

# AM03

## Notice of administrator's proposals




Companies House

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<b>1</b>	<b>Company details</b>	
Company number	1   0   1   4   3   0   6   2	→ <b>Filling in this form</b> Please complete in typescript or in bold black capitals.
Company name in full	CK Realisations 2022 Limited (formerly Cartwright King Limited)	
<b>2</b>	<b>Administrator's name</b>	
Full forename(s)	Mark	
Surname	Thornton	
<b>3</b>	<b>Administrator's address</b>	
Building name/number	Central Square	
Street	29 Wellington Street	
Post town	Leeds	
County/Region		
Postcode	L   S   1   4   D   L	
Country		
<b>4</b>	<b>Administrator's name ②</b>	
Full forename(s)	Martha	② <b>Other administrator</b> Use this section to tell us about another administrator.
Surname	Thompson	
<b>5</b>	<b>Administrator's address ②</b>	
Building name/number	55 Baker Street	② <b>Other administrator</b> Use this section to tell us about another administrator.
Street		
Post town	London	
County/Region		
Postcode	W   1   U   7   E   U	
Country		



## AM03 Notice of Administrator's Proposals

<b>6</b>	<b>Statement of proposals</b>	
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	
<b>7</b>	<b>Qualifying report and administrator's statement <sup>①</sup></b>	
	<input type="checkbox"/> I attach a copy of the qualifying report <input type="checkbox"/> I attach a statement of disposal	<sup>①</sup> As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)
<b>8</b>	<b>Sign and date</b>	
Administrator's Signature	<div>Signature</div> <div>X  X</div>	
Signature date	<div>'1' '6</div> <div>'0' '1</div> <div>'2' '0' '2' '3</div>	



## 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	Mark Thornton
Company name	BDO LLP
Address	5 Temple Square Temple Street
Post town	Liverpool
Country/Region	
Postcode	L 2 5 R H
Country	
DX	
Telephone	+44 (0) 1512 374 500



### 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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)





# **CK Realisations 2022 Limited (formerly Cartwright King Limited) In Administration**

Joint Administrators' proposals  
dated 16 January 2023



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## GLOSSARY OF TERMS

Abbreviation or term	Meaning
'Act'	Insolvency Act 1986
'AMA'	Accelerated Merger and Acquisition
'AWH'	AWH Acquisition Corp Ltd (Company reg no: 12450173)
'the Bank'	Clydesdale Bank PLC
'CBILS'	Coronavirus Business Interruption Loan Scheme
'Hilco'	Hilco Appraisal Limited
'the Company'	CK Realisations 2022 Limited (formerly Cartwright King Limited)
'HMRC'	HM Revenue & Customs
'IBR'	Independent Business Review
'IP'	Intellectual Property assets
'Joint Administrators' or 'we'	Mark Thornton and Martha Thompson
'LAA'	Legal Aid Agency
'LTO'	licence to occupy dated 23 December 2022 between the Company and AWH
'net property'	Floating charge realisations after costs and payment of preferential and secondary preferential creditors in full
'NDA'	Non-Disclosure Agreement
'NOI'	Notice on Intention to Appointment Administrators pursuant to the Rules
'PII'	Professional Indemnity insurance
'Pinsents'	Pinsent Masons LLP
'preferential creditors'	Claims for unpaid wages earned in the four months prior to Administration up to £800, holiday pay and unpaid pension contributions in certain circumstances. Where a decision is being sought from preferential creditors these will include secondary preferential creditors
'Pre-pack'	Pre-Packaged sale of the Company's business and certain assets to AWH on 23 December 2022
'Prescribed Part'	Where a company has granted a floating charge after 15 September 2003, under Section 176A of the Act a proportion of the net property available to a QFCH is set aside for the unsecured creditors of that company



<b>'Proposals'</b>	The Joint Administrators' statement of proposals for achieving the purpose of the Administration pursuant to Rule 3.35 of the Rules and Paragraph 49 of Sch.B1 to the Act
<b>'QFCH'</b>	Qualifying Floating Charge Holder
<b>'RLS'</b>	Recovery Loan Scheme
<b>'Rules'</b>	Insolvency (England and Wales) Rules 2016
<b>'Sch.B1 to the Act'</b>	Schedule B1 to the Insolvency Act 1986
<b>'SofA'</b>	Statement of Affairs as at 23 December 2022
<b>'SPA'</b>	Sale and Purchase Agreement dated 23 December 2022 between the Company and AWH
<b>'secondary preferential creditors'</b>	Where a company enters into Administration on or after 1 December 2020, claims for unpaid VAT, PAYE deductions, Employee National Insurance Contributions (NICs) deductions, student loan repayment deductions and amounts withheld under the construction industry scheme
<b>'secured creditors'</b>	Creditors whose debt is secured, in accordance with Section 248 of the Act
<b>'SIP 16'</b>	Statement of Insolvency Practice 16 - Pre-packaged sales in Administrations
<b>'SRA'</b>	Solicitors' Regulation Authority
<b>'TTP'</b>	Time to Pay arrangement
<b>'TUPE'</b>	Transfer of Undertakings (Protection of Employment) Regulations 2006
<b>'unsecured creditors'</b>	Creditors who are neither secured nor preferential
<b>'WIP'</b>	Work in Progress

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# KEY INFORMATION

## Background

Mark Thornton and Martha Thompson were appointed Joint Administrators of the Company on 23 December 2022.

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

## Purpose of the Proposals

The main purpose of the Proposals is to provide you with a brief history of the Company, an explanation as to why the Company is in Administration, and to set out how the Joint Administrators propose to achieve the statutory purpose of the Administration.

The assets and liabilities of the Company and the possible outcome for creditors are also detailed.

## Purpose of the Administration

The statutory purpose of an Administration consists of a hierarchy of three objectives:

- a. Rescuing the Company as a going concern e.g. restructuring the Company's business, resulting in the survival of the Company.
- b. Achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, without first being in Administration.
- c. Realising property in order to make a distribution to one or more secured or preferential creditors.

It is not possible to achieve Objective (a) due to the following reasons:

- The Company was loss making and the short-term cash flow forecast showed that, without additional financial support, it was unable to trade solvently and pay liabilities as and when they fell due.
- Given the financial position of the Company, additional funding was not available to support a turnaround strategy.
- As part of the AMA process (detailed in the attached SIP 16 disclosure at Appendix I), no offers were received for the Company's shares.

It is anticipated that the Pre-pack will generate a better result for creditors compared with the relevant alternative, being cessation of trade and the Company entering Compulsory Liquidation in which case we consider it likely that the SRA would appoint intervention agents to protect and safeguard the client files and client account.

In the event that SRA intervention agents were appointed, the anticipated costs would likely be significant and would detrimentally impact any potential return to creditors. Consequently, the Joint Administrators believe objective (b) (as noted above) will be achieved by virtue of:

- A potential return to HMRC as a secondary preferential creditor, in accordance with the Finance Act 2020 or through applying Crown set-off where applicable;
  - Potential distribution to the secured creditor (Bank) from asset realisations;
  - A TUPE transfer of all employees to AWH, preserving contracts of employment and mitigation of any preferential and unsecured claims in respect of redundancy and associated claims;
-



- The purchaser (AWH) assuming the liability for all unpaid disbursement creditors;
- A potential Prescribed Part distribution to unsecured creditors; and
- Certain LAA shortfalls can be addressed through ongoing trading with contracts novating to AWH. This will reduce the level of unsecured claims in the estate resulting in a potential enhanced dividend to unsecured creditors via the Prescribed Part, if applicable.

## Return to creditors

The table below summarises the anticipated outcome for creditors, based on our current understanding of the case, please note these figures may be subject to change.

Class of creditor	Current estimate
Secured creditors	Uncertain
Preferential creditors	N/A
Secondary preferential creditors	Uncertain
Unsecured creditors	Uncertain

## Approval of the Proposals

Based on current information, the Company has insufficient property to enable a distribution to be made to unsecured creditors, other than by virtue of the Prescribed Part. In accordance with paragraph 52(1)(b) of Sch.B1 to the Act the Joint Administrators are not seeking a decision from the unsecured creditors to approve the Proposals and are not required to seek a decision from creditors as to whether to establish a creditors' committee.

However, creditors whose debts amount to at least 10% of the total debts of the Company may request that a decision be sought to approve the Proposals or to establish a creditors' committee. In the absence of such a request, the Proposals will be deemed to have been approved eight business days after delivery of these Proposals.

A request for a decision procedure form is attached at Appendix G. Before a decision procedure is convened, the Joint Administrators will require a deposit for the costs of convening and holding the decision procedure. These costs may be approved as an expense of the Administration by the other creditors.

## What you need to do

If you haven't already provided the Joint Administrators with details of your claim, please do so at your earliest possible convenience using the proof of debt form at Appendix F.

If you have any queries regarding your claim or require any assistance completing the form, please contact Finlay Wilson on +44 (0)113 244 3839.

If there any matters that you consider merit investigation you should provide details in writing to Business Restructuring, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH or via email to [BRCMTNorthandScotland@bdo.co.uk](mailto:BRCMTNorthandScotland@bdo.co.uk).

## Creditors' rights

An overview of the rights of creditors are detailed in Appendix B.



**Contact details**

Contact: Finlay Wilson  
Business Restructuring, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH  
Tel: +44 (0)113 244 3839  
Email: BRCMTNorthandScotland@bdo.co.uk  
Reference: 00422410

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# FACTORS WHICH LED TO THE ADMINISTRATION APPOINTMENT

## Background

The Company was incorporated on 22 April 2016.

The Company is privately owned by Steven Gelsthorpe and Michael Thurston on a 50/50 basis. Mr Gelsthorpe and Mr Thurston are also the only directors of the Company.

The Company is the sole shareholder of two non-trading entities, S J Gelsthorpe Limited and M G Thurston Limited.

The Company traded as a legal firm from ten leasehold premises across the UK, predominantly operating in the East Midlands. It provided legal services including criminal defence, childcare/family matters, health and welfare, immigration, and motoring offences. A large proportion of work was supported by funding from the LAA.

## Factors leading up to Administration

The Company experienced significant delays in progressing its existing legal cases as a result of disruptions caused by Covid-19. These delays had a detrimental impact on the Company's financial performance and cash flow. Whilst the Directors sought to introduce protective measures (eg furlough and other cost cutting measures), financial performance was negatively impacted.

Consequently, in the year to 30 September 2020 ('FY20'), the Company recorded a loss of £0.7m. This loss led to the balance sheet moving from a net asset to a net liability position.

Despite the Company making a net profit of c£44k for the year ended 30 September 2021 ('FY21'), it experienced ongoing trading difficulties as a result of court backlogs and delays to hearings impacting case progression, billing, turnover and file completion rates. Given the issues faced, the Bank agreed to provide additional funding to the Company, namely:

- FY21 - c£0.6m CBILS loan and a £0.2m extension to the overdraft facility; and
- March 2022 - RLS loan was provided to support a turnaround plan.

In February 2021, the Company also received additional CBILS funding of £150k from Kingsway Asset Finance and £250k from White Oak UK.

