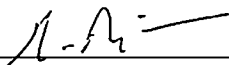


Date 15th December 2023

A1 – Summary of Liabilities

	Estimated to realise £
Estimated total assets available for preferential Creditors (carried from page A)	£ 87,998
Liabilities	
Preferential creditors:-	
Employees Pension	(3,678)
Secondary Preferential Creditors:-	
HMRC Priority Debts	(122,668)
Estimated deficiency/surplus as regards preferential creditors	£ (38,348)
Estimated prescribed part of net property where applicable (to carry forward)	n/a
Estimated total assets available for floating charge holders	£ (38,348)
Debts secured by floating charges:	
None	£ Nil
Estimated deficiency/surplus of assets after floating charges	£ (38,348)
Estimated prescribed part of net property where applicable (brought down)	£ n/a
Total assets available to unsecured creditors	£ Nil
Unsecured non-preferential claims (excluding any shortfall to floating charge holders):	£
Trade Creditors	(274,394)
Bounce Back Loan	(29,723)
Parent Company Loan	(261,310)
WRAP	(284,996)
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£ (850,423)
Shortfall to floating charge holders (brought down)	£ Nil
Estimated total deficiency/surplus as regards creditors	£ (888,771)
Issued and called up capital	£ (150,050)
Estimated total deficiency/surplus as regards members	£ (1,038,821)

Signature



Date

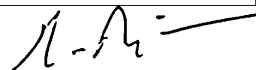
15th December 2023

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and creditors claiming retention of title over property in the company's possession. Separate schedules **must** be prepared for creditors who are employees or former employees of the company or consumers claiming amounts paid in advance of the supply of goods or services.

Name of Creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
	Please see attached list				

Signature



Date

15th December 2023

COMPANY MEMBERS

Name of Member	Address (with postcode)	No. of shares held	Nominal Value	Details of Shares held
Tilon (Holdings) Ltd	c/o Suite I Windrush Court, Abingdon Business Court, Abingdon, Oxfordshire, OX14 1SY	150,050	150,050	150,050 Ordinary £1 Shares
TOTALS				

Signature

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Date _____

15th December 2023

						Per
Name	Address 1	Address 2	Address 3	Address 4	Post Code	Statement of Affairs
Aqua Cooling Ltd	Unit 6 Brickfield Lane	Chandler S Ford Industrial Estate	Eastleigh		SO53 4DP	13,637.10
Biffa Polymers	Plastics Road	Wilton International	Redcar		TS10 4RG	15,772.32
Blaenau Gwent CBC	Revenue Section	Resources Department	Civic Centre	Ebbw Vale	NP23 6XB	30,537.00
BOC UK & Ireland	The Priestley Centre, Wardley Ind. Estate.	Worsley		Manchester	M28 2UT	823.50
Carbon Law	One Temple Quay	Temple Back East	Bristol		BS1 6DZ	82,982.88
Cool-Therm (Uk) Limited	Unit 5 Trubodys Yard	121 London Road	Bristol	England	BS30 5NA	583.80
Den Transport Ltd	Unit 3a Efi Industrial Estate	Brecon Road	Merthyr Tydfil	Wales	CF47 8RB	384.00
DSV Road Limited	Scandinavia House Refinery Road	Parkeston	Harwich	Essex	CO12 4QG	3,013.00
DVS	Unit 3	Neptune Point	Vanguard Way	Cardiff	CF24 5PG	2,060.00
Dwr Water Cymru	Fortran Road	Cardiff			CF30 0EH	723.98
EON	Westwood Way	Westwood Business Park	Coventry		CV4 8LG	221.76
Fluid Science Ltd	Unit 3	Building 2 The Colony Wilmslow	Altrincham Road	Wilmslow	SK9 4LY	1,090.44
Geoff The Local Gas Guy	Transformation Groundworks	Westgate Yard	Llanfoist	Abergavenny	NP7 9LH	199.20
Greyhound	5-7 Marshalsea Road	London			SE1 1EP	35.05
JC Moulding Ltd	Unit 1 Lower Monk Street	Abergavenny			NP7 5LU	124.54
Lifting Gear Safety	Kings Parade	Unit 3	Newport	Monmouthshire	NP20 2DU	1,117.20
Meadex Rubber Mouldings LTD	Tanyard Lane	Ross On Wye	Herefordshire		HR9 7BH	48,735.52
NPower Business Solutions	Westwood Way	Westwood Business Park	Coventry		CV4 8LG	947.20
PolyPump Limited	Unit P, OYO Business Units	Moses Winter Way	Wallingford		OX10 9FE	1,746.42
Rexel Denate limited	Unit 7	Bridgewater Close	Hawkesworth Trading Estate	Swindon	SN2 1ED	667.28
Roydon Bottle Recycling Ltd	Unit 1-3	Junction Eco Park	Rake Lane	Swinton	M27 8LU	1,409.40
Scarbrough International Ltd	C/O Pinsent Masons	13 Queens Road	Aberdeen	Scotland	AB15 4YL	2,305.13
SDS Drives Ltd	Unit 6 St Martin's Park	Moorend Farm Avenue	Cabot Park	Avonmonth	BS11 0RS	518.44
The BSS Group	Lodge Way House	Lodge Way	Harlestone Road	Northampton	NN5 7UG	114.24
U Hire	High West Cote	Chop Gate	Middlesbrough		TS9 7JE	1,585.04
Yes Recycling	Tunfield Farm	Hog Lane	Ashley Green	Bucks	HP5 3PY	63,059.47
ECapital	9th Floor	Reading Bridge House	George Street	Reading	RG1 8LS	59,000.00
The Waste and Resources Action Programme	2nd Floor Blenheim Court	19 George Street	Banbury		OX16 5BH	285,997.00
HMRC - Unsecured	Debt Management - EIS C				BX9 1SH	22,355.09
HMRC - Secondary Preferential	Debt Management - EIS C				BX9 1SH	122,668.28
21 Employees with Preferential Claims of						3,658.23
21 Employees with Unsecured Claims of						2,206.89
Total						770,279.40

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS FROM
16 NOVEMBER 2023 TO 9 JANUARY 2024

	Statement of Affairs £	Received to date by the Joint Administrators £	Received / paid by ECapital £	Cumulative £
RECEIPTS				
Book Debts	16,000.28	-	16,000.28	16,000.28
Goodwill	2,500.00	500.00	-	500.00
Stock	12,500.00	2,500.00	-	2,500.00
Plant and Machinery	62,500.00	12,500.00	-	12,500.00
Fixtures and Fittings	2,500.00	500.00	-	500.00
Bank Interest	15.14	15.14	-	15.14
	<u>96,015.42</u>	<u>16,015.14</u>	<u>16,000.28</u>	<u>32,015.42</u>
PAYMENTS				
		-	-	-
		<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
DISTRIBUTIONS				
ECapital		-	(8,708.62)	(8,708.62)
		<u>Nil</u>	<u>(8,708.62)</u>	<u>(8,708.62)</u>
BALANCE IN HAND				
		<u>16,015.14</u>	<u>7,291.66</u>	<u>23,306.80</u>

SUMMARY OF JOINT ADMINISTRATORS' PRE-ADMINISTRATION COSTS

	Total Units	Cost £	Average Hourly Rate £
Strategy & purpose evaluation	382	18,893.50	494.59
Preparation of documents	125	2,619.50	209.56
Administrative set up	9	157.50	175.00
Chargeholder	4	220.00	550.00
<hr/>			
Total	520	21,890.50	
<hr/>			
Average Hourly Rate (£)		420.97	
<hr/>			
All Units are 6 minutes			

DETAILED ANALYSIS OF PRE-ADMINISTRATION COSTS

Strategy & Purpose Evaluation

Time incurred in relation to this category of work has involved the following:

- Liaising with the Company to obtain statutory and management information;
- Meeting with management to discuss the ongoing strategy for the Company, ongoing court action and Administration process;
- Preparation and distribution of marketing flyer;
- Liaising with interested parties and providing information further to a confidential undertaking;
- Preparation of the Initial Letter to Creditors Pursuant to SIP16;
- Liaising with the Purchaser following the acceptance of the offer; and
- Liaising with Farleys with regards ongoing court action, the appointment and sales documentation and reviewing the terms of the Sale and Purchase Agreement.

Preparation of Documents

Time incurred in relation to this category of work has involved the following:

- Completion of pre-appointment formalities;
- Preparation of marketing documents and information; and
- Completion of required Appointment documents.

Chargeholder

Time incurred in relation to this category of work has involved the following:

- Correspondence with ECapital.

JOINT ADMINISTRATORS' FEES ESTIMATE INCORPORATING TIME INCURRED 31 DECEMBER 2023

	Fees Estimate			Time to 31 December 2023		
	Total Units	£	Average Hourly Rate £	Total Units	£	Average Hourly Rate £
Statutory and Review	501	17,838.00	356.05	30	885.00	295.00
Receipts and Payments	165	5,541.00	335.82	8	365.00	456.25
Insurance, bonding & pension	35	1,152.50	329.29	18	531.00	295.00
Assets	280	10,270.00	366.79	33	1,126.50	341.36
Liabilities	705	26,001.50	368.82	81	3,254.00	401.73
Debenture Holder	20	777.50	388.75	-	-	-
General Administration	183	5,152.50	281.56	63	2,052.00	325.71
Appointment	151	4,282.00	283.58	151	4,282.00	283.58
Post Appt Creditor Decisions	419	14,627.00	349.09	245	7,389.50	301.61
Investigations	280	9,947.50	355.27	-	-	-
Total	2,739	95,589.50	348.99	629	19,885.00	316.14

Average Hourly Rate (£)

All Units are 6 minutes

JOINT ADMINISTRATORS' FEES ESTIMATE

DETAILS OF WORK PROPOSED TO BE UNDERTAKEN

Statutory and Review

This category of activity encompasses work undertaken for both statutory and case management purposes. Whilst this work will not directly result in any monetary value for creditors, it will ensure that the case is managed efficiently and resourced appropriately, which will be of benefit to all creditors. The work to be carried out under this category will comprise the following:

- Case management reviews. These will be carried out periodically throughout the life of the case. In the early stages of the case this will involve weekly team meetings to discuss and agree case strategy and a month 1 review by the firm's Compliance team to ensure that all statutory and best practice matters have been dealt with appropriately. As the case progresses we will as a minimum carry out three monthly and six monthly reviews to ensure that the case is progressing as planned;
- The team is required under the Company Directors' Disqualification Act 1986 to review the Company's records and consider information provided by creditors on the conduct of all the directors involved in the Company during the three years leading up to the insolvency. This will result in the preparation and submission of statutory returns or reports on all directors to the Insolvency Service. Evidence of unfit conduct can result in directors being disqualified for periods of up to 15 years;
- Review of directors' sworn statement of affairs and filing of document at Companies House in accordance with statutory requirements;
- Handover meetings between members of staff when allocating tasks in line with case strategy; and
- Completion of case closing procedures at the end of the case.

Receipts and Payments

This category of work will not result in a direct financial benefit for creditors. However, close monitoring of case bank accounts is essential to ensure that bank interest is maximised where possible, estate expenses are properly managed and kept to a minimum and amounts payable to creditors are identified and distributed promptly.

- Opening of case bank account;
- Preparation of periodic receipts and payments accounts for inclusion in statutory reports – in total there will be three periodic receipts and payments reports for inclusion in this report and also two progress reports;
- Timely completion of all post appointment tax and VAT returns;
- Managing estate expenses; and
- Preparation of a number of Estimated Outcome Statements ("EOS"), which will be used to monitor the progress of asset realisations and the administration generally.

To 31 December 2023, time has been spent managing estate expenses.

Insurance, Bonding and Pensions

Insolvency Practitioners are obliged to comply with certain statutory requirements when conducting their cases. Some of these requirements are in place to protect company assets (see insurance and bonding matters below), whilst requirements in respect of company pension schemes are there to protect the pension funds of Company employees. Whilst there is no direct financial benefit to Company creditors in dealing with these, close control of case expenditure is crucial to delivering maximum returns to the appropriate class of creditor.

- Calculation and request of joint administrators' bond in accordance with the Insolvency Practitioners' Regulations 2005. A Bond is a legal requirement on all administrations and is essentially an insurance policy to protect creditors against the fraud or dishonesty of the Insolvency Practitioner. The bond is calculated by reference to the value of assets which are estimated before costs to be available to unsecured creditors; and

- Completion and submission of statutory notifications under the Pensions Act 2004. This includes liaising with the Company directors to establish the existence of Company pension schemes, making the statutory notifications under s22 and s120 of the pensions legislation; liaising with pensions providers to understand the nature of the scheme, and submitting claims to the Redundancy Payments Service for reimbursement of unpaid contributions to the scheme.

To 31 December 2023, all of the above tasks have been completed.

Assets

The work set out in this category may bring a financial benefit for creditors. This may be a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be set aside for the benefit of unsecured creditors) or may, depending on realisations, costs and the extent of any 3rd party security, result in a distribution to the preferential and / or unsecured creditors.

- Agreeing strategy for realisation of Company assets – time has been spent completing a sale of the Goodwill, Fixtures & Fittings, Plant & Machinery and Stock;
- Further time will be spent monitoring the collection of the deferred consideration to ensure the amounts received are in accordance with the Sale and Purchase Agreement and, if appropriate, taking steps to enforce security held;
- Instruction of and liaising with agents as required – liaising with CAPA in respect of the potential business rates recoveries; and
- Liaising with Company's bankers re pre-appointment bank accounts.

To 31 December 2023, time has been spent completing a sale of the business and assets.

Liabilities

This category of time includes both statutory and non-statutory matters and will not necessarily bring any financial benefit to creditors generally. The more employees and creditors a company has, the more time and cost will be involved in dealing with those claims.

Statutory

- Processing of claims from the Company's creditors - all claims received from the Company's 26 unsecured creditors will be logged. Claims are not formally being agreed at this stage as they will be agreed by a subsequently appointed liquidator should a dividend be payable to unsecured creditors;
- Preparation, review and submission of pre-appointment tax and VAT returns;
- Preparation and submission of periodic progress reports to creditors – it is anticipated that the administration will last for the standard 12 months, as such in addition to this report, there will be two progress reports which will be prepared during the lifetime of the case; and
- Preparation and submission of the Joint Administrators initial letter to creditors pursuant to SIP16.

Non-statutory

- Dealing with enquiries from the Company's creditors – this will include dealing with creditors general queries by post, telephone and email.

To 31 December 2023, time has been spent:

- Processing of claims from the Company's creditors;
- Preparation and submission of the Joint Administrators initial letter to creditors pursuant to SIP16; and
- Dealing with enquiries from the Company's creditors.

General Administration

This category of work does not result in a direct financial benefit for creditors; however it is necessary for these tasks to be completed in order to ensure the smooth and efficient progression of the administration:

- General planning matters;
- Setting up and maintaining the administrators' records;
- Arranging collection and storage of company records; and
- Dealing with general correspondence and communicating with directors and shareholders.

To 31 December 2023, time has been spent Dealing with general correspondence and communicating with directors and shareholders.

Appointment

There are certain tasks which the Joint Administrators have a statutory obligation to undertake during the administration process. Other tasks are completed in order to ensure the administration is progressed to the benefit of all creditors and stakeholders. Actions completed to date are both statutory and non-statutory and include the following; they will not result in a direct financial benefit for creditors:

- Statutory notifications to creditors and other interested parties following the administrators' appointment;
- Preparation of case plan; and
- Formulation of case strategy, including recording of any strategic decisions.

To 31 December 2023, all of the above tasks have been completed.

Post Appointment Creditors' Decisions

This category of activity encompasses work undertaken for statutory reasons. This work will not directly result in any financial benefit for creditors.

- Preparation of Joint Administrators' Proposals for achieving a statutory purpose of the administration;
- Preparation of Fees Estimate and Statement of Expenses in accordance with Insolvency (England and Wales) Rules 2016; and
- Convening a decision by correspondence to agree Fees Estimate with appropriate body of creditors;
- Reporting on outcome of voting.

To 31 December 2023, time has been spent preparing the Joint Administrators Proposals.

Investigations

Some of the work administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 ("CDDA") and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations. It may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Administrator can pursue for the benefit of creditors.

- Collecting and reviewing the Company's records;
- Conducting initial investigations into the Company's affairs/records to identify the possibility of further realisations and enable the submission of returns due under the Company Directors Disqualification Act 1986. In addition, any concerns raised by creditors will be reviewed and investigated. Statutory Investigations will include determining if any of the following have occurred:
 - Transactions at an Undervalue;
 - Preferences;
 - Transactions putting assets beyond the reach of creditors;
 - Misfeasance or breach of any fiduciary duty;

- Wrongful trading; and
- Undue retention of Crown monies.

JOINT ADMINISTRATORS' STATEMENT OF LIKELY EXPENSES

Standard Expenses

Type	Description	Amount £
Bond Fee	Insurance bond	100.00
Document Hosting	Hosting of documents for creditors.	87.00
Software Licence Fee	Case management system licence fee.	70.00
Statutory Advertising	Advertising	101.70
Storage Costs	Storage of books and records	50.00
Postage costs	Cost of sending letters	175.00
Staff Mileage	Category 2 disbursement requiring specific creditor / committee approval	40.73
	Total standard expenses	624.43

Case Specific Expenses

Type	Description	Amount £
Rates Agent Fees	Investigating refunds from the local authority in respect of non-domestic rates refund	25% of realisations
Prism	Bank Statement Review Software Licence	200.00
Agents' Fees	Assistance with submission of pension claims	650.00
	Total case specific expenses	850.00

ESTIMATED OUTCOME STATEMENT

	Secured – ECapital £'000	Secured - WRAP £'000	Preferential £'000	Secondary Preferential £'000	Unsecured £'000
Amount estimated to be available to class of creditor	18	Nil	Nil	Nil	Nil
Amount due to creditor per Appendix B	(1)	(286)	(4)	(123)	(243)
Estimated dividend rate (as a %)	100%	Nil	Nil	Nil	Nil

Leonard Curtis policy regarding fees and expenses

The following Leonard Curtis policy information is considered to be relevant to creditors:

Staff Allocation and Charge Out Rates

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by the appropriate body of creditors that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters as set out in a fees estimate, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to request and obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rates given below.

The following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

	6 Jan 2014 onwards		1 Aug 2019 onwards		1 March 2021 onwards	
	Standard	Complex	Standard	Complex	Standard	Complex
	£	£	£	£	£	£
Director	450	562	525	656	550	688
Senior Manager	410	512	445	556	465	581
Manager 1	365	456	395	494	415	518
Manager 2	320	400	345	431	365	456
Administrator 1	260	325	280	350	295	369
Administrator 2	230	287	250	313	265	331
Administrator 3	210	262	230	288	245	306
Administrator 4	150	187	165	206	175	219
Support	0	0	0	0	0	0

In respect of assignments pre-dating 1 March 2022, office holders' remuneration may include costs incurred by the firm's in-house legal team, which may be used for non-contentious matters pertaining to the insolvency appointment.

Use of Associates

We are required to disclose to those responsible for approving our remuneration whether any payments we intend to make from an insolvency estate are to Associates of Leonard Curtis (LC). The term "Associate" is defined in s435 of the Insolvency Act 1986, but we are also required to consider the substance or likely perception of any association between the appointed insolvency practitioner, their firm (LC) or an individual within the firm and the recipient of a payment. Payments to Associates are subject to the same level of approval as the office holder's fees and category 2 expenses (see table on the next page for further details).

Leonard Curtis Legal Limited (LC Legal) are part of the Leonard Curtis group; as such they are an "Associate" of LC. Where LC Legal are instructed to assist an office-holder in a particular matter from 1 March 2022 onwards, details of their proposed costs will be provided to creditors and specific approval for payments to associates will be sought.

Additionally, Pelstar Limited (Pelstar) provides insolvency case management software and document hosting facilities to LC. Until 31 December 2022, LC employed an individual who is married to a director of Pelstar, and as such, whilst not meeting the legal definition of "Associate", we were aware that there was a perceived association between LC and Pelstar and specific approval of their costs were sought accordingly. As this individual is no longer employed by LC, this is no longer required and Pelstar costs invoiced with effect from 1 January 2023 will be paid without prior approval.

Use of Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Use of Subcontractors

Where we subcontract out work that could otherwise be carried out by the office holder or his/her staff, this will be drawn to the attention of creditors in any report which incorporates a request for approval of the basis upon which remuneration may be charged. An explanation of why the work has been subcontracted out will also be provided.