The Directors sought to implement operational improvements to increase profitability and improve cashflow. In addition, they also engaged the services of an experienced interim CEO in 2022.

The Directors were of the opinion that performance had improved and that the turnaround plan was progressing well throughout the Summer of 2022. However, in September 2022, the Company identified an issue with LAA invoicing which resulted in LAA receipts in October 2022 being less than anticipated. The reduced receipts resulted in a forecast funding shortfall in the week commencing 24 October 2022.

Based on BDO's discussions with the Company's shareholders (also directors), they did not have sufficient resources to inject additional funds and the Bank had previously confirmed that they were not able to provide additional funding beyond the existing facilities. Alternative funding was not considered to be deliverable given the financial position of the Company.

Consequently, on 18 October 2022, the Directors instructed BDO to undertake an AMA process and undertake contingency planning for a potential insolvency appointment.

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As detailed later in the Proposals ("Marketing of the business for sale") and the attached SIP Disclosure, following a robust AMA process, three offers were received for the Company's business and assets. The offers received were however on the basis a sale completed through an insolvency process.

BDO entered negotiations/discussions with the interested parties with a view to securing a sale of certain business assets through a pre-pack sale.

Immediately following the appointment of the Joint Administrators on 23 December 2022, a sale of the business and certain assets completed to AWH.

## **Marketing of the business for sale**

A detailed summary of the marketing process is provided in the attached SIP 16 Disclosure.

Notwithstanding the above, a high-level summary of the process is summarised as follows:

- Following engagement to commence an AMA process, we identified a number of potential interested parties following an extensive review of the legal sector to identify firms that operate similar divisions, undertake LAA work and some of whom have geographical similarities to the Company, amongst other factors.
- BDO's SSM&A team contacted 36 interested parties and issued a process letter setting out the indicative offer deadline of Midday on Friday 11 November.
- 16 parties expressed an interest and signed an NDA to be given access to a data room in order to perform due diligence ahead of the deadline for offers.
- By 14 November 2022, seven parties had withdrawn their interest and two parties were granted extensions until close of business on Tuesday 15 November.
- In total, three credible offers were received. Of the offers received, one was for the business and assets of the whole Company whilst two other offers were for the business and assets of certain departments ('Piecemeal Offers'). The two Piecemeal Offers were complimentary and were considered together against the offer for the business and assets as a whole.
- After analysis of the three offers, it was determined that the single offer for all the business and assets from AWH delivered the best outcome for creditors taking into account a number of relevant factors (further details setting out the rationale for progressing with AWH are summarised in the attached SIP16 Disclosure).
- Following further detailed due diligence by AWH, and given the increasing levels of financial challenge within the Company, AWH reduced their initial offer. After careful consideration, it was concluded that the revised offer still delivered the best available outcome for creditors as a whole. Consequently, a sale of certain business and assets completed to AWH, being an unconnected third party, immediately following our appointment on 23 December 2022.

## **Pre-appointment engagement**

BDO LLP was appointed by the Company prior to the appointment of the Joint Administrators. A summary of those engagement is set out below:

- Engagement letter dated 24 September 2021 - preparation of an IBR;
  - Addendum dated 5 November 2021 to the engagement letter dated 24 September 2021 - options analysis and contingency planning;
  - Engagement letter dated 23 November 2021 - AMA preparation & support regarding renegotiation of HMRC TTP arrangement; and
-



- Addendum dated 19 October 2022 to the engagement letter dated 23 November 2021 - AMA launch & further contingency planning.

Prior to appointment, the Joint Administrators considered whether the prior engagement of BDO LLP could result in any real or perceived conflicts of interest or ethical threats. The engagement was carefully considered and it was concluded that the work did not give rise to any conflict of interest or ethical threat. As a result, the Joint Administrators were satisfied they could accept the appointment.

### **Pre-Administration costs**

Pre-Administration costs have been incurred in preparing and planning for the Administration and negotiating the sale of the business and assets. These costs are set out in detail at Appendix E.

The payment of unpaid pre-Administration costs does not form part of the Proposals, and separate creditor approval is required to pay these costs, which will be issued in due course.

If a creditors' decision procedure is requested and a creditors' committee is established, it will be for the creditors' committee to approve these costs.

If a creditors' committee is not established, as the Company has insufficient property to enable a distribution to be made to unsecured creditors, other than by virtue of the Prescribed Part, approval will be sought from the secured creditor (the Bank) and HMRC, as the secondary preferential creditor.

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# STEPS TAKEN SINCE APPOINTMENT

## Initial steps and management of the Company's affairs

As noted above, immediately following the appointment, a sale of the business and certain assets completed to AWH.

A high-level summary of the matters which we have undertaken since the appointment is detailed below:

- We are aware that certain fee earners and associated operating departments left the Company prior to the sale completing to AWH. The WIP incurred whilst the client files were being progressed by the Company (prior to the fee earners leaving), are a potential realisable asset. WIP undertakings were provided to the Company from the firms to which the respective fee earners transferred. We are in the process of establishing the level of the WIP which transferred and value of WIP undertakings given with a view to pursuing the realisation of the respective undertakings for the Company.
- In accordance with the terms of the SPA, the Company has provided AWH with a LTO for three leasehold properties. We have contacted the respective landlords/landlord's agents with regards the current position. AWH have issued notice that they wish to exit all three sites on 22 January 2023. We will arrange handover of these premises and will then liaise with the relevant landlords regarding vacation.
- Certain former trading premises were not required by AWH. We have contacted those landlords and their agents to confirm vacation of these properties and have enquired with regards terminating or surrendering the respective lease agreements.
- We have completed all the relevant statutory notices and documents pursuant to the Rules following our appointment (this includes, but is not limited to, notice of our appointment to the Company's creditors, statutory advertising in the London Gazette, pension notifications, Companies House filings, SIP16 Disclosure to creditors, preparing the Proposals, insurance, setting-up Administration bank accounts, notices to HMRC etc).
- Setting up internal files, updating, actioning and clearing diary lines (as and when appropriate) and complying with internal BDO LLP policies and procedures.
- Dealing with queries from creditors following the appointment and assisting with queries from AWH where necessary/appropriate.
- General ad hoc matters following the appointment.

The receipts and payments account attached at Appendix C details the realisations to date.

## Sale of business

As noted above and detailed in the SIP 16 Disclosure, a sale of the business and assets completed immediately following the Administration appointment on 23 December 2022. Further information with regards to the sale is provided in Appendix I.

Due to the timing of the appointment on 23 December 2022, it was not possible to prepare, review and deliver the Proposals to creditors within seven days of our appointment. Notwithstanding the above, the Proposals have been prepared and delivered as soon as reasonably practical following our appointment.

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## Asset realisations

A summary of the asset realisations made to date, with a comparison against the estimated to realise values per the Sofa, is summarised as follows:

	SofA (£) Net Book Value	SofA (£) Estimated to Realise	Purchase price (£)
<b>Assets Subject to fixed charge</b>			
IP	Nil	10,000	10,000
<b>Assets subject to floating charge</b>			
Work In Progress - LAA	3,957,056	73,766	73,766
Trade Debtors - LAA	226,561	4,223	4,223
Work In Progress - Private Client	763,944	14,241	14,241
Trade Debtors - Private Client	416,811	7,770	7,770
Pll prepayment	194,411	60,000	60,000
Fixtures Fittings and Office Equipment	102,643	30,000	30,000
<b>Total</b>	<b>5,661,426</b>	<b>200,000</b>	<b>200,000</b>

Pursuant to the terms of the SPA, £151,301 has been received in respect of the sale consideration (totalling £200k). The remaining balance of £48,699 will be paid under deferred terms, by way of four monthly instalments, with the final payment due by no later than the first business day in May 2023.

The above realisations in respect of WIP and debtor receipts do not take into account any additional deferred consideration due in accordance with the terms of the SPA (see attached SIP 16 Disclosure for further details). Such receipt would improve recoveries.

Hilco, independent professional valuing agents, were engaged by the Company prior to our appointment to provide a valuation of the Company's fixtures and fittings. Based on the advice from Hilco, the assets were valued on an in-situ and ex-situ basis at £69k and £27.2k respectively.

## Investigations

The Joint Administrators have a duty to investigate the affairs of the Company and conduct of the current directors, and any former directors who were in office three years prior to our appointment. The Joint Administrators must submit a confidential statutory report to the disqualification unit of the Department for Business, Energy & Industrial Strategy regarding the conduct of all directors, former directors (within three years of the appointment) and shadow directors (if applicable).

## Other matters

In addition to the above matters, we have dealt with all statutory matters required by legislation and administrative work incidental to our duties as Joint Administrators in this Administration.



# FINANCIAL POSITION

## Statement of Affairs

At Appendix D is a copy of the SofA of the Company as at 23 December 2022, being the date of the Joint Administrators' appointment. This does not include any costs of the Administration.

The SofA has been prepared by Mr Stephen Gelsthorpe, in his capacity as a director of the Company. Mr Thurston has provided a statement of concurrence, in his capacity as a director of the Company, agreeing to the figures stated in the SofA. Please note, as Joint Administrators of the Company, we have reviewed the SofA but we have not carried out any audit or other verification work.

## Assets

In accordance with the attached receipts and payments accounts, funds totalling £159,800 have been received as at 11 January 2023. A summary of the receipts is detailed as follows:

Receipt	(£)	Comments
IP	10,000.00	Funds received pursuant to the SPA.
Fixtures, fittings and Equipment	30,000.00	Funds received pursuant to the SPA.
P11	60,000.00	Funds received pursuant to the SPA.
Trade Debtors - LAA	4,223.00	Funds received pursuant to the SPA.
Trade Debtors - private Client	7,770.00	Funds received pursuant to the SPA.
WIP - LAA	25,067.38	Funds received pursuant to the SPA. Additional funds are subject to deferred consideration (see comments below).
WIP - Private Client	14,241.00	Funds received pursuant to the SPA.
LTO	8,498.56	Funds received from AWH for the continued occupation of three leasehold sites registered to the Company for the period 23 December 2022 to 22 January 2023. These funds will be paid on to landlords in due course.

A summary of the potential assets that are yet to be realised is detailed below:

## Deferred Consideration

In accordance with the terms of the SPA, deferred consideration totalling £48,699 is due from AWH by way of four monthly instalments, with the final payment due by no later than the first business day in May 2023.

## WIP/Debtors

In accordance with the terms of the SPA, the Company will be entitled to receive 50% of any WIP/debtor realisations recovered by AWH that exceed £2.5m. We will therefore review and monitor the debtor/WIP realisations collected by AWH following our appointment, noting a mechanism to achieve this is included within the SPA.

At this stage, the level of any potential realisations in respect of the above is uncertain.



### **WIP/Debtor Undertakings**

As referenced above, certain client files transferred with the respective fee earners to other firms prior to the date of Administration and sale to AWH. In order to protect the Company's position, undertakings were obtained from the firms where the respective fee earners transferred.

We are in the process of establishing the level of the WIP transferred and value of undertakings given with a view to pursuing the realisation of the respective undertakings.