Categorisation of Expenses

We are required to provide creditors with an estimate of the expenses we expect to be incurred in respect of an assignment and report back to them on actual expenses incurred and paid in our periodic progress reports. There are two broad categories of expenses: standard expenses and case specific expenses. These are explained in more detail below:

- a) Standard Expenses – this category includes expenses which are payable in order to comply with legal or regulatory requirements and therefore will generally be incurred on every case. They will include:

Type	Description	Amount																								
AML checks via Smartsearch	Electronic client verification in compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	£5.00 plus VAT per search. Note that with effect from 1 April 2021, these costs are no longer recovered from the estate.																								
Bond / Bordereau fee via AUA Insolvency Services	Insurance bond to protect the insolvent entity against any losses suffered as a result of the fraud or dishonesty of the IP	£10.00 to £1,200.00 dependent on value of assets within case																								
Company searches via Companies House	Extraction of company information from Companies House	£1.00 per document unless document can be accessed via the free service																								
Document hosting via Pelstar Limited	Hosting of documents via a secure portal for access by creditors/shareholders. Costs are charged per upload plus VAT and are generally dependent upon the number of creditors. The costs are commensurate with those charged by other providers of comparable services.	<table> <tr> <th>Type</th><th>First 100</th><th>Each addtl 10</th></tr> <tr> <td>ADM</td><td>£14.00</td><td>£1.40</td></tr> <tr> <td>CVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>MVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CPL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CVA</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>BKY</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>IVA</td><td colspan="2">£10 pa or £25 for life of case</td></tr> </table>	Type	First 100	Each addtl 10	ADM	£14.00	£1.40	CVL	£7.00	£0.70	MVL	£7.00	£0.70	CPL	£7.00	£0.70	CVA	£10.00	£1.00	BKY	£10.00	£1.00	IVA	£10 pa or £25 for life of case	
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ADM	£14.00	£1.40																								
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CVA	£10.00	£1.00																								
BKY	£10.00	£1.00																								
IVA	£10 pa or £25 for life of case																									
Software Licence fee hosting via Pelstar Limited	Payable to software provider for use of case management system. The costs are commensurate with those charged by other providers of comparable services.	£87.00 plus VAT per case																								
Postage via Royal Mail or Postworks	Cost of posting documents which are directly attributable to a case to external recipients	Calculated in accordance with applicable supplier rates and dependent on the number of pages and whether the document is sent by international, first or second class post.																								
Post re-direction via Royal Mail	Redirection of post from Company's premises to office-holders' address	0-3 months £216.00 3-6 months £321.00 6-12 months £519.00																								
Statutory advertising via advertising agents	Advertising of appointment, notice of meetings etc. - London Gazette - Other	£91.80 - £102.00 plus VAT per advert. Dependent upon advert and publication																								
Storage costs	Costs of storage of case books and records	£5.07 plus VAT per box per annum plus handling charges																								

- b) Case-specific expenses – this category includes expenses (other than office-holders' fees) which are likely to be payable on every case but which will vary depending upon the nature and complexity of the case and the assets to be realised. They will include but may not be restricted to:

Type	Description	Amount
Agents' fees	Costs of appointed agents in valuing and realising assets	Time costs plus disbursements plus VAT
Debt Collection fees	Costs of appointed debt collectors in realising debts	Generally agreed as a % of realisations plus disbursements plus VAT

Legal fees	Costs of appointed solicitors. Will generally comprise advice on validity of appointment, drafting of sale contracts, advice on retention of title issues and advice on any reviewable transactions. Where the solicitor appointed is LC Legal, any fee payable for work completed is classed as a payment to an associate and requires specific creditor / committee approval as detailed above.	Time costs plus disbursements plus VAT
Other expenses	See Category 1 and 2 expenses notes below	See Category 1 and 2 expenses notes below

Please note that expenses are generally categorised as Category 1 or Category 2:

- a) Category 1 expenses: These are payments to independent third parties providing the service to which the expense relate. These may include, for example, advertising, external room hire, storage costs, postage costs, telephone charges, travel expenses (excl. mileage), and equivalent costs reimbursed to the office holder or his or her staff. Category 1 expenses may be paid without prior approval.
- b) Category 2 expenses: These are costs that are directly referable to the appointment in question, but not paid to an independent third party. They may include costs which have an element of shared cost. The following items of expenditure are recharged on this basis and are charged at HMRC approved rates:
 - Business mileage : 45p per mile

Payments to Associates (as defined above) are categorised by LC in the same way as Category 2 expenses. Category 2 expenses and payments to Associates may only be drawn if they have been approved in the same manner as an office holder's remuneration.

NOTICE OF A DECISION PROCEDURE BY CORRESPONDENCE

Re: TILON C G LIMITED (IN ADMINISTRATION) ("the Company")

Registered number: 08495145

Court details: High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD) Court Ref: CR-2023-MAN-001378

NOTICE TO CREDITORS OF A DECISION PROCEDURE TO BE CONSIDERED BY CORRESPONDENCE
IN ACCORDANCE WITH RULES 15.8 AND 18.18 OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016

We, Mike Dillon and Rochelle Schofield, of Leonard Curtis, Riverside House, Irwell Street, Manchester, M3 5EN, were appointed Joint Administrators of the Company on 16 November 2023.

NOTICE IS HEREBY GIVEN pursuant to Rules 15.8 and 18.18 of the Insolvency (England and Wales) Rules 2016 that the creditors are being asked to make a decision as to whether they agree the basis of the Joint Administrators' remuneration and approve three other decisions by way of correspondence.

To participate in the vote creditors will need to have delivered a completed voting form to my office at Riverside House, Irwell Street, Manchester, M3 5EN or via email to harry.knowles@leonardcurtis.co.uk by 23:59pm on 24 January 2024 (the Decision Date) together with a proof of debt form if one has not previously been lodged. Failure to deliver a proof of debt will result in your vote being disregarded.

NB. Creditors' attention is drawn to Chapter 9 of Part 1 of the Rules, which detail the rules for delivery of documents.

The resolutions to be considered are:

1. In the absence of a creditors' committee, that the remuneration of the Joint Administrators be fixed by reference to time properly spent by them and their staff in attending to matters as set out in the Fees Estimate (for an amount not exceeding £95,589.50).
2. That the unpaid pre-administration costs as detailed in the Joint Administrators' Statement of Proposals (totalling £32,935.50) be approved for payment as an expense of the Administration.
3. That the basis of the recharge of the Joint Administrators' category 2 expenses and payments to associates be payable by reference to the information set out in the Joint Administrators' Statement of Proposals and that they be authorised to pay or be reimbursed such expenses as and when funds permit.
4. That the Joint Administrators be discharged from liability in respect of any action(s) of theirs as Administrators pursuant to the provisions of paragraph 98(2)(b) of Schedule B1 to the Insolvency Act 1986, immediately upon their appointment ceasing to have effect.

Statutory Information and Creditors' Entitlement To Vote

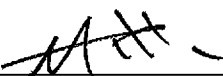
In accordance with Rule 15.8 of the Insolvency (England and Wales) Rules 2016 please be aware of the following information:

- Creditors are only entitled to vote if they have delivered a proof of debt prior to the decision date and the claim has been accepted in whole or in part, together with a voting form. Whilst I am permitted to agree claims below £1,000 without a proof of debt, a creditor whose claim is less than £1,000 is not able to vote without having lodged a proof of debt. Creditors who have opted out from receiving notices may, nevertheless, vote if a proof of debt has been lodged.
- Creditors must deliver their voting form no later than 23:59pm on 24 January 2024 (the Decision Date). Forms should be posted to Tilon C G Limited at Leonard Curtis, Riverside House, Irwell

Street, Manchester, M3 5EN. Alternatively voting forms can be submitted by email to harry.knowles@leonardcurtis.co.uk.

- I am obliged to advise creditors that applications to have any decision reviewed must be made to under reference CR-2023-MAN-001378. Any such application should be made within 21 days of the decision date.
- If creditors are not satisfied with the decision procedure being used, they may request a physical meeting be convened providing their claim is 10% of the value of the creditors or 10% of the number of creditors request the same or 10 individual creditors request that a meeting be convened. All requests to hold a physical meeting should be made in writing but can be made by email to Manchester.meetingreq@leonardcurtis.co.uk. Requests for a physical meeting should be made within five business days of delivery of this notice.

Dated 9 January 2024

Signed  _____

MIKE DILLON
JOINT ADMINISTRATOR

Contact details

Mike Dillon and Rochelle Schofield
Leonard Curtis
Riverside House
Irwell Street
Manchester
M3 5EN
Tel: 0161 831 9999

VOTING FORM FOR CREDITORS

Re: TILON C G LIMITED (IN ADMINISTRATION) ("the Company")

Registered number: 08495145

Court details: HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN

MANCHESTER - COMPANY & INSOLVENCY LIST (CHD) REF: CR-2023-MAN-001378

Please indicate whether you are in favour or against each of the decisions set out below.

Please note that this form should be returned prior to 23:59pm on 24 January 2024 to my offices at Riverside House, Irwell Street, Salford, M3 5EN. Alternatively the form can be submitted by email to harry.knowles@leonardcurtis.co.uk. In order for your vote to be valid a proof of debt should also have been lodged.

RESOLUTIONS TO BE CONSIDERED

Decision 1

In the absence of a creditors' committee, the remuneration of the Joint Administrators be fixed by reference to time properly spent by them and their staff in attending to matters as set out in the Fees Estimate (for an amount not exceeding £95,589.50).

I am *in Favour / Against

Decision 2

That the unpaid pre-administration costs as detailed in the Joint Administrators' Statement of Proposals (totalling £32,935.50) be approved for payment as an expense of the Administration.

I am *in Favour / Against

Decision 3

That the basis of the recharge of the Joint Administrators' category 2 expenses and payments to associates be payable by reference to the information set out in the Joint Administrators' Statement of Proposals and that they be authorised to pay or be reimbursed such expenses as and when funds permit.

I am *in Favour / Against

Decision 4

That the Joint Administrators be discharged from liability in respect of any action(s) of theirs as Administrators pursuant to the provisions of paragraph 98(2)(b) of Schedule B1 to the Insolvency Act 1986, immediately upon their appointment ceasing to have effect.