Based on current information, we understand the level of WIP which transferred is c£459k. Estimated realisations are uncertain at this stage.

### **Liabilities**

#### **Secured creditor- Clydesdale Bank PLC**

The Bank has a fixed charge and floating charge over certain Company's assets which was registered at Company's House on 27 November 2019.

Based on current information, the Bank is owed c£5.1m at the date of appointment. This includes liabilities due to them in respect of a term loan, CBILS loan, RLS loan and overdraft facility.

Based on current information, returns to the Bank as secured creditor are uncertain.

#### **Preferential creditors**

Given the Company's employees transferred to AWH under TUPE, pursuant to the terms of the SPA, we do not expect any preferential claims in the Administration.

#### **Secondary preferential creditors**

HMRC will have a secondary preferential claim in respect of unpaid VAT and PAYE/Tax deductions. Based on current information, the claim is estimated to be c£1.3m.

Crown set-off may reduce the liability. The extent to which this applies and associated impact is yet to be determined.

In the event HMRC cannot or do not apply Crown set-off, or there remains a liability post set-off (yet to be determined), HMRC will be entitled to claim as a secondary preferential creditor against the Company. Should HMRC claim as a secondary preferential creditor, any potential dividend to HMRC will be dependent on the level of floating charge asset realisations, after the deduction of professional costs and expenses of the Administration. Consequently, the level of returns to HMRC is currently uncertain.

#### **Prescribed Part**

Based on current information, it is uncertain whether there will be a distribution under the floating charge security and consequently Prescribed Part. In the event there are no funds available from the floating charge security, the Prescribed Part will not apply.

#### **Unsecured Creditors**

The SofA details unsecured creditors' claims totalling c£1.3m. To date, the Joint Administrators have received claims totalling c£306k from nine creditors. Further claims are expected to be received throughout the course of the Administration.

Based on current information, there will not be a return to the Company's unsecured creditors, other than potentially via the Prescribed Part.

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### **Joint Administrators' remuneration and expenses**

It is proposed that the remuneration of the Joint Administrators is approved on a time costs basis in accordance with the fees and expenses estimate, which will be circulated in due course.

As at 11 January 2023, time costs of £36,651 have been incurred over 115 hours at an average rate of £315 per hour. A detailed report of time costs incurred to date is attached at Appendix H.

It is proposed that the Joint Administrators be authorised to draw mileage based on the scale approved by HM Revenue & Customs, currently 45p per mile, as an expense of the Administration.

Creditors are required to approve the basis of the remuneration of the Joint Administrators and that the above expenses ('category 2 expenses') be drawn from the Administration estate.

If a creditors' decision procedure is requested and a creditors' committee is established, it will be a role of the creditors' committee to approve the basis of the remuneration of the Joint Administrators and that category 2 expenses be drawn from the Administration estate.

If a creditors' committee is not established, as the Company has insufficient property to enable a distribution to be made to unsecured creditors, other than by virtue of the Prescribed Part, approval will be sought from the secured creditor (the Bank), and HMRC, as the secondary preferential creditor.

To date, no expenses have been paid.

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## FUTURE OF THE ADMINISTRATION

It is proposed that the Joint Administrators continue to manage the affairs and property of the Company in order to achieve the objective of the Administration.

A brief summary of the outstanding matters are detailed below:

- Completion of all statutory matters following the appointment;
  - Preparing a fees and expenses estimate and seeking approval for our pre-appointment fees, post appointment fees and expenses from the relevant class of creditor(s);
  - Collection of the deferred consideration due pursuant to the SPA, reviewing WIP/debtor receipts to AWH to establish whether any additional receipts may be due to the Company (ie 50% of receipts due in respect of total WIP/debtor collections that exceed £2.5m per the SPA) and collecting any monies that may be due in respect of WIP/debtor undertakings;
  - Preparing and filing the Company's VAT returns in Administration, preparing and filing the Company's corporation tax return in the Administration;
  - Cashiering functions, ie liaising with the bank, recording receipts, processing payments, completing bank reconciliations etc;
  - Assisting Pinsents and AWH with regards to agreeing and transferring funds held in the Company's client account to AWH;
  - Liaising with AWH and the landlords/landlord's agents with regards to the on-going occupation and vacation of properties subject to the LTO including subsequent termination/surrender of the leases. Liaising with the landlord/landlord's agents with regards to termination/surrender of the Company's lease agreements with the remaining properties not required by AWH;
  - Dealing with any insurance matters following our appointment;
  - Assisting AWH with any ongoing transitional matters following completion of the transaction (eg transferring certain creditor agreements for ongoing use and payment by AWH) in accordance with the terms of the SPA;
  - Responding to creditor queries and, where applicable, recording details of creditor claims submitted against the Company;
  - Liaising with HMRC to determine the final value of their claim;
  - Completing our investigations of the Company's affairs in the period prior to our appointment and reviewing the directors/former directors conduct. In respect of the latter, filing of confidential report to the disqualification unit of the Department for Business, Energy & Industrial Strategy;
  - Calculating and paying dividends to the Company's creditors where appropriate;
  - Preparing and filing the Administrators' six-month progress report(s) following the appointment in accordance with the Rules;
-



- Complying with BDO LLP's internal policies and procedures and monitoring/clearing diary lines for statutory matters;
- Reviewing and paying for any costs and expenses of the Administration from funds held in the estate (legal fees, agents fees, Administrators remuneration etc);
- General ad hoc matters that may arise following the appointment (former client/employee queries etc);
- Completing our closure procedures and obtaining clearance from HMRC, solicitors etc; and
- Preparing and filing our final report to creditors, Companies House etc prior to closing the Administration.

### **Extension of the Administration**

If necessary, the Joint Administrators will seek approval to extend the Administration which is due to end on 22 December 2023.

### **Exiting the Administration**

As it is currently estimated that there are insufficient funds to pay a dividend to unsecured creditors, other than by virtue of the Prescribed Part, it is proposed that the Company will move from Administration to dissolution.

### **Joint Administrators' discharge from liability**

It is proposed that the Joint Administrators be discharged from liability on the registration of the notice to move from Administration and the final progress report with the registrar of companies. Approval will be sought from the secured creditor (the Bank) and HMRC, as the secondary preferential creditor (if applicable), prior to closure.

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# APPENDIX A

## STATUTORY INFORMATION

### Information

Company name	CK Realisations 2022 Limited (formerly Cartwright King Limited)
Trading name(s)	Cartwright King / Cartwright King Solicitors
Company registration number	10143062
Registered office	C/O BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH
Former Registered office	Lock House, Wilford Street, Nottingham, NG2 1AG to be changed to C/O BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH
Directors	Stephen John Gelsthorpe Michael Granville Thurston
Company secretary	Stephen John Gelsthorpe
Issued share capital	Stephen John Gelsthorpe - 12,500 ordinary shares Michael Granville Thurston - 12,500 ordinary shares
Date of appointment	23 December 2022
Court name and reference	High Court of Justice, Business and Property Courts in Leeds - 2022-LDS-001054
Appointor	The directors, pursuant to Paragraph 22 of Sch.B1 to the Act
Joint Administrators	Mark Thornton Martha Thompson  <i>Under the provisions of paragraph 100(2) of Sch.B1 to the Act the Joint Administrators carry out their functions jointly and severally meaning any action can be done by one Administrator or by both of them.</i>
Joint Administrators' address	BDO LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL
EU Regulations on Insolvency Proceedings	EU Regulation 2015/848 ('the Recast Regulation') applies to the Company and these are COMI proceedings.
Date of delivery of the Proposals	The Proposals will be deemed delivered on the date of the upload of the Proposals to the creditor portal.
Data Control and GDPR	Mark Thornton and Martha Thompson are authorised to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales in the UK. The Joint Administrators are Data Controllers as defined by the General Data Protection Regulations. BDO LLP will act as Data Processor on the instruction of the Data Controllers. Personal data will be kept secure and processed only for matters relating to the



Administration of CK Realisations 2022 Limited. Please see the privacy statement at <https://www.bdo.co.uk/en-gb/privacy-notices/insolvencies>

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## APPENDIX B

### CREDITORS' RIGHTS

Copies of BDO LLP's charging and expenses policy, 'A Creditors' Guide to Administrators' Fees' and information on the rights, duties and functions of a creditors' committee are available at <https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/creditors-guides>.

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency Practitioners. In the event that you make a complaint to us but are not satisfied with the response, then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

The Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this Administration. A copy of the code can be found at <https://www.icaew.com/technical/ethics/icaew-code-of-ethics/icaew-code-of-ethics>.

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## APPENDIX C

### RECEIPTS AND PAYMENTS ACCOUNT



**CK Realisations 2022 Limited (formerly Cartwright King Limited)**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £		From 23/12/2022 To 11/01/2023 £	From 23/12/2022 To 11/01/2023 £
	<b>FIXED CHARGE ASSETS</b>		
10,000.00	IP	10,000.00	10,000.00
		<u>10,000.00</u>	<u>10,000.00</u>
	<b>ASSET REALISATIONS</b>		
73,766.00	WIP - LAA	25,067.38	25,067.38
4,223.00	Trade Debtors - LAA	4,223.00	4,223.00
14,241.00	WIP - Private Client	14,241.00	14,241.00
7,770.00	Trade Debtors - Private Client	7,770.00	7,770.00
30,000.00	Fixtures, Fittings and Equipment	30,000.00	30,000.00
60,000.00	Professional Indemnity Insurance	60,000.00	60,000.00
	Licence to Occupy Fees	8,498.56	8,498.56
		<u>149,799.94</u>	<u>149,799.94</u>
<u>200,000.00</u>		<u>159,799.94</u>	<u>159,799.94</u>
	<b>REPRESENTED BY</b>		
	Floating Current Account		151,301.38
	Floating Deposit Account		10,198.27
	Output VAT		(1,699.71)
			<u>159,799.94</u>



## APPENDIX D

### STATEMENT OF AFFAIRS



Rule 3.30

**Statement of affairs**

Name of Company CK Realisations 2022 Limited (formerly Cartwright King Limited)	Company number 10143062
In the High Court of Justice, Business and Property Courts in Leeds, Insolvency and Companies List (ChD)	Court case number 001054 of 2022

Statement of affairs of CK Realisations 2022 Limited (formerly Cartwright King Limited) ('the Company') whose registered office is situated 5 Temple Square, Temple Street, Liverpool, L2 5RH.

On 23 December 2022, the date that the Company entered Administration.