I am *in Favour / Against

*delete as appropriate

TO BE COMPLETED BY CREDITOR:

Dated: _____

Signed: _____

Name of creditor: _____

Position: _____

Proof of Debt – General Form

Relevant date: 16 November 2023

claims.manchester@leonardcurtis.co.uk quoting ref: TF49K/HKN/PROOF

Name of Company in Administration:

Tilon C G Limited

Company registered number:

1. Name of creditor (if a company, provide registration number)

2. Correspondence address of creditor (including email address)

3. Total amount of claim (£) at relevant date (include any Value Added Tax)

4. If amount in 3 above includes outstanding uncapitalised interest, state amount (£)

5. Details of how and when the debt was incurred (if you need more space attach a continuation sheet to this form)

6. Details of any security held, the value of the security and the date it was given

7. Details of any reservation of title claimed in respect of goods supplied to which the debt relates

--

8. Details of any document by reference to which the debt relates

--

9. Signature of creditor (or person authorised to act on the creditor's behalf)

--

10. Date of signing:

--

11. Address of person signing (if different from 2 above)

--

12. Name in BLOCK LETTERS

--

13. Position with, or relation to, creditor

--

Notes:

1. There is no need to attach them now but the office-holder may ask you to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the chairman or convenor of any qualifying decision procedure.
2. This form can be authenticated for submission by email by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office-holder. If completing on behalf of the company, please state your relationship to the company.
3. Please e-mail completed form to:

claims.manchester@leonardcurtis.co.uk quoting ref: TF49K/HKN/PROOF

NOTICE OF AN INVITATION TO CREDITORS TO FORM A CREDITORS' COMMITTEE


In the:	HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN MANCHESTER - COMPANY & INSOLVENCY LIST (CHD)	No:	CR-2023-MAN-001378
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Re:	TILON C G LIMITED (IN ADMINISTRATION)
Previous Name:	
Registered No:	04895146

Address of Company	UNIT 23, RASSSAU IND ESTATE, EBBW VALE, BLAENAU GWENT, NP23 5SD
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NOTICE IS HEREBY GIVEN, IN ACCORDANCE WITH PARAGRAPH 57 OF SCHEDULE B1 TO THE INSOLVENCY ACT 1986, RULE 3.39 AND PART 17 OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016, THAT creditors are invited to decide whether a creditors' committee should be established if sufficient creditors are willing to be members of that committee. Mike Dillon and Rochelle Schofield invite creditors to put forward their nominations for membership of the committee. Such nominations must be received by the date specified in this notice. The Joint Administrators can only accept nominations if they are satisfied as to the creditors' eligibility under Rule 17.4 of the Insolvency (England and Wales) Rules 2016.

Nominations must be received by: 24 January 2024
and should be delivered to: Mike Dillon and Rochelle Schofield
Riverside House
Irwell Street
Manchester
M3 5EN
Tel: 0161 831 9999
Email: recovery@leonardcurtis.co.uk

Signed:		Dated:	9 January 2024
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Creditors are referred to section 1.12 of this report for a link to guidance for creditors as to the **roles, duties and responsibilities of members of creditors' committees**.

Under Rule 17.4, a creditor is eligible to be a member of such a committee if they have proved for a debt, which is not fully secured, and the proof has not been wholly disallowed for voting purposes or rejected for the purposes of distribution or dividend. A body corporate may be a member of a committee, but it cannot act otherwise than by a duly appointed representative. No person can be a member as both a creditor and a contributory.

APPENDIX M

INFORMATION IN RELATION TO THE PRE-PACKAGED SALE
OF THE BUSINESS AND ASSETS IN ACCORDANCE WITH
THE PROVISIONS OF STATEMENT OF INSOLVENCY PRACTICE 16

TO ALL CREDITORS
TO THE INSTITUTE OF CHARTERED ACCOUNTANTS
IN ENGLAND AND WALES

Please ask for : Harry Knowles
Our ref : M/56/HKN/TF49K/1040
Your ref :

22 November 2023

Dear Sir(s)/Madam

TILON C G LIMITED - IN ADMINISTRATION ("**THE COMPANY**")
HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN MANCHESTER - COMPANY &
INSOLVENCY LIST (CHD) NO. CR-2023-MAN-001378
COMPANY NUMBER: 08495145

I write to advise you that Rochelle Schofield and I were appointed as Joint Administrators of the Company on 16 November 2023. Attached is formal Notice of our Appointment.

You are receiving this notice because the Company's records show that you are a creditor of the Company. The Company's creditors will fall into one of the following categories:

- Secured creditors – a creditor who has the benefit of a security interest over some or all of the assets of the Company (e.g. banks, factoring providers);
- Preferential creditors – creditors who have a preferential right to payment out of the Company's assets once realised (e.g. employees in respect of arrears of pay and holiday pay, subject to certain limits);
- Secondary preferential creditors - creditors who have a secondary preferential right to payment out of the Company's assets once realised (e.g. HM Revenue & Customs for any claims in respect of VAT, PAYE (including student loan repayments), Employees' NI contributions and CIS deductions); and
- Unsecured creditors – a creditor other than a preferential creditor or secondary preferential creditor that does not have the benefit of any security interests in the assets of the Company (e.g. ordinary trade suppliers; employees (to the extent that their claims are not preferential).

In our role as Joint Administrators, we are obliged to perform our functions and responsibilities in the interests of the Company's creditors as a whole and, where the objective of the Administration is to realise property in order to make a distribution to secured or preferential creditors (including secondary preferential creditors), we have a duty not to unnecessarily harm the interests of creditors as a whole.

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

Statement of Insolvency Practice 16 requires administrators to provide creditors with a detailed explanation and justification of why a pre-packaged sale was undertaken, so that creditors can be satisfied that we have acted, where necessary, with due regard for their interests. Additional statutory obligations are placed upon administrators (and purchaser) where a pre-packaged sale is agreed to a connected party (as defined in para 60(A)(3) of Schedule B1 to the Insolvency Act 1986).

In this case, a sale of the Company's business and assets to Tilon (Holdings) Limited (CRN: 12789360) ("the Purchaser") was completed on 16 November 2023. Set out at Appendix A is a summary of the circumstances and information relevant to this sale that we are required to disclose. Note that the sale was to a connected party.

With regard to orders placed by the Company prior to Administration but not yet delivered, suppliers should obtain confirmation from the Purchaser that the goods or services are still required and, if so, an order may be placed with the purchasing company. It should be noted that goods sold and delivered by the Company since Administration commenced must be paid for in full and cannot be set off against any claims against the Company.

You will appreciate that, as a result of the Administration, your previous account with the Company is frozen and neither the Administrators nor the Purchaser are in a position to deal with claims of unsecured creditors. Nevertheless, we should be grateful if you would let us have a detailed account of the amount owing to you as at the date of Administration. Your account, and any future correspondence in connection with the Company, should be sent to our address. Please remember to provide your full name, address, telephone number and email address for our records. If you are claiming title to goods supplied by you, please let us have full details, including your conditions of sale. If you believe you have a claim to goods it is imperative that you contact us as soon as possible and, if necessary, arrange a date to identify the goods in question. Failure to do so may prejudice your claim if any goods to which you claim title have been sold. We will not be liable in the event that goods are sold prior to notice of any valid retention of title claim being received.

Under the provisions of Paragraph 43 of Schedule B1 to the Insolvency Act 1986 ("the Act") no steps may be taken by any creditor to enforce any security over the Company's property or to repossess goods in the Company's possession under any hire purchase agreement (which includes conditional sale agreements, chattel asset leasing agreements and retention of title agreements) without the consent of the Joint Administrators or leave of the Court.

Also no other proceedings and no execution or other legal process may be commenced or continued, and no distress may be levied against the Company or its property except with the consent of the Joint Administrators or leave of the Court.

Where a pre-packaged sale has been undertaken, the Administrators should circulate their Proposals as soon as practicable after appointment, and where possible with this notification. We are currently in the process of formulating our proposals and these along with details of a decision procedure for their approval will be sent to creditors as soon as practicable. The Proposals are not being sent at the same time as the Joint Administrators are waiting on creditor claims to update the draft proposals accordingly. At that time, the Joint Administrators will be seeking, from the appropriate body of creditors, approval of the basis upon which their remuneration is to be calculated. A Creditor's guide to Administrators' fees (Version 1 issued 1 April 2021), which sets out the rights of creditors in this respect, is available from our office free of charge or may be downloaded from:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/>

You are also encouraged to read the following, which provides a step by step guide designed to help creditors navigate through an insolvency process:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/28872/page/1/administration/>

If you have any information regarding the conduct of the directors which you feel should be brought to our attention, any concerns regarding the way in which the Company's business has been conducted or information on potential recoveries or any particular matters which you consider require investigation, please send full details to this office at the address given below. This request forms part of our statutory investigation procedures and does not necessarily imply any criticism of the directors.

Data Protection

Finally, when submitting details of your claim in the administration, you may disclose personal data to us. The processing of personal data is regulated in the UK by the General Data Protection Regulation as supplemented by the Data Protection Act 2018, together with other laws which relate to privacy and electronic communications. We act as Data Controller in respect of personal data we obtain in relation to this administration and are therefore responsible for complying with Data Protection Law in respect of any personal data we process. Our privacy notice, which is attached to this letter at Appendix B, explains how we process your personal data. Terms used in this clause bear the same meanings as are ascribed to them in Data Protection Law.

Insolvency practitioners at Leonard Curtis are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

We remind you that the Joint Administrators are agents of the Company and contract without personal liability.

Yours faithfully
for and on behalf of
TILON C G LIMITED

A handwritten signature in black ink, appearing to be 'Mike Dillon', written over the company name.

MIKE DILLON
JOINT ADMINISTRATOR

Mike Dillon is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 24610 and Rochelle Schofield is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 28312

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability.

Enc

Para 46 of Sch B1 IA86 and Rule 3.27
Insolvency (England and Wales) Rules 2016

The Insolvency Act 1986

Notice of administrator’s appointment

Name of Company TILON C G LIMITED	Company number 08495145
In the High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD)	Court case number CR-2023-MAN-001378

(a) Insert full name(s) and address(es) I/We (a) Mike Dillon and Rochelle Schofield of
Leonard Curtis, Riverside House, Irwell Street, Manchester, M3 5EN

give notice that ~~*I was~~ / we were appointed as administrator(s) of the above company on:

(b) Insert date (b)
16 November 2023

Signed 

Dated 17 November 2023

Joint / Administrator(s) (IP No(s)) 24610 / 28312

TILON C G LIMITED (“the Company”)
(IN ADMINISTRATION)

**INFORMATION REGARDING THE PRE-PACKAGED SALE OF THE BUSINESS AND ASSETS OF
TILON C G LIMITED**

1 STATUTORY PURPOSE OF ADMINISTRATION

1.1 The Joint Administrators must perform their functions with the objective of:

- (a) Rescuing the Company as a going concern, or (if this cannot be achieved)
- (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 (if (a) and (b) cannot be achieved)
- (c) Realising property in order to make a distribution to one or more secured or preferential creditors.

1.2 We are obliged to perform our functions in the interests of the Company's creditors as a whole and, where the objective of the Administration is to realise property in order to make a distribution to secured or preferential creditors (including secondary preferential creditors), we have a duty not to unnecessarily harm the interests of the creditors as a whole.

1.3 In this instance it is not considered that objective (a) will be achieved given the level of the Company's liabilities. It is not considered that objective (b) will be achievable as it is not anticipated that there will be sufficient realisations to enable a distribution to unsecured creditors. Objective (c) will likely be achieved as ECapital Commercial Finance Limited (formerly Advantedge Commercial Finance Limited) (“ECapital”) will receive distributions under their Fixed Charge from realisations in respect of the debtor ledger and goodwill.