**Statement of Truth**

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the Company as at 23 December 2022, the date that the Company entered Administration. 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                      Stephen John Gelsthorpe

Signed



Dated

14/1/23



**A - Summary of Assets**

<b>Assets</b>	<b>Book Value</b>	<b>Estimated to Realise</b>
	<b>£</b>	<b>£</b>
<b>Assets subject to fixed charge:</b>		
Intellectual Property	Nil	10,000
Clydesdale Bank PLC	(5,079,452)	(5,079,452)
Shortfall carried down	(5,079,452)	(5,069,452)
<b>Assets subject to floating charge:</b>		
Work In Progress – LAA	3,957,056	73,766
Trade Debtors – LAA	226,561	4,223
Work In Progress – Private Client	763,944	14,241
Trade Debtors – Private Client	416,811	7,770
Trade Debtors - Unbilled disbursements	533,729	Nil
Work In Progress – Undertakings	458,675	Unknown
Trade Debtors – Undertakings	7,530	Nil
Fixtures, Fittings and equipment	102,643	30,000
Professional Indemnity Insurance Prepayment	194,411	60,000
Prepayments - Other	24,225	Nil
Investments (shares in subsidiaries)	2	Nil
Directors Loan Accounts	33,821	Nil
	<b>6,719,408</b>	<b>190,000</b>
Uncharged assets:	Nil	Nil
<b>Estimated total assets available for preferential creditors</b>	<b>6,719,408</b>	<b>190,000</b>

Signature



Date

11/1/23



# A1 - Summary of Liabilities

	£	Estimated to realise £
<b>Estimated total assets available for preferential Creditors (carried from page A)</b>		<b>190,000</b>
<b>Liabilities</b>		
Preferential Creditors – employee claims	Nil	
Secondary preferential creditor – HMRC (see note 2 below) (assumes Crown set off applied)	Nil	Nil
<b>Estimated surplus as regards preferential creditors</b>		<b>190,000</b>
Estimated prescribed part of net property where applicable (to carry forward)		(41,000)
<b>Estimated total assets available for floating charge holders</b>		<b>149,000</b>
Debts secured by floating charges		(5,069,452)
<b>Estimated deficiency of assets after floating charges</b>		<b>(4,920,452)</b>
Estimated prescribed part of net property where applicable (brought down)		41,000
<b>Total assets available to unsecured creditors</b>		<b>41,000</b>
Unsecured non-preferential claims (excluding employee and consumer creditors)	(878,331)	
Employee/former employee claims (total no. creditors: Nil)	Nil	
Consumer creditors (total no. creditors: Nil)	Nil	
		(878,331)
<b>Estimated deficiency regards non-preferential creditors (exc. shortfall to floating chargeholders)</b>		<b>(837,331)</b>
Shortfall to floating charge holders (brought down)		(4,920,452)
<b>Estimated deficiency/surplus as regards creditors</b>		<b>(5,757,783)</b>
Issued and called up capital		(25,000)
<b>Estimated total deficiency as regards members</b>		<b>(5,782,783)</b>

## Notes

- For the purpose of the above Statement of Affairs it is assumed that HM Revenue & Customs apply Crown set-off against WIP and Debtors due from the Legal Aid Agency, resulting in no secondary preferential or unsecured claims from them

Signature



Date


11/1/27



Statement of Affairs of CX Realisations 2022 Limited (Formerly Carwright King Limited), Company number: 10243063 made up to 23 December 2022

Company Creditors

Name of creditor or claimant	Estimated Amount of Debt (£)	Address	Details of Security Held by Creditor	Date of Security Given	Value of Security Given
Adapt Limited	2,031.07	6 Primrose Court, Northfield Woodhouse, NOTTINGHAM, Nottinghamshire NG16 9DT			
ACCESS UK LTD - PEOPLE APPS LTD	17,761.43	Chester House, Mount Road, EPMWORTH, DER IFF			
ADDITION LEE	148.09	35-37 William Road, London, NW1 3ER			
ADAPT TECHNOLOGY GROUP PLC	4,683.61	77 MOUNT EMBURY, TUMPHROE WELLS, KENT, TN4 8BS			
ADORE	1.00	38 Mount Street, Manchester, B14 4AE			
Adoptium Limited	208.87	84 Lark Lane, ASHLEY, RUSK			
AEI INTRA	540.00	MAIN ROAD HOUSE, 10 CLOVECK ROAD, WARFIELD, West Yorkshire, WF14 9P			
ALBATROSS CARS LTD	62.48	14a Redland Road, Derby, DE1 2SH			
Adrian Consulting Ltd	278.00	75 Redbourne Avenue			
AMAR BURN	316.00	67 Clifton House 46 Colindale Ave, Bedford, MK40 3HF			
AMAZON	1.00	1 Principal Place, Workshop Street, London, EC2A 2FA			
AMT PAMU	50.00	THORNLATTE LANE, EASELY, MODDERSFIELD, South Yorkshire H08 9BS			
APN	143.80	33 Scotton Enterprise Park, BELPER, DERBYSHIRE, DE56 1UR			
ARC Costs Limited	1,365.21	NERBERT, BOLTON, Lancashire, BL1 2BQ			
Arvid Panda (Gosardien)	1.00	Hoot Street			
AVM MAP ACT LTD	112.86	EUROPE HOUSE, 170 WINDMILL ROAD WEST, SLAMBERY, TN16 7HB			
AW GROUP	1,335.62	AW HOUSE, 8/8 STUART STREET, LUTON, LU1 2SL			
AZTEC	463.04	18 Edon Way, BEDFORD, Bedfordshire, MK40 3HF			
Avnet Commercial Cleaning	1.00	18 Edon Way, Park Industrial Park, Kington Buzzard, Bedfordshire, LU7 6L7			
BEDEFORD BOROUGH COUNCIL	1,740.00	CALDWELL STREET, BEDFORD, MK42 9AP			
Beckhuch Ltd	1.00	Universal Square Building 2, 3rd Floor Devonshire Street North, Manchester, M12 6JH			
BERKELEY INSURANCE GROUP	4,867.50	2 Colson Square, LEICESTER, Leicestershire, LE1 1QH			
BID Leicester	307.04	Leicester City Council			
BIRMINGHAM CITY COUNCIL	8,978.44	Shed Services Centre, PO Box 4092, BIRMINGHAM, B4 7AB			
BLACK SWAN EVENTS LTD	90.00	BRAYBROOKE HOUSE, 4 SPENCER PARADE, NORTHAMPTON, NN1 5AA			
BLM	20,099.51	63 TEMPLE ROW, BIRMINGHAM, B2 5LS			
BOLTON COUNCIL	18,877.42	BUSINESS RATES SECTION, PO BOX 33, BOLTON, BL1 1RX			
BROWNE JACOBSON LLP	9,804.80	15th Floor, 103 Colmore Row, Birmingham, B3 3AG			
BRUNTHWOOD	4,637.89	Albert Square, Manchester, M2 6LW			
Bruntwood LG Ltd	1.00	City Tower, Piccadilly Plaza, Manchester, M1 4BT			
CC FLYNN	1.00	33 CHESTER LEA, BLACKBURN, Lancashire, BB1 4ST			
CARDIFF UNIVERSITY	979.00	Cardiff, CF10 3AT			
CEBRE	1.00	70 WELLSINGTON ST, GLASGOW, G2 6UA			
CFO	148.00	151 The Broadway, Wembley, London, W19 1JQ			
CITY OF LONDON	4,444.00	1.3 FLOORS, 1 TELEGRAPH STREET, LONDON, EC3A 7RH			
CLYDE AND CO	44,551.61	31-40 Rennie Place, Oxford, OX4 2NB			
Chrysalis Bank plc	5,079,452.00	30 St Vincent Place, Glasgow, G1 3PL			
			Fixed and Floating Charge - Debiture	27 November 2019	5,079,452.00

Signed  Date 11/1/23



## Company Creditors

Name of creditor or claimant	Estimated Amount of Debt (£)	Address	Detail of Security Held by Creditor	Date of Security Given	Value of Security Given
COMMANISUK LIMITED	1.00	WATERLOO ROAD, SOMERBY BRIDGE, COMLET, MK3 0TD			
Computer House	1.00	PO Box 710, Grove Way, Cardiff, CF14 3LZ			
COMPUTERSHARE VOUCHER SERVICES	1.00	The Pavilions, Broomfield Road, BISHOP, BS11 6AE			
CROWN UK	8,081.81	2nd Floor, Burton Arcade, DEANS GATE, MANCHESTER, M4 3BN			
CSL LTD	2,352.96	26 NORTH STATION ROAD, Colchester, Essex, CO1 2TF			
CTALIA LIMITED	718.16	9 Parker Court, Stationbridge Technology Park, STAFFORD, ST18 0NP			
CYBER SPIDER	267.96	MAWERS WAY, WALTHAM DEARNE, ROTHERHAM, South Yorks, S63 5DA			
Daniela de Silva	627.00	13 Jermyn Road, BATHINGVALE, B11 0J1			
David Perry Employment Law	316.20	Burford Road, WIMBORNE, Dorset, DT9 7DX			
DEBORAH THOMP	1,648.15	Address Unknown			
Dele Management - EIS C	100	100 Beckett and Colson, B19 1SA			
DERBY CITY COUNCIL	2,948.00	Cooperation Street, Derby, DE1 2FS			
DHL	436.59	East Midlands Cargo West, Castle Donington, DE89T, DERBYSIRE, DE74 7TH			
EAST MIDLANDS TRAILS	329.40	2nd Floor, St Andrew's House, 18-20 St Andrew Street, London, EC4A 3AD			
EASTONS.COM	1.00	42-44 Dundas St. W., Suite 405, Esplanade, Downs, M6B 1Y3, Canada			
ENTROPIE	4,023.02	Unit 18 Walker Avenue, Wolverton Rd., East, MK17 ON KENNES, MK12 5TH			
EPIC EUROPE LTD	1.00	11 OLD JEWEY, LONDON, EC2R 8DU			
EVENTARITE	260.00	10-11 Charterhouse Square, London, EC1W 6EE			
EXPEDIA (BOOKERS)	1.00	407 Angel Building, St John Street, London, EC1V 4EX			
Facebook	1.00	10 Beach Street, Regency Place, London, NW1 2FG			
FALCO LTD	72.00	Unit 6 Century Building, Tower Street, Liverpool, Merseyside, L3 4BJ			
GUANNA BUSINESS COMMUNICATIONS	1.00	The Scalpel 18th Floor, 53 Lime Street, London, EC3M 7AF			
GARY MORGAN	53.70	8 Broadwood Crescent, Carlton, MOTTINGHAM, NG4 1PU			
GATESHEAD COUNCIL	1.00	Gateshead Civic Centre, Regent Street, GATESHEAD, NE8 1HH			
GLADYERS LLP	28.00	10 Roseville Court, BRIMINGHAM, Warwickshire, B4 6DZ			
GLOBAL PAYMENTS	1.00	Marine House, North Fourth Street, MILTON KEYNES, Buckinghamshire, MK9 1HU			
GOOGLE	1.00	Brighton House, 76 Buckingham Palace Road, London, SW1W 8TQ			
Gordon Noon Properties	85,000.00	120 Barn Street, BOLTON, Lancashire, BL1 2AA			
GUMPA SOLUTIONS	5,343.84	Paradey Wharf, Hill Street, Birmingham, B1 4DB			
HANNA SYSTEMS	338.00	75 WINTON LANE, WIDECREST, MK2 4JP			
HULLAND REGISTRY	60.00	6000 The Land Registry, Castle Street, Nottingham, NG1 7AU			
HMRC	1.00	HM Revenue & Customs, B19 1E2, AGT 7AU			
Horseshoe	1.00	Office 4, Storage City, Export Drive 1, Sutton-in-Ashford, NG17 6AP			