1.4 We confirm that, in our opinion, the transaction will enable the statutory purpose to be achieved and that the sale price achieved was the best reasonably obtainable in all the circumstances.

2. INITIAL INTRODUCTION

2.1 The Directors initially approached Leonard Curtis (“LC”) direct on 26 May 2023. An initial meeting was subsequently held between the Directors and Mike Dillon, Andrew Bayley and Martin Maloney, all of LC, on 30 May 2023.

2.2 At that time, the Directors explained that the Company was suffering from cashflow issues and requested general advice as to their available options in the event of the Company having to enter an insolvency process. It should be noted that at that time, the Company was primarily exploring available funding options.

2.3 LC were subsequently advised that the Company had entered into an asset finance agreement with Close Brothers Asset Finance (“Close”) which had generated significant funding and there was no requirement to enter into an insolvency process.

2.4 A Director subsequently contacted LC again on 13 September 2023 with a view to obtaining advice on the Company's financial position at that time. A meeting was subsequently held on 21 September 2023 between the Directors and Mike Dillon and Andrew Bayley of LC.

2.5 At that meeting, the Directors advised that the Company's turnover had been significantly affected due to recent economic factors, which has resulted in existing orders being delayed. As a result, and despite the significant injection of funds earlier in the year, the Company had insufficient funding to continue trading and had fallen behind in its obligations to creditors.

- 2.6 It was concluded that the Company is insolvent in accordance with S123 of the Insolvency Act 1986 (as amended) in so far as 'the company cannot pay its debts as and when they fall due' and without an injection of working capital, which was considered unlikely, it would appear that it has no alternative other than to consider a formal insolvency process
- 2.7 A letter was provided to the Directors on 26 September 2023 providing an overview of various insolvency processes, being Company Voluntary Arrangement ("CVA"), Administration and Liquidation. Formal instruction to place the Company into Administration was received on 23 October 2023.
- 2.8 We do not believe that there are any significant personal or professional relationships between the Company or its directors and Leonard Curtis, and we confirm that we carried out the appropriate conflict review prior to accepting the appointment.

3 PRE-APPOINTMENT CONSIDERATIONS

The extent of the Administrators' involvement prior to the appointment and the Role of the Insolvency Practitioner ("IP")

- 3.1 Following our instruction, we wrote formally to the directors of the Company on 23 October 2023 informing them that our role before any formal appointment would involve providing the following services:
- i) advising them on which insolvency process would be most appropriate for the Company;
 - ii) dealing with all formalities relating to the appointment of Administrators including giving appropriate notification of the intention to make such appointment to secured creditors and other parties entitled to receive notice;
 - iii) preparing any report(s) necessary and attending Court hearings if appropriate;
 - iv) advising them on the financial control and supervision of the business between the date of our engagement and the date of the appointment of Administrators;
 - v) advising them on whether an early sale of the Company's business and trading assets would be likely to be in the interests of creditors.
- 3.2 We made it clear that these services were to be given for the benefit of the creditors of the Company and that our role was not to advise the directors in their personal capacity. We recommended that they seek their own independent advice if they were uncertain on any matter, particularly if they had expressed, or were likely to express, an interest in purchasing the Company's business and trading assets.
- 3.3 We also wrote to all interested parties who we believed to be connected to the Company advising them of the IPs' obligations under Statement of Insolvency Practice 16 ("SIP 16") regarding the marketing of the business and assets of the Company. We advised of the potential for enhanced stakeholder confidence in preparing a viability statement showing how the purchasing entity would survive for at least 12 months from the date of purchase. We also advised of the provisions of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021 which state that administrators are unable to complete a sale of a substantial part of a Company's property to a connected person within the first eight weeks of administration without either the approval of the Company's creditors or a written qualifying report from an Evaluator ("Evaluation Report").
- 3.4 Finally, we explained that initially an IP acts as professional adviser to the Company with responsibilities only to it and its directors. At this stage of the process the IP will assist the directors in making the right decision about what is the correct option for them to pursue in the best interests of creditors having regard to the Company's circumstances. In this case, we advised the directors that the Company was insolvent and that steps be taken to place it into Administration.
- 3.5 Once the Company has been placed into Administration, the IP becomes Administrator with different functions and responsibilities. The Administrator is obliged to perform his functions and responsibilities in the interests of the Company's creditors as a whole and, where the objective of the Administration is to realise property in order to make a distribution to secured or preferential creditors (including

secondary preferential creditors), he has a duty not to unnecessarily harm the interests of creditors as a whole.

Background

- 3.6 The business manufactures scaffold boards and noise barriers from recycled plastic and secondary fibreglass. The business was established in 2003 through various limited entities. Initially the business traded through Tilon Composite Limited, until it entered Administration in January 2018 and a sale of the business and assets was completed to Castlegate 535 Limited.
- 3.7 In August 2019, Castlegate 535 Limited was placed into Liquidation. A sale of the assets of Castlegate 365 Limited was completed to the Company, via an auction process.
- 3.8 The Company shareholder at that time was Artemas Joseph Holdings Limited ("AJH") (CRN: 12188902). It should be noted that Artemas Joseph Holdings Limited hold the lease to the trading premises at Rassau Industrial Estate, Rassau, Ebbw Vale, Wales, NP23 5SD.
- 3.9 The Company has been primarily funded by way of an invoice finance facility with ECapital. The gross funded ledger on appointment totalled c£15k and ECapital were owed c£1k. Further interest and termination charges are applicable pursuant to the terms of the agreement.
- 3.10 In 2020, the pandemic had a severe effect on the Company's trading. However, the Directors took steps to raise new capital to expand production and reduce unit costs so that the Company could be operated profitably. The Company had agreed a price of c£850k for a second production line from an Italian engineering company that had supplied the original production equipment. By the middle of 2021, efforts to raise loan finance for the expansion were unsuccessful as lenders required personal guarantees. As existing directors/shareholders of AJH were unwilling to invest significantly, the Company looked for new equity investors via AJH.
- 3.11 In August 2021, The Waste and Resources Action Programme ("WRAP"), being a government organization established to support recycling companies agreed to provide a £300,000 grant to the Company towards the new equipment, without the requirement of a personal guarantee. The Company and its shareholders then sought to raise £550,000 for the new line and auxiliary equipment, and a further £150,000 in working capital. This new equity together with the WRAP grant was deemed sufficient to install the new line and keep the Company solvent until the new line started production.
- 3.12 At the time of raising the new equity, the shareholding of the Company was transferred to Tilon (Holdings) Limited (CRN: 12789360). All equity funding was received via Tilon (Holdings) Limited.
- 3.13 In February 2022, the Company found that the cost of auxiliary equipment had increased and some capital needed to be spent on the plant to improve its reliability, so further funding was required. The previous equity funders in Tilon (Holdings) Limited participated in further injection of funds totalling £315,897, which was received by the Company in March 2022.
- 3.14 In March 2022, the Company became aware that the Italian engineering company supplying the new equipment had failed to undertake detailed designs for the new line and place critical orders with sub-contractors, which together with the global supply chain issues as a result of the war in Ukraine, was going to delay the delivery of the new line. At the same time, the existing production line experienced breakdowns that limited production. However, Lyndon Whitlock, current director and whose family business had provided equity funding, agreed to assist in the operational management of the business. Over the next four months Mr Whitlock's involvement had a marked impact on the performance of the equipment, improving reliability and reducing wastage. In July 2022, this allowed, for the first time, the Company to catch up with its order book.
- 3.15 Since the start of 2022, however, the order book had been slowly declining, likely as a result of the fall in the price of wood, which had previously been very high in November 2021, but which started to fall back to more normal levels thereafter. This made the Company product less price competitive against the traditional wood product.
- 3.16 In October 2022, the new financial policy of the government had a catastrophic impact on investment confidence and customer orders. Regular customers ceased confirmation of ongoing orders and new customers to replace these orders could not be sought. For the remainder of the year, monthly revenues were limited to about £215,000 at which level the company just managed to break even. In

addition, major building projects, particularly for roads, that impact directly on the barriers sales, were continuing to be delayed, likely as a result of fast rising costs caused by high inflation. By January 2023 the situation had become considerably worse, and from February to October 2023, the monthly income averaged only £66,000 per month, insufficient to cover the wages, rent and insurance.

- 3.17 Throughout 2022, the Company was pressing the Italian supplier to deliver the new line, which only arrived in the UK at the start of 2023. Furthermore there were several design faults and poor integration between components supplied by different subcontractors. As a result of these shortcomings, in order to make the plant operational, the Company began to deal directly with relevant subcontractors.
- 3.18 As of October 2023, the new line is installed but is still awaiting final commissioning, and there are still invoices outstanding to sub-contractors. Due to a lack of funds and the very poor level of sales, that can easily be satisfied by the production from the original line alone, these invoices remain unpaid.
- 3.19 In March 2023, shareholders of Tilon (Holdings) Limited provided loans, via Tilon (Holdings) Limited, amounting to £300,000 in the hope that the position would improve, but it did not. In April 2023, the Company arranged a short term loan of £150,000 with HSBC Bank Plc ("HSBC"), but the poor market persisted.
- 3.20 In July 2023, with shareholders of Tilon (Holdings) Limited unwilling to support the Company further, the Company considered its available options. The Directors contacted LC for general advice on the Company's available options in the event of an insolvency scenario, however this was avoided as the Company arranged for further funding to be received by way of asset finance, provided by Close Brothers Asset Finance ("Close") over the new production line equipment. This resulted in a cash injection of £500,000, part of the proceeds from which were required to repay the HSBC loan.
- 3.21 However, monthly losses continued and the shareholder, via its equity funders, could not further support the Company. In addition, it was not considered that any further third party loans were possible.
- 3.22 It should be noted that more recently, the Company has been unable to maintain payments to Close under the asset finance agreement, and that the assets and associated asset finance liabilities have been transferred to Tilon (Holdings) Limited, who will be responsible for the ongoing payments.
- 3.23 As a result of the Company's financial position, the Directors reapproached Leonard Curtis for advice on the Company's position.
- 3.24 It was concluded that the Company is insolvent in accordance with S123 of the Insolvency Act 1986 (as amended) in so far as 'the company cannot pay its debts as and when they fall due' and without an injection of working capital, which was considered unlikely, it would appear that it has no alternative other than to consider a formal insolvency process
- 3.25 It was concluded that Administration was the most suitable insolvency procedure for the Company as it would best allow the possibility of selling the business as a going concern.
- 3.26 It was considered that a sale, without the need for ongoing trading whilst in Administration, would be preferable to allow maximum value to be realised from the Company assets, particularly Goodwill, Book Debts and Physical Assets and to minimise the professional costs of the Administration. Following discussions with the Directors, where the Company's position and the relevant options were discussed, the strategy to place the Company in Administration was agreed.
- 3.27 Cerberus Asset Management ("CAM"), Asset Valuers supported by RICS registered professionals, were instructed by the proposed Joint Administrators to provide advice on the potential realisable value of the Physical Assets.
- 3.28 The business was marketed for sale from 30 October 2023 to 3 November 2023. During the period of marketing, the campaign resulted in 9 expressions of interest in the business from unconnected parties and 1 expression of interest from a connected party. 6 interested parties subsequently returned an NDA and were provided with the relevant information.
- 3.29 One offer was received from a connected party on 3 November 2023 which was subsequently recommended for acceptance. Full details with regards to the marketing of the business and assets are provided at section 4.

- 3.30 The Directors filed a Notice of Intention to Appoint Administrators ("NOI") on 3 November 2023. The NOI was served on the Company and ECapital and HSBC, the Company's Qualifying Floating Chargeholders. The NOI proposed to appoint Mike Dillon and Rochelle Schofield of Leonard Curtis as Joint Administrators. The filing of the NOI created an interim moratorium in favour of the Company. This was considered to be in the best interest of the general body of creditors.
- 3.31 Following agreement to all sales documentation from all stakeholders, the Directors filed a Notice of Appointment at High Court of Justice Business and Property Courts Manchester - Company & Insolvency List (CHD), on 16 November 2023, appointing Mike Dillon and Rochelle Schofield as Joint Administrators. The sale of the business and assets of the Company was completed to the Purchaser shortly thereafter and full details of the terms of this transaction is provided at section 6 of this report.
- 3.32 Mike Dillon and Rochelle Schofield are licensed by the Institute of Chartered Accountants in England and Wales. In accordance with paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the functions of the Joint Administrators may be exercised by either both, acting jointly or alone.

Alternative courses of action considered by the Administrator

- 3.33 The following courses of alternative action were considered with management prior to our appointment and the pre-packaged sale:

Do Nothing

- 3.34 We advised the Directors that they could choose to do nothing which would likely result in the company ceasing to trade given the lack of available funding. In addition, a creditor may look to take enforcement action following non-payment of debts.
- 3.35 The Directors were advised of their fiduciary duties to the Company and the implications of potentially trading whilst insolvent and the potential actions against the Directors by any subsequently appointed Administrator or Liquidator. We advised the Directors that they had an overriding duty to protect the Company's assets and to minimise the Company's liabilities to its creditors and members generally. Doing nothing would risk asset values diminishing and the creditor position being made worse. The Directors agreed that doing nothing was not an option and discounted this option.

Sale of Shares

- 3.36 Given the distressed position of the business, a sale of its shares by the shareholder could be considered. In the circumstances, this was not considered to be viable for the following reasons:
- Any prospective purchaser of the shares would have to inject significant capital into the business at the outset to satisfy the Company's indebtedness to creditors (including trade creditors and HMRC) in order to avoid any enforcement action;
 - Additional funding would be required to settle all other liabilities, including wages and salaries, to ensure the Company is not exposed to further recovery action; and
 - Given the lack of funding available from existing facilities, working capital would need to be injected, as well as dealing with any supply issues.

- 3.37 The Company was considered to represent a high risk investment with little prospect of receiving a return for any investment made. It was considered extremely unlikely that a share sale would complete and this process was discounted.

Company Voluntary Arrangement ("CVA")

- 3.38 A CVA is a formal procedure which enables a company to agree with its creditors a composition in satisfaction of its debts or a scheme of arrangement of its affairs which can determine how its debts should be paid and in what proportions. The arrangement typically lasts over a period of 5 years and the entity remains the same and under the control of its directors. It requires the approval of 75% or more in value of the Company's creditors voting on the resolution to approve the arrangement. If the CVA is validly approved, it binds all of the Company's creditors who were entitled to vote (whether or not they so voted) or would have been entitled to vote had they received notice of the decision procedure.

3.39 A CVA would require the Company to have sufficient funding to continue to trade, however, the Company had no funding available. In addition, given recent financial performance, it was not anticipated that the Company would be certain to be able to make significant contributions into a CVA which would be acceptable to creditors. Furthermore, it was uncertain whether customers would continue to trade with the Company whilst subject to a CVA.

3.40 Given the above, it was not considered that a CVA would be successful.

Sale of the business and / or assets by the Administrator with or without on-going trading

3.41 It was considered that Administration would best prevent enforcement action being commenced against the Company. Furthermore, Administration would allow protection of the Company whilst a sale of the business and assets is explored and completed, which should result in improved realisations, particularly in respect of Goodwill, Physical Assets and the Debtor Ledger.

3.42 A sale, by way of pre-packaged sale, was considered necessary to allow the following:

- Maximise physical assets realisations – enhanced realisations from the Company's Physical Assets may be achieved compared to ex-situ realisations most likely achievable on a cessation of trade.
- Maximise realisations in respect of Book Debts – A pre-packaged sale would also allow for business continuity and minimal disruption in trading which may result in enhanced debtor collections than if the Company had to cease trading.
- Preservation of Goodwill – a pre-packaged sale would allow for a sale of Goodwill, which would be unlikely to be available if the Company ceased to trade. It is critical in maximising realisations from the Goodwill, that there is minimal disruption to trading. Trading the business during Administration would not guarantee an improved offer, and may, conversely devalue Goodwill; and
- Mitigation of employee claims and preservation of employment for staff – a sale would allow for the transfer of all employees to any purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"). The transfer of employment to the purchasing Company, ensures that all staff remaining in the Company's employment at the date of Administration have full continuity of employment rights. This in turn, mitigates claims in the Administration.

Claims that would ordinarily arise on cessation of trade and/or redundancy, accrued but unpaid Holiday Pay, Pay in Lieu of Notice ("PILON") and Redundancy Pay do not occur. In this case, 26 employees were transferred to the Purchaser, mitigating preferential claims for Accrued but unpaid Holiday Pay and additional unsecured claims for PILON and Redundancy Pay.

3.43 In the opinion of our Agents and Advisors, a pre-packaged sale of the business and assets should result in a better outcome for creditors due to the enhanced level of asset realisations available in an in-situ sale rather than a forced sale basis.

3.44 The Company has insufficient cash assets to enable to Joint Administrators to continue trading whilst they marketed the business and assets for sale post Administration. The Directors and Shareholders also confirmed that they are not in a position to introduce funding at this time. In addition, ECapital were not in a position to provide funding over and above their existing facilities. Without working capital, trading during administration was not possible.

3.45 Furthermore, the professional costs of trading the business and associated overhead costs, which would rank as an expense of the Administration, could not be justified given the size of the Company's operation and the anticipated uplift in asset value that a going concern sale was likely to achieve. It was therefore not considered appropriate for the Joint Administrators to continue trading the business following their appointment.

3.46 Given the above, the proposed Joint Administrators strategy was therefore to initially focus on achieving a pre-packaged sale of the Company's business and assets immediately, or shortly following the

Administration. Further details on why it was not appropriate to trade the business, and offer it as a going concern, during the Administration are detailed below at 3.62.

- 3.47 Further details of the marketing strategy adopted are detailed at section 3 below and details with regards to the transaction with the Purchaser are detailed at section 5 below.
- 3.48 We are of the opinion that a pre-packaged sale of the business ("pre-pack") was the most appropriate process to maximise realisations.
- 3.49 If a going concern sale, by way of a pre-packaged sale, could not have been achieved, then any appointed Joint Administrators would have been required to cease trading immediately following their appointment, for the reasons stated above, and conduct an orderly wind down of the Company's affairs. This would likely have been a similar outcome as Liquidation (detailed below).

Liquidation and Subsequent Forced Sale of the Company Assets

- 3.50 Liquidation is usually the option where there is no prospect of any recovery of the business and the Company has, or will, cease to trade. This could be by way of Creditors Voluntary Liquidation ("CVL") where the Directors commence the process, or Compulsory Liquidation which could be commenced by a creditor via the Court.
- 3.51 The CVL process is commenced by the Directors who convene formal decisions of shareholders and creditors, usually 10-14 days later. During this period the Company remains under the control of the Directors until a Liquidator is appointed by way of creditor / shareholder decision.
- 3.52 Prior to commencement of a CVL, there would be no protection for the Company. The Company may therefore be susceptible to recovery actions commenced by its creditors, such as taking control of goods.
- 3.53 Prior to entering CVL, trading would cease and all employees would generally be made redundant.
- 3.54 A period of trading in liquidation would not be viable given the risk of losses being incurred, in particular as we would expect a number of suppliers not trading with the business during a liquidation period and the increased professional costs, which would worsen the position for creditors.
- 3.55 In addition, a sale of the business and assets in liquidation would be challenging given the notice to be provided to creditors and the 'outside world' prior to the formal appointment of a Liquidator.
- 3.56 A duly appointed Liquidator would take steps to recover the Physical Assets held by the Company and these would be sold by auction at a forced sale value.
- 3.57 The Goodwill would hold little or no value given the cessation of trade.
- 3.58 The Debtor Ledger would likely perform significantly worse in a cessation of trade scenario. With no on-going service to customers, disputes and off-sets would be expected. Management and key staff, who are key to debtor relationships may refuse to assist with collections. Significant disruption to customers would occur as customers would have to source alternative suppliers which, despite the debts being non-contractual, may likely lead to attempts to set off or counter claim against the debts due.
- 3.59 Based upon the information available, it is considered that a liquidation process would not be appropriate as the cessation of the business is likely to negatively impact upon the collectability of the Company's Debtor ledger and any realisation for Goodwill as there would be no continuity of the business. Furthermore, it is considered that liquidation would negatively affect the value of realisations of the Physical Assets as these would likely be sold on a forced sale basis.

Whether efforts were made to consult with major creditors and the outcome of any consultations

ECapital

- 3.60 The proposed Joint Administrators discussed the Company's financial position with ECapital, provided a copy of the Options Note on 18 October 2023 and provided updates in respect of the strategy for the Administration. Close hold a Qualifying Floating Charge pursuant to their Debenture and were served with the NOI and ultimately the Notice of Appointment of Joint Administrators.

Trade and Expense Creditors and HMRC

- 3.61 It was considered that to consult with the general body of creditors and HMRC prior to the Administration could have resulted in creditors deciding to cease providing services or even accelerating enforcement action. Furthermore, if knowledge of the Company position was released to the 'outside world', there was a risk that customers would cancel, or stop placing, any orders. This would have negatively impacted on the value achieved for the Company's assets and had an adverse impact on the continuation of trade and the likelihood of a going concern sale.