Signed

Dated

11/1/22







Statement of Affairs of CE Resolutions 2022 Limited (formerly Cartwright King Limited), Company number: 10143062 made up to 31 December 2022

Company Creditors

Name of creditor or claimant	Estimated Amount of Debt (£)	Address	Detail of Security Held by Creditor	Date of Security Given	Value of Security Given
NOTTINGHAM CITY COUNCIL - RATT	1,751.00	Luxury House, Station Street, NOTTINGHAM, NG2 3HG			
NOTTINGHAM INDUSTRIAL CLEANERS	10,281.51	Exchange House, Wigman Road, BLIDBROUGH, Nottingham, NG4 3HT			
NOTTINGHAM TRENT UNIVERSITY	200.00	50 SHAKEPEARE STREET, NOTTINGHAM, NG1 4PQ			
NOTTINGHAMSHIRE JUNIOR LAWYERS	120.00	Nottingham Law Society 11 Clarendon Street Nottingham NG1 5HR			
G2 - ACC 551 BPN	1,190.00	PO BOX 604, Winchester, SO23 5AP			
G2 - ACCOUNT 4352645	1.00	PO BOX 604, Winchester, SO23 5AP			
G2 - ACCOUNT 4352645	124.81	PO BOX 604, Winchester, SO23 5AP			
G2 A/C 04503848 - MOBILES	3,229.41	Technica Ltd Payment Processing Centre, 46 TON KEMES, NW77 1UB			
OASIS	3,882.70	60 Portman Road Reading, BERKSHIRE, RG2 0EA			
ONE.COM	1.00	1 Ropermaker Street, London, EC2V 8HT			
Omega Management Ltd	1.00	3rd Floor, 70 Greenwich Street, London, EC3V 6HR			
Omega Management Ltd	4,116.00	3rd Floor, 71 Greenwich Street, London, EC3V 6HR			
PCC FOR WEST MIDLANDS	2,480.00	WEST MIDLANDS POLICE HEADQUARTERS, LLOYD HOUSE, COLMORE CIRCUS, BIRMINGHAM, B4 6NQ			
PENWORTH PROPERTY MANAGEMENT	1.00	Lumley House, Arden BA, WOODS, BA3 2HD			
PETER HARRISON-LAWRENCE	123.44	20 ALLEGRIE ROAD, AMPHILL, BEDS, MK45 3JB			
PETTY CASH	1.00	N/A			
PHF SERVICES LTD	54.00	Castle Carmichael Works, Docking Road, NOTTINGHAM, Nottinghamshire, NG7 5PH			
PITNEY BOWES	532.38	Building 5 Trident Place, Halford Business Park, MATFIELD, Hertfordshire, AL12 8UJ			
Plan.com	1.00	2nd Floor, DNA House, Moor Street, Douglas, W1 7AP			
PREMIER INN	1.00	Chewell Court, Houghton Hall Business Park, Port Avenue, Dunstable, LU5 3XE			
Professional Reviews Ltd t/a R	1.00	Notelson House, Nicholson Walk, MADENHEAD, Berkshire, SL6 1LD			
PROSTART	1.00	28 High Street, Long Eaton, NOTTINGHAM, NG10 1LL			
QUESTSIDE MANAGEMENT LIMITED	1.00	41 THE BROADWAY, JOEL STREET, NORTHWOOD, HA6 1HZ			
RBS PLC MENTOR SERVICES	1,996.00	250 ST VINCENT STREET, GLASGOW, G2 5SA			
REGUS SPACES AND HQ	443.32	Regus 1st Floor, 2 Kingston Street, London, W2 6BD			
RESPONSE TAP LIMITED INFINITY	796.00	82-84 Exchange Quay, Suite 2/2/3, MANCHESTER, Greater Manchester, M3 3LJ			
RESTORE DATAWEB	120.00	UNIT Q1 ELIZABETH DISTRIBUTION CENTRE PURPLET, ESSEX, BA19 1NA			
RWS RETAIL MERCHANT SERVICES	1.00	Morris House, 11 Furst Street, ANTON KEMES, MK8 1NJ			
RODANTE LTD (PHIBBS E)	120.94	78 ROMAN ROAD, Salford, Essex, CO1 1UP			
ROGER BROWN	240.00	ARLINGTON HOUSE, BLOOM STREET, MANCHESTER, Greater Manchester, M3 6JJ			
ROYAL MAIL GROUP LTD	5.81	Payment Processing Centre, Bonland Hill House, BOTTISHORPE ROAD, Cheshamfield, S48 1HQ			

Signed  Date 11/1/23



## Company Creditors

Name of creditor or claimant	Estimated Amount of Debt (£)	Address	Details of Security Held by Creditor	Date of Security Given	Value of Security Given
RSPCA	81.75	PO Box 60, Peterborough, CAMBRIDGESHIRE, PE1 5AZ			
Rushcote Ltd	1.00	C/O City Centre, 100 LIP, 14 Park Row, NOTTINGHAM, Nottinghamshire, NG1 6GB			
RUSSELL REHMANING	75.50	Adrian Johnson			
SAGE UK LTD	1.00	118 Marlborough Chase, Nelson Super Mare, Somerset, BS22 3NG			
SALAY ALASWAD	14,125.00	47, BERT TERRACE, CAMBRIDGE AVENUE, NEW MADEN, Kent, KT3 4JZ			
SAN RAMCOCK CONSULTANCY	3,888.00	Van Street, HESKAY, Northumberland, NE46 4PW			
SARA WATERS	140.88	42, WARTON DRIVE, LUTON, Bedfordshire, LU2 7DU			
Sarah L Taylor	93.28	308 Thornton Road, Thornton, BRADFORD, West Yorkshire, BD13 1AB			
SAVILLS	6,810.00	Lines House, 122 1/4 Mills Road, CAMBRIDGE, Cambridgeshire, CB2 8PA			
SHEFFIELD CITY COUNCIL	4,566.00	Corporate Resources, PO Box 1310, Sheffield, S1 1LT			
SHERIDALL (EAST MIDLANDS) LUMP	5,927.57	807 HOUSE, BISHWOOD BUSINESS PARK, BISHWOOD VILLAGE, NOTTINGHAM, NG8 8TQ			
Simon Burke JW	626.15	205 Newland, B&P, OL13 9RT			
SLE LAW LTD	316.00	34 Pineswood Ave, BERNINGHAM, NG5 6BP			
SMARTTEST ENERGY 10001067	143.63	The Columba Building, 7 Westferry Circus, London, E14 4QD			
SMARTTEST ENERGY A/C 1000103085	1.00	The Columba Building, 7 Westferry Circus, London, E14 4QD			
SMARTTEST ENERGY A/C 10001095565	1.00	The Columba Building, 7 Westferry Circus, London, E14 4QD			
SMARTTEST ENERGY A/C 10001096448	1.00	The Columba Building, 7 Westferry Circus, London, E14 4QD			
SMARTTEST ENERGY A/C 100010962879	1.00	The Columba Building, 7 Westferry Circus, London, E14 4QD			
SMITH PARTNERSHIP	90.00	014 1539, Derby			
SOCCOTEC UK LIMITED	900.00	BRETBY BUSINESS PARK, ASHBY ROAD, BURTON UPON TRENT, Staffordshire, DE13 0YE			
Spacex	1.00	16 Group Services (UK) Limited, 1 Burnwood Place, London, W9 2UT			
SPLASHTOP.COM	1.00	Pier Heralde 131, 135, 1018 Old Amsterdam, The Netherlands			
Spondonhill Ltd	1.00	12A The Village Walk, Ockham, Isle of Man, IM4 4EB			
STAFF EXPENSES PAYROLL OFFER	1.00	N/A			
STAD Centre	1.00	Ormsby Road, Woddenborough, T33 7P			
STAD CENTRE	2,654.00	ORMSBY ROAD, WOODLEIGH ROAD, T33 7SF			
THE LAW SOCIETY	1.00	The Cube 198 Watfield Street, BIRMINGHAM, B1 1BN			
The National Insurance Fund (NIF)	1.00	Finance Section, 3rd Floor, Cannon House, 18 Priory Queensway, Birmingham, B4 6PD			
THOMSON REUTERS	246.00	PO Box 1000, Antwerp, 2010 SAE			
Thomson Ltd	1.00	Emmott House, Wilbury Way, Welton, North Yorkshire, YO4 0TW			
TRANG NGUYEN	40.00	Waters, Leamham, Mallock, DERBYSHIRE, DE4 5AT			
Underwood Green	8,800.00	Pinnacle House, 1 Pinnacle Way, Derby, DE24 8ZS			
UNDERWOOD GREEN	8,800.00	Pinnacle House, 1 Pinnacle Way, Derby, DE24 8ZS			

Signed

Date

11/1/23



## Company Creditors

Name of creditor or claimant	Estimated Amount of Debt (£)	Address	Details of Security Held by Creditor	Date of Security Given	Value of Security Given
Unit Energy	3,064.79	Unit, Albert Square, M2 6LW			
V.C. PROPERTY MAINTENANCE LUIT	1,038.00	10 Farwell, Oving, BEDFORD, Bedfordshire, MK43 7J			
VC Property Maintenance	1.00	10 Farwell, Oving, Bedford, MK43 7J			
Verve Developments Ltd	1.00	10 Blundell Street, London, W1U 4XZ			
Verve Developments Ltd	82.92	Warton Lane, BEDFORD, Bedfordshire, MK41 7PH			
VIVID EXPERIENCE LTD	1.00	36a High Street, Keworth Beauchamp, LEICESTERSHIRE, LE8 0HQ			
VUELIO (AI MEDIA) LTD	1.00	The Johnson Building, 79 Nation Garden, LONDON, Greater London, EC1N 8AW			
WM Real Estate Ltd	1.00	100 Whitaker House, Crampall House, 144 Deansgate, Manchester, M3 3EE			
WATERLOG (FORMERLY ANGEL SPR	2,043.14	Fourth Floor Above House, Abbey Street, Reading, Berkshire, RG1 3DD			
WATERPLUS	8.55	South Court, Riverside Park, Campfield Road, Stoke-On-Trent, ST4 4DA			
WELCOM COMMUNICATIONS LIMITED	1.00	24 THE POINT, MARBLE HARBOROUGH, LE16 7QU			
WELSH LAW COSTS	1,188.00	31, James Court, Whitelands, North, MK3 1RJ			
WESTFIELD HEALTH	1.00	Westfield House, 60 Charter Row, SHEFFIELD, S1 3FZ			
WHITE OAK JR	250,000.00	2nd Floor, HQ Office, 58 Nicholas Street, Chester, CH1 2BP			
WHITTAKER OFFICE SOLUTIONS	639.78	WELDON ROAD, LUGBOROUGH, LE11 5TE			
William Donnelly WORKSPAY	240.00	Address Unknown			
WILLIAMS ONE ELECTRONIC SOLUTIONS	1.00	Victoria House, Fresh Avenue, GATESHEAD, County Durham, NE11 0EL			
Zoom	1,105.80	17 Lynton Road, LU2 9JS			
	1.00	4th Floor, The Place, 174-177 High Holborn, London, WC1V 7AA			
<b>Total</b>	<b>5,997,783.20</b>				

Signed

Date

11/1/20



Statement of Affairs of CK Realisations 2022 Limited (formerly Cartwright King Limited), Company number: 10143062 made up to 23 December 2022

**COMPANY EMPLOYEES OR FORMER EMPLOYEES**

[illegible]











## APPENDIX E

### PRE-ADMINISTRATION COSTS

The pre-Administration costs incurred with a view to the Company entering Administration are detailed below.

	Incurred £	Paid £	Paid by	Unpaid costs £
<b>Fees charged by the Joint Administrators</b>				
1. Pre-appointment fees	109,161	Nil	N/A	109,161
<b>Expenses incurred by the Joint Administrators</b>				
2. Legal fees	121,526	Nil	N/A	121,526
<b>Total</b>	<b>222,824</b>	<b>Nil</b>	<b>N/A</b>	<b>222,824</b>

1. Once a sale of the business and assets appeared likely, following the AMA process, the directors determined that there was a settled intention to appoint Administrators to facilitate a Pre-pack sale of the Company's business and certain assets and filed a NOI shortly thereafter on 25 November 2022. Consequently, from 22 November 2022, the proposed Administrators incurred time costs for dealing with the following matters:

- Complying with internal policies with regards to the proposed appointment;
- Setting up internal files with regards to the proposed appointment;
- Planning specific to the proposed appointment as Administrators;
- Review and comparison of offers received;
- Preparation of estimated outcome statements to determine the likely outcome to creditors versus the likely outcome if the Company entered Liquidation (the relevant alternative). Updating the estimated outcome statements following revision of offers and updated information from the Company;
- Liaising with the Company's directors, management to obtain information required in respect of the proposed appointment (employee details, creditors, financial position etc);
- Supporting strategies associated with the Company's key stakeholders, primarily the SRA (in order to avoid the appointment of intervention agents and gain SRA sanction to the proposed transaction and transfer of client files), the LAA (with regards to a novation of the LAA contracts) and the Bank (with regards to ongoing support while the AMA process and proposed sale progressed, the estimated return to them as a secured creditor and their consent to the proposed appointment);
- Review of the Company's property portfolio and obtaining legal advice with regards to the Company entering licence to occupy agreements/termination/surrender of the Company's leasehold properties, in order to facilitate the proposed transaction;
- Protracted negotiation and correspondence with AWH with regards to the proposed sale and agreement of the terms of the SPA;
- Liaising with the Company, AWH and Pinsents with regards to the Company's client account reconciliation prior to completion of the SPA;
- Liaising with Pinsents, AWH and the Company with regards to the Company's unpaid legal disbursements (legal costs for services provided in respect of client matters) and the proposed treatment of those creditors;



- Liaising with the Company's pre-appointment insurance brokers, the Company, Pinsents and AWH to facilitate novation of the PII cover to AWH;
- Liaising with AWH and the Company with regards to finalising notifications to the Company's clients regarding the proposed transaction;
- Liaising with AWH and the Company with regards the TUPE transfer of employees and employee communications;
- Liaising with Pinsents, with regards preparing and finalising the SPA and supporting agreements;
- Liaising with Pinsents with regards their appointment as Solicitor Manager in respect of the Company's Client and Office accounts (noting the cost of this will be paid by AWH); and
- Completion of certain statutory matters prior to the appointment, including preparation of the SIP 16 Disclosure to creditors.

The above steps were essential for the Pre-pack sale to complete.

Absent the above, it was likely that the Company would enter Compulsory Liquidation resulting in the closure of the Company, the likelihood of SRA intervention agents being appointed by the SRA to safeguard client files and monies (likely incurring significant professional costs and detrimentally impacting creditor distributions) and all of the Company's employees being made redundant.

Consequently, and as detailed in the SIP 16 Disclosure, it is anticipated that the Pre-pack sale will generate a better result for the Company's creditors as a whole than Compulsory Liquidation.

The current charge out rates per hour of staff within the firm, who worked on the Administration pre-appointment, are as follows:

Grade	£
Partner	690/920
Director	386-772
Senior Manager	322-643
Manager	176-470
Senior Executive	141-328
Executive	86-173
BDO LLP tax department (max)	1,208

2. Pinsents were engaged to assist with the following matters:

- Legal advice with regards to the proposed Pre-pack sale (including SPA) and appointment process;
- Communications with the SRA and the LAA;
- Agreement of the LAA novation agreements required to transfer the LAA contracts from the Company to AWH;
- Reconciliation and detailed review of the of the Company's client account prior to completion of the sale;
- Initial steps in respect of their appointment as Solicitor Manager;



- Provision of legal advice with regards to the Company's properties, including preparation of the LTD agreements;
- Novation of the Company's PII cover from the Company to AWH; and
- Provision of legal advice with regards to the proposed sale and preparation and agreement of the SPA and associated agreements.

The above steps were essential for the Pre-pack sale to complete.

The Joint Administrators are not aware of any other person qualified to act as an insolvency practitioner having acted in relation to the Company.

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# APPENDIX F

## PROOF OF DEBT FORM



# PROOF OF DEBT FORM

CK Realisations 2022 Limited (formerly Cartwright King Limited) - In Administration ('the Company')

Company registration number: 10143062

Date the Company entered Administration: 23 December 2022

**Name of Creditor**

*(If a company please also give company registration number and where registered)*

**Address of Creditor**

*(including email address for correspondence)*

Total amount of claim, including any Value Added Tax and £  
outstanding uncapitalised interest as at the date the  
Company entered administration.

*Note: Any trade or other discounts (except discount for immediate or early settlement) which would have been available to the company but for the insolvency proceedings should be deducted from the above claim where relevant. Where any payment is made in relation to the claim or set-off applied after date of administration, this should be deducted.*

If amount in 3 above includes outstanding uncapitalised £  
interest please state amount.

**Particulars of how and when debt incurred**

*(If you need more space append a continuation sheet to this form)*

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

Particulars of any reservation of title claimed in respect  
of goods supplied to which the claim relates.

Details of attached documents by reference to which the  
debt can be substantiated.

**Signature of creditor**

or person authorised to act on his behalf

Name (BLOCK CAPITALS)

Dated

Position with or in relation to creditor

**Address of person signing**

*(if different from 2 above)*

Please complete and return this form to Finlay Wilson, Business Restructuring, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH or by email to [BRCMTNorthandScotland@bdo.co.uk](mailto:BRCMTNorthandScotland@bdo.co.uk).

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## APPENDIX G

### CREDITORS' REQUEST FOR A DECISION PROCEDURE FORM



## CREDITORS' REQUEST FOR A DECISION PROCEDURE FORM

CK Realisations 2022 Limited (formerly Cartwright King Limited) - In Administration ('the Company')  
In the High Court of Justice, Business and Property Courts in Leeds - 2022-LDS-001054  
Company registration number: 10143062

Name of Creditor

Address

Email

Claim £

Purpose of the decision procedure requested:

\*Delete as applicable

I confirm that my claim represents at least 10% of the total debts of the Company. Yes / No\*

Where my claim represents less than 10% of the total debts of the Company a list of the creditors concurring with my request together with their confirmation of concurrence is attached.

Signature

Name (BLOCK CAPITALS)

Authority

Dated



## CREDITORS' REQUEST FOR A DECISION PROCEDURE FORM

CK Realisations 2022 Limited (formerly Cartwright King Limited) - In Administration ('the Company')  
In the High Court of Justice, Business and Property Courts in Leeds - 2022-LDS-001054  
Company registration number: 10143062

Creditors concurring with the request for a decision procedure:

Name	Address	Claim £

Please note that in order to request a decision procedure, the request must be made by creditors totalling 10% or more of the total debts of the Company.

Please complete and return this form and a proof of debt form (unless previously submitted) to Finlay Wilson, Business Restructuring, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH or by email to [BRCMTNorthandScotland@bdo.co.uk](mailto:BRCMTNorthandScotland@bdo.co.uk) to be received no later than eight business days of the date of the delivery of the Joint Administrators' proposals.



## APPENDIX H

### TIME COSTS INCURRED

Time costs of £36,651 have been incurred to date and a breakdown is detailed below.

Activity	Partner	Director	Senior manager	Manager	Senior executive	Executive	Total hours	Time costs £	Avg. Rate £
Steps on appointment	1.70		15.85	6.60	17.75	9.65	51.55	13,645.65	264.71
Planning and strategy	0.75		1.60	0.35			2.70	1,350.30	500.11
Statutory reporting and decisions	2.50		9.80	9.75		2.20	24.25	9,749.80	402.05
General administration	0.70		4.85	1.30	0.95		6.80	3,876.00	395.51
Assets			7.85	0.50			8.35	3,959.70	474.22
Employees and pensions				1.25	1.10	1.20	3.55	723.60	203.81
Creditors			2.35	4.25	1.25	7.05	14.90	3,310.40	222.17
Post appointment taxation				0.10			0.10	15.20	352.00
<b>TOTAL</b>	<b>5.65</b>		<b>42.30</b>	<b>26.10</b>	<b>21.05</b>	<b>20.10</b>	<b>115.20</b>	<b>36,650.65</b>	<b>318.15</b>

The current charge out rates are detailed in Appendix E.

#### Steps on appointment

- Case set-up and setting up internal files
- Initial statutory notifications and advertisements
- Initial correspondence with directors with requests for information and SofA
- Information gathering
- Liaising with the Company's former professional advisors and bankers
- Instructing solicitors to review validity of appointment

#### Planning and strategy

- Attending internal meetings following the appointment to discuss next steps and prioritise distribution of work

#### Statutory reporting and decisions

- Preparation of the Joint Administrators' proposals
- Preparation of the fees and expenses estimate

#### General administration

- Setting-up the Administration bank account and other cashiering functions



- Assisting with queries from AWH, third parties regarding the transition of the business and certain assets to AWH
- Dealing with press enquiries

### **Assets**

- Obtaining open cover insurance and liaising with our insurers with regards to the public liability cover for the properties subject to a licence to occupy with AWH
- Taking steps to identify the WIP undertakings for work streams/divisions that transferred prior to the sale to AWH
- Preparing and sending letters to the Company's landlords/landlord's agents regarding the occupation/termination/surrender of the Company's leasehold properties

### **Employees and pensions**

- Preparing and sending letter to employees to confirm sale of business and certain assets to AWH and confirming contract of employment has transferred to AWH under TUPE
- Notification of appointment to the Pensions Regulator, the Pension Protection Fund and the scheme administrator

### **Creditors**

- Liaising with the secured creditor
- Obtaining legal advice on the validity of security
- Reviewing and responding to creditor claims and processing of creditors' claim forms and entering onto IPS

### **Post Appointment Taxation**

- Reviewing the VAT 769 notice to HMRC
-



# APPENDIX I

## SIP 16 DISCLOSURE



## SIP 16 DISCLOSURE

Cartwright King Limited - In Administration ('the Company')  
In the High Court of Justice, Business and Property Courts in Leeds - 2022-LDS-001054  
Company registration number: 10143062

### Company background

The Company traded as a legal firm from ten leasehold premises across the UK, predominantly operating in the East Midlands. It provided legal services including criminal defence, childcare/family matters, health and welfare, immigration and motoring offences. A large proportion of work was supported by funding from the Legal Aid Agency ('LAA').