Why it was not appropriate to trade the business, and offer it for sale as a going concern, during the Administration

- 3.62 Trading in Administration was not considered viable for the following reasons:

- There was limited Working Capital available to fund ongoing trading. The costs of continued trading in the Administration would have been prohibitive given the requirement to resource, insure and monitor the business during this period. In addition, there would be significant professional costs included in ongoing trade;
- Trading the business would not have guaranteed an improved offer for the assets and may, conversely, have devalued the Company's Goodwill;
- There is no guarantee that the customers and suppliers would continue to trade with the Joint Administrators while the Company was in Administration;
- The business has incurred significant losses in the current financial year and it is therefore likely that trading in Administration would have incurred losses and lead to a worse position for all stakeholders;
- There is no certainty of an alternative credible buyer being found given the marketing of the business had already been undertaken; and
- The Joint Administrators did not consider that trading the Company would result in an increase in realisations sufficient enough to outweigh the costs associated with trading and the anticipated losses likely to be incurred.

Details of requests made to potential funders to fund working capital requirements

- 3.63 Requests to commercial funders to fund working capital requirements were not considered a viable option. Given the financial position of the Company, it was not possible to take on further debt which may not have been able to be repaid.

Details of registered charges and dates of creation

- 3.64 According to Companies House, the following charges are registered against the Company:

Date of creation	Chargee	Type of charge	Amount secured and assets charged
6 March 2020	ECapital	Debenture	All monies and all assets
30 November 2021	WRAP	Equipment Mortgage	All monies and specified equipment
31 May 2023	HSBC	Debenture	All monies and all assets

Details of any acquisition of business assets from an insolvency practitioner

- 3.65 We confirm that the business, or business assets, of the Company were not acquired from an insolvency practitioner within the 24 months prior to our appointment.

4 MARKETING OF THE BUSINESS AND ASSETS

4.1 The Directors have confirmed that no formal marketing activities had been conducted by the Company prior to the proposed Joint Administrators' involvement.

4.2 A marketing campaign was commenced by the proposed Joint Administrators on 30 October 2023. The marketing campaign aimed to broadcast the opportunity to acquire the business and its trading assets to the open market. It was considered that to expose the opportunity to the open market would determine the best achievable price of the assets.

4.3 The key features of the marketing campaign are detailed below:

Broadcasting the Opportunity

4.4 An advertisement was placed on four websites:

1. www.leonardcurtis.co.uk - the website of the proposed Joint Administrators.
2. www.charlestaylor.co.uk - the website of Charles Taylor Auctioneers ("CT"), a trading style of Cerberus Asset Management ("CAM"), an independent auctioneer and valuation agent.
3. www.cerberusam.com – the website of CAM.
4. www.ip-bid.com – a third party insolvency marketplace site.

4.5 The advertisement went live on 30 October 2023 across all four websites and included details of the nature of the business, location, staffing levels, turnover, assets available for sale and a closing date for offers of 12.00 noon on 3 November 2023.

Length of Marketing

4.6 The length of marketing was determined by the following factors:

- Alternative funding was not available to the business; and
- The threat of enforcement action from creditors.

4.7 The period over which the business was marketed for sale was proportionate to the Company's financial position having due regard to the interests of creditors. We confirm that we are satisfied with the adequacy and independence of marketing undertaken.

Rationale for Marketing Strategy

4.8 When determining the strategy for marketing the business and assets of the Company for sale the following was considered:

- CAM has sector specific knowledge and experience in managing similar asset sales and is supported by a team of individuals certified by and registered with RICS.
- CAM has a nationwide presence and a significant and longstanding history of assisting insolvency practitioners with business and asset sales.
- IP-BID is a web-based insolvency marketplace that specialises in matching potential buyers and funders to suitable business opportunities. Advertising on this platform was considered appropriate as it would provide a great level of exposure to applicable parties nationwide.
- The advertisement went live on 20 October 2023 across all four websites and was circulated to LC's database of c1,000 contacts.
- CT is a local auctioneer and valuation agent with a history of carrying out both asset only sales and business and asset sales in conjunction with both company directors and insolvency practitioners.
- Leonard Curtis ("LC") is a leading national business solutions practice which has an established history of providing business acquisition opportunities to the open market.
- CAM, CT, LC and IP-BID frequently market business and asset sales through their websites.

- 4.9 By advertising the business and assets in the manner set out above, the proposed Joint Administrators anticipated the greatest level of exposure to potential interested parties without incurring costs that would be disproportionate to the estimated value of assets involved.

Outcome of Marketing

- 4.10 During the period of marketing, the campaign resulted in 9 expressions of interest in the business from unconnected parties. A connected company also expressed an interest in the business. The interested parties were provided with a Non-Disclosure Agreement ("NDA") for signing. 6 of the interested parties subsequently returned the NDA and were subsequently provided with the relevant Company information. No offers were received from these parties prior to the deadline. However, an offer was received from the connected party.

INITIAL OFFER RECEIVED

- 4.11 An offer was received on 3 November 2023 from Tilon (Holdings) Limited ("the Proposed Purchaser") in the sum of £80,000 for the business and assets of the Company, including the following:
- Goodwill;
 - Stock;
 - Unencumbered Plant & Machinery; and
 - Office Equipment (Fixtures & Fittings).
- 4.12 Tilon (Holdings) Limited is deemed as a connected party within the definitions of sections 249 and 435 of the Act and para 60(A)(3) of Schedule B1 to the Act by virtue of the fact that Mr Michael Diamandis, Mr Andrew Woollett and Mr Lyndon Whitlock are Directors of the Company and the Proposed Purchaser.
- 4.13 The consideration is proposed to be paid as follows:
- £8,000 on completion; and
 - 9 monthly payments thereafter of £8,000.
- 4.14 The deferred consideration will be secured by way of personal guarantees. In addition, title to the assets will remain with the Company until repaid in full.
- 4.15 Cerberus Asset Management ("CAM"), independent valuation agents, have recommended that the offer be accepted. The proposed consideration is in line with the agents valuations.
- 4.16 The marketing strategy adopted ensured the greatest level of exposure to potential interested parties whilst maintaining costs at a level consistent with the estimated realisable value of the assets on offer. This strategy also ensured that the identity of the Company remained confidential pending a sale to preserve any potential value held in the business and / or assets.
- 4.17 We confirm that in our opinion we consider that the marketing undertaken conformed with the marketing essentials set out in the Appendix to SIP16.

5 VALUATION OF THE BUSINESS AND ASSETS

Details of valuers/advisors

- 5.1 CAM, Asset Valuers supported by RICS registered professionals, were initially instructed by LC on 30 May 2023 to prepare an indicative valuation report in respect of the Company's Physical Assets in order to assist the Company in the initial appraisal of the business. Following the Directors recontacting LC in September 2023, CAM were requested to update their valuation on 28 September 2023. CAM were also asked to assist with the marketing of the business and assets.
- 5.2 CAM have confirmed their independence to act and have confirmed that they hold the requisite level of professional indemnity insurance. In addition, CAM has advised that they have the appropriate level of experience, skill and competence to conduct the valuation of the above assets.

The valuations obtained of the business or the underlying assets

5.3

Category of asset	Note	Book value £	High value £	Low value £	Value achieved £
Fixed Charge assets					
Goodwill		Nil	n/a	n/a	2,500
Floating charge assets					
Fixtures & Fittings		Nil	2,500	500	2,500
Plant & Machinery		1,454,779	67,500	12,000	62,500
Stock		13,143	15,000	10,000	12,500
TOTAL		1,467,922	85,000	22,500	80,000

Book Value

5.4 The book values for the Company's Goodwill (£Nil), Fixtures & Fittings (£Nil) and Plant & Machinery (£1,454,779) have been taken from the Company's management accounts as at 30 April 2023. The Book Values of the Stock (£13,143) has been taken from the Company records as at end of September 2023.

5.5 It should be noted that the Plant & Machinery book value includes the new production equipment purchased in February 2023 and which was subject to finance. This equipment had a book value of c£810k. It should be noted that this equipment was transferred to Tilon (Holdings) Limited, along with the asset finance liability, prior to our appointment.

High Value (basis and rationale)

5.6 The basis of the high value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently without compulsion.

5.7 The high value of Fixtures & Fittings (£2,500), Plant & Machinery (£67,500) and Stock (£15,000) have been taken from the valuation conducted by CAM and assumes the assets are sold in situ, with ongoing continuity of trade.

Low Value (basis and rationale)

5.8 The basis and rationale of the low value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion, with the added assumption that the Physical Assets are valued for removal from the premises at the expense of the purchaser with no reasonable marketing period.

5.9 The low value of Fixtures & Fittings (£500), Plant & Machinery (£12,000) and Stock (£10,000) have been taken from the valuation conducted by CAM and assumes the assets are sold on a forced sale, ex-situ basis, with no reasonable marketing period.

5.10 Agents advised that a sale of the business as a going concern with assets remaining in-situ would in the circumstances of this case result in the best possible outcome for the Company's creditors and therefore provided the "High" value noted above. The "Low" value was provided as what the Joint Administrators could expect to achieve if a sale of the business was not possible and the assets had to be sold on a piecemeal basis (but prior to costs of removal and sale).

Value Achieved

5.11 The value achieved for the business and assets if the best available outcome in the circumstances.

5.12 It should be noted that any assets not specifically detailed have been excluded from the sale.

An explanation of the sale of the assets compared to those valuations

Fixtures & Fittings, Plant & Machinery and **Stock (together “the Physical Assets”)**

- 5.13 CAM conducted a valuation of the Company’s Physical Assets on the basis of an open market in-situ basis (high) and a forced sale basis (low). Valuations on this basis provide an estimated outcome in a pre-packaged and a cessation of trade basis.
- 5.14 The Company’s Plant and Machinery and Stock relates to items used in the manufacturing process, and includes the old production line and other residual equipment. The Fixtures & Fittings relates to standard desks, chairs, PC’s and laptops held.
- 5.15 The Company held minimal component and raw material stock due to limited credit.
- 5.16 CAM recommended that of the £80,000 offer received, a sum of £77,500 be apportioned to the Company’s Interest in Physical Assets. CAM advised that as a marketing exercise has been undertaken and no other in-situ purchaser had been identified, the only alternative route to market would be a piecemeal sale. CAM considered that this could not be reasonably expected to achieve a similar, let alone higher net return. In addition, sale and possible removal costs are avoided.

If no valuation has been obtained, the reason for not having done so and how the administrator was satisfied as to the value of the assets.

Goodwill

- 5.17 A formal valuation was not obtained for the seller’s Goodwill. The Company’s latest set of statutory accounts and management accounts do not attribute any value to the Goodwill. Given that marketing of the business had taken place a purchaser would make an appropriate offer for these assets.
- 5.18 The Goodwill would have no value in a cessation of trade scenario as any value would be contingent on preserving the continuity of the business.
- 5.19 The value achieved for Goodwill in the sum of £2,500 (recommended apportionment by CAM) was after a period of marketing, where the Purchaser’s offer was considered to provide the best outcome to creditors. The value has been determined on an open market sale.
- 5.20 Should a sale have not been completed to the Purchaser, then we do not anticipate that any value would have been achieved in respect of this asset.