The Company re-banked with Clydesdale Bank PLC, now Virgin Money, ('the Bank') three years ago. The Bank has the benefit of a fixed and floating charge over the Company's assets which was created and registered on 27 November 2019. At the date of appointment, the Bank was owed c.£5.1m.

The Company experienced significant delays in progressing its existing legal cases as a result of disruptions caused by Covid-19. These delays had a detrimental impact on the Company's financial performance and cash flow. Whilst the Directors sought to introduce protective measures (eg furlough and other cost cutting measures), financial performance was negatively impacted.

Consequently, in the year to 30 September 2020 ('FY20'), the Company recorded a loss of £0.7m. This loss led to the balance sheet moving from a net asset to a net liability position.

The accounts to 30 September 2021 ('FY21') showed an increase in turnover of £0.7m to £9.7m and a net profit of £44k, with earnings before interest, tax, depreciation and amortisation ('EBITDA') of £275k.

Notwithstanding the above, due to ongoing trading difficulties as a result of court backlogs and delays to hearings impacting case progression, billing, turnover and file completion rates, the Bank agreed to provide additional funding to the Company, namely:

- FY21 - c£0.6m CBILS loan and a £0.2m temporary extension to the overdraft facility; and
- March 2022 - £2m RLS loan was provided in March 2022 to support a turnaround plan.

In February 2021, the Company also received additional CBILS funding of £150k from Kingsway Asset Finance and £250k from White Oak UK.

As a result of the Company's ongoing trading difficulties, on 24 September 2021, BDO were engaged by the Company and the Bank to complete an independent business review ('IBR'). The matter was originally referred on 16 September 2021 directly to BDO LLP by Mr Charles Metherell, acting as interim CEO and as consultant to the Company.

BDO were subsequently instructed in November 2021 to undertake further review work to facilitate the Bank's decision to continue to support the Company, given concerns regarding the Company's long-term sustainability. BDO's Special Situations M&A ('SSM&A') team were also instructed to begin preparation for an Accelerated Merger and Acquisition process ('AMA') (for a scenario if this were required) and the BDO VAT team were also simultaneously engaged to assist with the renegotiation of the Company's existing Time to Pay arrangement ('TTP') with HMRC.

In March 2022, the Company successfully renegotiated the existing TTP with HMRC to include additional debts due up to December 2021. This involved repayment of c.£110k per month for ten months.

Ultimately, the AMA process did not launch as the Company was successful in renegotiating the TTP and the Bank agreed to provide additional funding through the RLS to support delivery of a turnaround plan.

Since March 2022 the Directors have sought to implement operational improvements to increase profitability and improve cashflow. In addition, they also engaged the services of an experienced interim CEO.

The Directors were of the opinion that performance had improved and that the turnaround plan was progressing well throughout the Summer of 2022. However, in September 2022, the Company identified an





issue with LAA invoicing which resulted in LAA receipts in October 2022 being less than anticipated. The reduced receipts resulted in a forecast funding shortfall in the week commencing 24 October 2022.

Based on BDO's discussions with the Company's shareholders, they did not have sufficient resources or the appetite to inject additional funds and the Bank had previously confirmed that they were not able to provide additional funding beyond the existing facilities.

On 18 October 2022, the Directors contacted BDO to discuss the financial position of the Company. Following those discussions, the Directors instructed BDO to undertake an AMA process and undertake contingency planning for a scenario whereby an insolvency process was required.

Consequently, the Directors took the decision to restrict payments to those deemed operationally critical in the week commencing 17 October 2022 in order to ensure that there was sufficient available cash to pay October salaries and allow delivery of an AMA process and associated transaction. The Directors have continued to take their own independent legal advice from Tyr Law in this regard.

#### Summary of key considerations for the AMA process

- The Company was a law firm regulated by the Solicitors Regulation Authority ('SRA') and the majority of its work was LAA funded. Its service areas were personal law, including Crime, Care, Mental Health, Court of Protection, Family and others.
- The Company's base case cash flow showed insufficient funding in November and both the Bank and shareholders confirmed they were not prepared/unable to provide further funding. Consequently, there was an urgent need to complete the process quickly given uncertainty regarding available liquidity.
- The Directors were concerned by the timeframe available before a creditor commenced enforcement action given the need to manage payments whilst the AMA was progressed. Given the above, BDO worked on the basis of trying to complete a transaction in early December.
- Given the regulated nature of the Company and timeframe available, a deliverable solution was only likely to be achieved from other legal practices familiar with the regulatory environment and LAA contractual positions. Against the backdrop of well publicised challenges associated with legal aid work and the financial performance of the Company, institutional investor based solutions were unlikely to be deliverable in the time available.

#### Summary of Prior Engagements

Below is a summary of BDO LLP's prior engagements with the Company:

- Engagement letter dated 24 September 2021 - preparation of an independent business review;
- Addendum dated 5 November 2021 to the engagement letter dated 24 September 2021 - options analysis and contingency planning;
- Engagement letter dated 23 November 2021 - AMA preparation & support regarding renegotiation of HMRC TTP arrangement; and
- Addendum dated 19 October 2022 to the engagement letter dated 23 November 2021 - AMA launch & further contingency planning.

#### Proposed strategy

A suitable interested party, and associated transaction that delivered the best outcome for creditors (detailed further subsequently), was identified via the AMA process. This was considered to be the best option available based on a number of considerations including:





- The regulatory environment and risks/costs associated with intervention by the SRA if a solution involving protection of client files and client monies was not found;
- Uncertainty regarding ongoing financial performance given the Company's reliance on LAA work;
- The financial position of the Company and associated indebtedness; and
- The lack of available funding from existing and alternative providers, with the Company's short term cashflow forecasts indicating that the Company was unable to trade beyond December 2022, even if only critical payments were made.

Taking into account other alternative options (detailed further subsequently) and the financial position of the Company, it was determined that a pre-pack sale of the Company's business and assets should be completed immediately following the appointment of Mark Thornton and Martha Thompson as Joint Administrators of the Company on 23 December 2022.

The business and/or assets have not been acquired from an insolvency process within the previous 24 months.

#### Purpose of Administration

The statutory purpose of an Administration consists of a hierarchy of three objectives:

- a. Rescuing the Company as a going concern (eg restructuring the Company's business, resulting in the survival of the Company).
- b. Achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, without first being in Administration.
- c. Realising property in order to make a distribution to one or more secured or preferential creditors.

It is not possible to achieve Objective (a) due to the following reasons:

- The Company was loss making and the short-term cash flow forecast showed that, without additional financial support, it was unable to trade solvently and pay liabilities as and when they fell due.
- Given the financial position of the Company, additional external funding was not available.
- As part of the AMA process, no offers were received for the Company's shares.

It is anticipated that the Pre-pack sale of the business and assets will generate a better result for creditors compared with the relevant alternative, being cessation of trade and Liquidation. Consequently, the Joint Administrators believe objective (b) (as noted above) will be achieved by virtue of:

- Potential distribution to the Bank from the realisation of the Company's Intellectual Property assets ("IP").
- A TUPE transfer of all employees preserving contracts of employment and mitigation of any preferential and unsecured claims in respect of redundancy and associated claims.
- The purchaser assuming the liability for all unpaid disbursement creditors.
- A potential return to HMRC as a secondary preferential creditor, in accordance with paragraph 98 of the Finance Act 2020 or in accordance with their right to apply Crown Set off against Legal Aid Agency ("LAA") WIP and debtors.
- Certain LAA shortfalls can be addressed through ongoing trading with contracts novating to the purchaser.
- The potential mitigation of certain landlord claims should an agreement be reached between the purchaser and landlords regarding ongoing occupation of the Company's former trading premises.





### Consultation with key stakeholders

Throughout the AMA process, and in the lead up to the proposed appointment, the Company, with the support of BDO, have continued to liaise with the following key stakeholders in respect of the Company's financial difficulty, AMA process and proposed transaction:

- ▶ SRA
- ▶ LAA
- ▶ The Bank
- ▶ Landlords
- ▶ HMRC
- ▶ Employees
- ▶ Other creditors as required

This was essential to achieve the best outcome for all creditors through a sale of the business/assets when compared against the Company's alternative options (as detailed later in this disclosure). Most stakeholders understood that, given the financial difficulties faced by the Company, the transaction was in the interests of many parties (including clients and creditors) to transfer the entire practice, thereby ensuring continuity of service and securing the best outcome for creditors as a whole.

### Valuations

Hilco Appraisal Limited ('Hilco') were instructed by the Company on 17 November 2022 to provide a desktop valuation of the Company's tangible assets which are made up of fixtures and fittings, office equipment and computer equipment. The valuation was undertaken by Jason Hall, who is Partner of Hilco and is RICS certified with over 25 years of valuation experience. It was based on market values for both an in-situ basis (ie remaining at premises and sold as a whole) and ex-situ basis (ie removed from premises and sold via auction or private treaty, as a whole or piecemeal). A physical inspection of the assets was not deemed necessary due to the nature and perceived value of the tangible assets.

In addition to the valuation of tangible assets, Linda Shannon of Hilco, who has over 5 years a specialist intellectual property analyst, provided a letter of recommendation confirming that, based on the information provided to them, historic sales exercises and experience in the disposal of related assets, it is unlikely that they would achieve a return greater than £10,000 were they to market the Company's IP in isolation as part of a Liquidation or Administration. With this in mind it was not deemed cost effective to procure a formal valuation of this asset.

It was not deemed necessary to seek a professional valuation of WIP and trade debtors because the AMA process had extensively explored the market and value was determined by offers received. The costs of realising WIP and debtors outside of the proposed sale process would have been cost prohibitive.

A summary of the valuation is set out below and compared to the offer received.

	Proposed Sale price	Basis 1 (In situ)	Basis 2 (ex situ)
Fixtures & Fittings, Office Equipment (including Computer Equipment)	£30,000	£69,000	£27,200
IP	£10,000	n/a - see above	n/a - see above

In addition to the above valuation, Hilco also provided a Leasehold Property Report (dated 21 November 2022) which confirmed, in their opinion, that there was no premium value attaching to any of the leasehold interests.

Hilco are RICS registered valuers and have adequate professional indemnity cover of \$25m. Hilco also confirmed their independence.





## Marketing and Offers

The Company was advised that any marketing of the business and assets should conform to the Marketing Essentials' set out in SIP 16.

### AMA Process - approach to market

Due to the nature of the business, it was determined that a sales process was required to preserve the business and allow the Company to continue to trade whilst being marketed, with the following factors in mind:

- ▶ Any purchaser would need appropriate regulatory certification from the SRA in order to operate the client files. The SRA would only consent to a transfer of the business and assets to another SRA regulated firm.
- ▶ LAA consent to contract novation would only be granted to an SRA regulated firm and likely to a firm with previous experience of operating LAA contracts and files.

BDO's SSM&A team contacted 36 interested parties and issued a process letter setting out the indicative offer deadline of Midday on Friday 11 November. The interested parties were identified following an extensive review of the legal sector to identify firms that operate similar divisions, undertake LAA work and some of whom have geographical similarities to the Company.

16 parties expressed an interest and signed a Non-Disclosure Agreement ('NDA') to be given access to the data room in order to perform due diligence ahead of the deadline for offers. By 14 November 2022, seven parties had withdrawn their interest and two parties were granted extensions until close of business on Tuesday 15 November. In total, three credible offers were received.

Of the offers received, one was for the business and assets of the whole Company whilst two other offers were for the business and assets of certain departments. The two piecemeal offers were complimentary and have been considered against the offer for the business and assets as a whole.

After analysis of the offers, it was determined that the single offer for all the business and assets from AWH Acquisition Corp Limited (company number 12450173, SRA ID number 668538) should be pursued for the following reasons:

- It provided a better result for the Company's creditors after taking into account the mitigation of the costs of realisation;
- All employees were transferred to the purchaser under TUPE regulations, preserving employment and avoiding employee preferential and unsecured claims;
- The purchaser will be a successor firm, which the SRA deem to be a key factor;
- SRA intervention is likely to be avoided, the costs of which would rank ahead of the costs of insolvency and all creditors and would likely leave little or no surplus realisations for creditors;
- The purchaser has novated the LAA contracts, which was the LAA's preference and will likely maximise LAA WIP and debtor recoveries. Delivering this novation based on other offers may not have been achievable;
- The purchaser has assumed the liability for any unpaid disbursement creditors, estimated at £135k.
- The company's PI Insurers agree to a novation of the existing PII policy to the purchaser as a successor firm, which avoided the need for the Company to trigger run-off cover, the cost of which would likely exceed £0.5m;





- The purchaser is to make arrangements for the archive, storage and destruction of all client files including closed files, at its own cost, which would avoid the need for the Company to make its own arrangements for such services, the costs of which were estimated to exceed £0.2m. Again this will reduce the risk of SRA intervention;
- The purchaser was willing and able to transact in a short timeframe, understanding the need to preserve the Company's staff base and business. Given the ongoing funding issues faced by the Company and associated creditor challenges it maximised the likelihood of delivering a transaction in the timescales indicated by the Company's short term cash flow forecasts;
- The purchaser's owners have a proven track record of delivering similar transactions in distressed scenarios and their experience and knowledge assisted deliverability; and
- The alternative piecemeal sale solution was considered to carry a material risk of not being deliverable within the necessary timetable. Furthermore, this potential solution increased the risk of SRA intervention and there was no certainty that LAA novation could have been delivered in this scenario.

During due diligence and given the increasingly levels of financial challenge within the Company, AWH reduced their initial offer. After careful consideration and taking into account the above factors, options available to deliver another solution, levels of financial distress and overall outcomes, it was concluded that the revised offer still delivered the best available outcome for creditors. Consequently, agreement was reached to proceed with the sale to AWH.

#### The transaction

Immediately following the appointment of the Joint Administrators on 23 December 2022, a sale of the Company's business and assets completed to AWH Acquisition Corp Limited ('AWH').

To the best of our knowledge, AWH has no connection to the Company, the Directors/shareholders or secured creditors or other associated parties of the Company.

It is not anticipated that the Directors/shareholders of the Company will transfer to AWH or be involved in its management going forward.

#### Assets

The following assets are included in the proposed sale:

	Purchase price (£)
Assets Subject to fixed charge	
IP	10,000
Assets subject to floating charge	
WIP and Debtors	£100,000
	plus 50% of amount recovered by the purchaser above £2.5m
PI insurance prepayment	60,000
Fixtures Fittings and Office Equipment	30,000

Any additional amounts receivable in respect of WIP, Debtors and Receivables will be determined by the value recovered by AWH in due course.

#### Sale consideration

AWH paid £151,301 upon completion, with a further £48,699 of deferred consideration payable in four monthly instalments, due on the first business days of February to May 2023.





£30,000 was allocated against fixtures & fittings and office equipment and £10,000 to Intellectual Property.

£60,000 was allocated against the PI insurance prepayment on the condition the policy was novated to AWH. It is unlikely that this would have held any value in an alternative closure/liquidation scenario.

The remaining consideration of £100,000 was to WIP and Debtors and Receivables. As mentioned above, it is a condition of the sale that the purchaser shall remit 50% of any realisations above £2.5m in respect of WIP, Debtors and Receivables to the Administration.

The purchaser and its directors were not willing to provide any security or guarantees in respect of deferred consideration. Given the alternative outcome should the transaction not proceed and the limited amount of deferred consideration it was deemed to be in the best interest of creditors to proceed with the transaction regardless of this.

The sale was not part of a wider transaction and there are no options or buy back agreements.

#### Assets Excluded from Transaction

Prior to Administration, some client files had already been transferred to other legal practices, when certain staff left their employment with the Company. WIP undertakings had been granted by the firm inheriting these files. The net book value of the time costs outstanding on these files was £459k. It is currently unknown what level of WIP will be recoverable.

These matters have been excluded from the sale and the benefit of such undertakings remains with the Company as an asset realisable in Administration. The Joint Administrators and their staff will review the position in respect of all undertakings and will seek to realise any outstanding values.

#### Alternatives to pre-pack considered

Given that the Company was insolvent by virtue of its balance sheet, being unable to pay liabilities as and when they fall due, the financial position of the Company and ongoing funding requirements, it was not possible to rescue the Company as a going concern. Consequently, it was deemed appropriate for it to enter into a formal insolvency process in a controlled manner.

A Company Voluntary Arrangement was not deemed to be viable given that HMRC are a significant secondary preferential creditor and the Company had defaulted on its TTP arrangement with them. Furthermore, there remained material uncertainty regarding future trading levels to support a CVA solution.

It was not feasible to trade the business during Administration given the regulatory position and risk of intervention. In the unlikely event that the SRA did not intervene then a solicitor manager would need to be instructed to manage the practice and the costs of this would likely have outweighed any potential benefit to creditors.

It was expected that the SRA would intervene if the Company ceased trading, therefore the only viable alternative option to a Pre-pack sale via Administration was to cease trading and the Company enter Liquidation, either via a Creditors' Voluntary Liquidation ('CVL') or Compulsory Liquidation.

If the SRA had intervened, they would likely have engaged an intervention agent to take control of all monies, including client monies. The office account was overdrawn, so there would be no cash available to settle intervention costs, which would be significant and would likely erode a significant proportion of any WIP and debtor realisations, thus impacting the return to creditors. In addition, the entire workforce would be made redundant, increasing the level of preferential and unsecured creditor claims.

In addition to the above, the pre-pack sale delivered a number of benefits including:

- Continuity of service to the Company's former clients, some of whom are vulnerable will continue;
- Employment was preserved for all employees, mitigating redundancies and associated claims;





- Disbursement creditors will be paid by AWH; and
- Existing and closed files are protected given AWH will act as a successor practice.

Given the above, cessation of trade followed by formal insolvency was deemed to be detrimental to creditors compared to a Pre-pack sale via an Administration.

**Connected party transactions**

The proposed sale was to an unconnected third party.

**Appendix 1**

**Estimated Outcome Statement**

A handwritten signature in black ink, appearing to read 'M. Thornton'.

Mark Thornton  
Joint Administrator





## Appendix 1

### Estimated Outcome Statement



£'000	IMV	Sale of business and assets as a whole via purchase	Rollback alternative Compulsory Liquidation break up
<b>Assets Subject to Fixed Charge:</b>			
Goodwill and Intellectual Property		10	
Less professional costs		(10)	
Clydesdale Bank PLC	(5,079)	(5,079)	(5,079)
<b>Surplus/(deficit) carried down</b>	<b>(5,079)</b>	<b>(5,079)</b>	<b>(5,079)</b>
<b>Assets subject to floating charge:</b>			
Work in Progress - LAA	3,957	74	589
Trade Debtors - LAA	222	4	111
	<u>4,184</u>	<u>78</u>	<u>702</u>
Work in Progress - Private Client	764	14	382
Trade Debtors - Private Client	417	8	208
Trade Debtors - Unsettled Disbursements	534		
Work in Progress - Undertakings	459	Unknown	Unknown
Trade Debtors - Undertakings	8		
Fixtures, fitting and equipment	103	30	26
Prepayments - excluded from offer	24		
Insurance Prepayments	194	60	
Investments (shares in subsidiaries)			
Directors' Loan Accounts	34		
<b>Surplus/(deficit) before costs</b>	<b>6,719</b>	<b>190</b>	<b>1,318</b>
SRA Intervention Costs (end of year estimate)			(1,500)
Less: PII run off - cover			(520)
Less: Airframe Costs			(200)
Less: Costs of Reinsurance		(190)	(640)
<b>Surplus/(deficit) after costs</b>	<b>6,719</b>	<b>(190)</b>	<b>(1,552)</b>
<b>Funds available to Preferential Creditors</b>	<b>6,719</b>		
Less: Preferential Creditors			
Employee claims			(120)
HMRC	(1,389)		
<b>Surplus/Deficit to Preferential Creditors</b>	<b>5,330</b>		<b>(120)</b>
Less: (Where Offer) Part			
<b>Funds Available to Qualifying Floating Chargeholder</b>	<b>5,330</b>		
Less QFCH:			
Clydesdale Bank PLC - deficiency brought down	(5,079)	(5,079)	(5,079)
<b>Surplus/Deficit to QFCH carried down</b>	<b>251</b>	<b>(5,079)</b>	<b>(5,079)</b>
<b>Assets available to unsecured creditors</b>			
Unsecured creditors			
Trade creditors		(945)	(1,075)
Unsettled contingent claims			(25)
Employee unsecured claims			(430)
		<u>(945)</u>	<u>(1,550)</u>
<b>Estimated Deficiency as regard unsecured creditors</b>		<b>(945)</b>	<b>(1,550)</b>
Deficiency on costs - Brought Down			(1,552)
Deficiency as regards preferential creditors - Brought down			(120)
Deficiency as regards floating chargeholders brought down		(5,079)	(5,079)
Ordinary share holding		(25)	(25)
<b>Estimated total deficiency as regards members</b>		<b>(6,649)</b>	<b>(8,326)</b>
<b>Estimated returns to creditors</b>			
Preferential Creditors	Value £'000 n/a	n/a n/a	0.00
Secondary Preferential creditors (HMRC) *	Value £'000 n/a	1,389 100	1,389 100
Clydesdale Bank PLC - Fixed and Floating Chargeholders	Value £'000 n/a	0.00	0.00
Unsecured Creditors	Value £'000 n/a	0.00	0.00

\* Crown set off against Legal Aid WIP and Debtors has been applied in both scenarios - HMRC as secondary preferential creditors are expected to be repaid in full via the set off applied.