6 THE TRANSACTION

- 6.1 A sale of the Company’s business and assets was completed on 16 November 2023 to Tilon (Holdings) Limited (CRN: 12789360) (“the Purchaser”).
- 6.2 The Purchaser is a connected party pursuant to Sections 249 and 435 of the Act and para 60(A)(3) of Schedule B1 to the Act by virtue of the fact that Michael Diamandis, Lyndon Whitlock and Andrew Woollett are Directors of both the Company and the Purchaser.
- 6.3 The offer received totalled £80,000 for the Company’s right, title and interest (if any) in the business and assets. The offer was apportioned, following advice from CAM, as follows:

	£
Goodwill	2,500
Fixtures & Fittings	2,500
Plant & Machinery	62,500
Stock	<u>12,500</u>
	<u>80,000</u>

- 6.4 The consideration is proposed to be paid £80,000 on completion, followed by 9 monthly payments of £8,000.

- 6.5 I can confirm that the sales consideration due on completion has been received by the Joint Administrators.
- 6.6 The deferred consideration will be secured by way of personal guarantees from Michael Diamandis and Lyndon Whitlock.
- 6.7 There are no other terms and conditions of the contract that could materially affect the asset consideration.
- 6.8 The sale is not part of a wider transaction and there are no buy-back arrangements or similar conditions attached to the contract of sale.
- 6.9 It should be noted that the sale excluded any assets not specifically listed above including assets subject to WRAP security.
- 6.10 We are not aware of any Directors providing personal guarantees to any creditors. We understand that ECapital are proposed to provide funding to the Purchaser.
- 6.11 The Company employed 26 members of staff as at the date of administration who have been transferred under the TUPE regulations to the Purchaser.
- 6.12 We are aware that Michael Diamandis, Lyndon Whitlock and Andrew Woollett is involved in the management of the Purchaser.

Evaluator Report

- 6.13 Where the sale is to a connected party, as is the case here, the Administrators cannot complete the sale unless the connected party Purchaser contains a qualifying report from an evaluator (and "Evaluator's Report") or the Company's creditors approve the sale.
- 6.14 The Purchaser has obtained an Evaluator's Report. The Evaluator has confirmed that he / she is satisfied that the sale consideration to be provided and the grounds for the sale are reasonable in the circumstances. A copy of the Evaluator's Report is attached..

Viability Statement

- 6.15 The Purchaser has not prepared a viability statement stating how the purchasing entity will survive for at least 12 months from the date of the proposed purchase.

PRIVACY NOTICE

Information we collect and hold about you

By requesting details of your claim in this insolvency, we may collect Personal Data from you, particularly if you are a consumer creditor, a sole trader or are lodging a claim in your personal capacity.

Personal Data is information relating to a living individual. Whenever Personal Data is processed, collected, recorded, stored or disposed of it must be done within the terms of the General Data Protection Regulation ("the GDPR"). Examples of Personal Data include but may not be limited to your name, address, telephone number and email contact details.

If you do not provide us with the information we require, this may adversely affect our ability to deal with your claim, but we would ask you not to submit more Personal Data than we request from you.

Legal justification for processing your Personal Data

The processing of your Personal Data by us is necessary to enable us to comply with legal obligations under the Insolvency Act 1986 and associated legislation which we are subject to as Insolvency Practitioners.

How we use your information

All information you supply to us is required to enable us to comply with our duties under the Insolvency Act 1986 and associated legislation. It will be used to enable us to assess the extent of the insolvent entity's liabilities, to allow you to vote on any decision procedures, to enable us to communicate with you, to process your claim and to pay any dividends which may be due to you from the insolvent estate.

Who we share your information with

We may be required to share some of your Personal Data with other creditors. The data which will be shared with other creditors will be limited to that specifically required to be disclosed under insolvency legislation.

We may share some of your information with our Data Processors. Data Processors include solicitors, accountants and employment law specialists who assist us with our duties where required. We will only share your information with our Data Processors if we require their specialist advice. All of our Data Processors are subject to written contracts with us to ensure that your Personal Data is processed only in accordance with the GDPR.

How long will we hold your Personal Data for?

We will need to hold your Personal Data for a period of time after the insolvency has been concluded. This is to enable us to deal with any queries which might arise. Our Records Management Policy requires us to destroy our physical files 6 years after closure of the case. Electronic data files will be removed from our Case Management System 6 years after conclusion of the case but may be held on our server for a longer period of time but with restricted access.

Your rights in respect of your Personal Data

You have the right to request access to your Personal Data and to require it to be corrected or erased. You also have the right to request a restriction in the way we process your Personal Data or to object to its processing. You should be aware however that we may not be able to comply with your request if this would affect our ability to comply with our legal obligations.

You have the right to Data Portability. This is a right to have the Personal Data we hold about you to be provided to you in a commonly used and machine-readable format so that you can transfer that Data to another organisation in a way that is not too onerous to upload the Data.

Your right to complain

You have the right to be confident that we are handling your Personal Data responsibly and in line with good practice. If you have a concern about the way we are handling your Personal Data you should contact our Privacy Manager in the first instance.

If you are unable to resolve your concerns with us, you have the right to complain to the Information Commissioners' Office. The Information Commissioner can be contacted at Wycliffe House, Water Lane, Wilmslow, Cheshire SK6 5AF or on 0303 123 1113.

Contacting us

If you have any questions relating to the processing of your Personal Data, please write to our Privacy Manager at Leonard Curtis, Riverside House, Irwell Street, Manchester M3 5EN. Alternatively they can be contacted by email: privacy@leonardcurtis.co.uk

Data Controller: Leonard Curtis

EVALUATOR'S REPORT

APPENDIX C

EVALUAMM

Evaluator Report

Evaluator Report in relation to the Proposed Sale of the Business and Assets of Tilon CG Limited ("the Seller") pursuant to the Administration (Restriction on Disposals etc to Connected Persons) Regulations 2021 ("the Regulations")

Transaction Summary

1. The business and assets of the Seller are the subject of a proposed sale to Tilon (Holdings) Limited ("the Applicant").
2. The Applicant is considered a connected party to the Seller as defined in Paragraph 60A (3) of Schedule B1 Insolvency Act 1986 in that Michael Diamandis and Andrew Woollett are both directors of the Seller and directors and shareholders of the Applicant. Lyndon Whitlock is also a director of the Seller and Applicant.
3. The business and assets of the Seller involved in the proposed disposal are:-
 - Goodwill - £2,500
 - Office Equipment/F&F - £2,500
 - P&M - £62,500
 - Stock - £12,500
4. The consideration payable for the Seller's business and assets is confirmed as being £80,000. £8000 is payable on completion with a further 9 monthly payments of £8,000 thereafter. The deferred consideration will be secured by personal guarantees and title to the assets sold will be retained until payment is made in full.

Previous Evaluator Reports

The Applicant has confirmed that there have been no previous Evaluator reports carried out in relation to the proposed transaction.

Evaluators Opinion

The Seller trades as a manufacturer of recycled composite board, primarily for scaffolding and noise barriers. It trades from leasehold premises with 24 staff. The Seller's business suffered from the general poor economic conditions which significantly affected turnover. The Seller has also incurred significant legal costs relating to litigation it is involved in and has fallen into arrears with suppliers and other creditors.

Its main liabilities are:-

- a. £135k - HMRC;
- b. £25k – Bounce Back Loan;
- c. £308k – Inter-company loan;
- d. £405k – trade creditors;
- e. £59k – ECapital; and
- f. £300k – Waste and Resource Action programme/Equipment Mortgage.

The Seller is clearly insolvent and the directors sensibly took the advice of LC. LC advised that the most appropriate insolvency process was administration, with a view to selling the Seller's business and

assets in order to maximise the return to creditors. LC were instructed to undertake an accelerated merger and acquisition process ("AMA") and advised that a sale be achieved by way of a pre-packaged administration sale in order to minimise any service interruption and to ensure continuity of service.

LC undertook an internet-based marketing strategy via their own extensive business sale database in addition to Cerberus Asset Management's ("CAM") extensive database, Charles Taylor auctioneers database and IP-bid.com.

I am satisfied that the proposed consideration payable by the Applicant for the Seller's business and assets is reasonable in the circumstances.

The reasons behind my opinion are:-

- a. the price payable/offer by the Applicant was the only offer received - there were 9 expressions of interest of which 6 entered into NDAs;
- b. the proposed administrators confirm they have conducted a marketing exercise in order to ascertain the best price by advertising the business and assets through a combination of their own website, CAM's website, Charles Taylor's website and IP-Bid.com (a well-established website used by most insolvency practitioners in the UK); and
- c. professional valuers CAM have valued the physical assets and the price payable accords with the valuation.

It is also noted that certain P&M required to operate the business is already owned by the Applicant and presumably rented to the Seller. Additionally, the leasehold premises the Seller operates from, and from where the Applicant will operate from going forward are owned by a connected company (Artemas Joseph Holdings Limited). Clearly this had an impact on the marketing process.

Information Provided

In preparing this report I have relied upon the following information provided to me by the applicant and the proposed administrators being:-

- (i) Summary for Evaluator prepared by LC;
- (ii) Marketing Summary prepared by LC;
- (iii) Options Note prepared by LC; and
- (iv) Valuation Note / letter of recommendation prepared by CAM.

Qualifications of Evaluator

I am satisfied that I am a qualified evaluator within the meaning of regulation 10 of the Regulations. I possess the relevant knowledge and experience to provide this report having practiced as an insolvency lawyer since qualification in 1999.

I confirm that I satisfy the requirement for independence to permit me to prepare this report as specified in regulation 12 of the Regulations. I have no professional, personal or other connection to either the Seller or the Buyer or any directors or shareholders of the Seller or the Buyer, and no bias or ethical conflicts exist which prevents me from preparing this report.

The proposed administrator has approved my suitability to act as an evaluator for the purposes of preparing this report.

Professional Indemnity Insurance

I confirm that I have appropriate professional indemnity insurance as required by regulation 11 of the Regulations as detailed below (and attach a copy of my indemnity insurance policy):-

Insurer: Aqueous Underwriting

Insured: Martin March

Risks Covered: Provision of evaluator report pursuant to the Administration (Restrictions on Disposal etc to Connected Persons) Regulations 2021

Cover: £1,000,000

Evaluator

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

Martin March
EVALUAMM

Date: 8th November 2023