

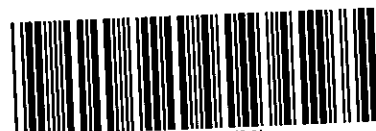
AM03

Notice of administrator's proposals



Companies House

THURSDAY



QIQ *Q676LPNM* #93
25/05/2017
COMPANIES HOUSE

1 Company details

Company number 01309094

Company name in full KnitMesh House Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Patrick Alexander

Surname Lannagan

3 Administrator's address

Building name/number Mazars LLP

Street One St Peter's Square

Post town Manchester

County/Region

Postcode M23DE

Country

4 Administrator's name ●

Full forename(s) Robert David

Surname Adamson

● Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ●

Building name/number Mazars LLP

Street Mazars House

Gelderd Road, Gildersome

Post town Leeds

County/Region


Postcode LS277JN

Country

● Other administrator
Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

6		Statement of proposals	
		<input checked="checked" type="checkbox"/> I attach a copy of the statement of proposals	
7		Sign and date	
Administrator's Signature	<div>Signature</div> <div>✕  ✕</div>		
Signature date	<div><div><div>d</div><div>1</div><div>d</div><div>9</div></div><div><div>m</div><div>0</div><div>m</div><div>5</div></div><div><div>y</div><div>2</div><div>y</div><div>0</div><div>y</div><div>1</div><div>y</div><div>7</div></div></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 Joanna Siu

Company name Mazars LLP

Address One St Peter's Square

Post town Manchester

County/Region

Postcode

M

2

3

D

E

Country

DX

Telephone 0161 238 9309



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



Important information

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



Where to send

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

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



Further information

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

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

Joint Administrators' Statement of Proposals Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986

in respect of:

The Greenfield Group Limited ('Holdings')

KnitMesh Limited ('KnitMesh')

KnitMesh House Limited ('House')

Household Articles Limited ('Articles')

- all in Administration (together "the Companies" or "the Group")

18 May 2017

This report has been prepared for the sole purpose of updating creditors pursuant to the Insolvency Act 1986. The report should not be referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

The Administrators' act as agents of the Companies without personal liability.

P A Lannagan and R D Adamson
Mazars LLP
One St Peters Square
Manchester
M2 3DE

In accordance with rule 3.35(e) of the Insolvency (England and Wales) Rules 2016, the proposals are deemed delivered to creditors on 23 May 2017.

Schedule of Contents

1	Introduction
2	Statutory information
3	History and Structure of the Group
4	Events Leading up to Appointment and Sale
5	Subsequent Events
6	Connected Party Transactions
7	Assets to be Realised
8	Investigations
9	Liabilities
10	Prescribed Part
11	Statement of Affairs
12	Receipts & Payments Account
13	Estimated Outcome Statement
14	Duration
15	Proposed Exit Routes
16	Decisions Required from the Creditors
17	The Creditors' Committee
18	Pre-Administration Costs
19	Joint Administrators' Remuneration
20	Expenses of the Administration
21	Joint Administrators' Disbursements
22	Future Reports

Appendices

- A Statutory Information and Group Structure Chart
- B Summaries of Companies' Financial Positions
- C Lists of Known and Potential Creditors
- D Receipts & Payments Accounts
- E Fees Information Packs:

The Greenfield Group Limited

- E1 Contents
- E2 Fees Estimate Summary
- E3 Work on a % of Realisations
- E4 Expense Estimate
- E5 Rates and Disbursement Policy
- E6 Estimated Outcome Statement

KnitMesh Limited

- E7 Contents
- E8 Fees Estimate Summary
- E9 Work on a Fixed Fee Basis
- E10 Work on a % of Realisations
- E11 Expense Estimate
- E12 Rates and Disbursement Policy
- E13 Estimated Outcome Statement

- F SIP 16 Statement & Viability Statement
- G Pre-Administration Costs – SIP 9 table and narrative summary

Statement to Creditors

1 Introduction

- 1.1 This statement is addressed to the creditors of the Companies and includes the Joint Administrators' proposals in accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986.
- 1.2 Creditors are asked to approve the proposals via a decision by correspondence. If creditors choose to reject the proposals, a report will be sent to the Court advising of this outcome and the Court may provide that the appointment of the Joint Administrators ceases and make such an order as it deems appropriate. This may include the Companies being returned to the control of the directors or winding-up orders being made, placing the Companies into compulsory Liquidation.
- 1.3 In accordance with Rule 3.39 of the Insolvency (England and Wales) Rules 2016, whenever a decision is required of the creditors, an Administrator must at the same time invite the creditors to form a committee. The purpose of such a committee would be to assist the Joint Administrators in the discharge of their duties and responsibilities. The committee is also responsible for agreeing the costs of the Administration.
- 1.4 If the proposals are agreed, the Joint Administrators will continue to control the affairs of the Companies. At a later date, the Administrators will arrange for the Companies to exit from the Administrations. This may be via a Creditors' Voluntary Liquidation or by an application to dissolve the Companies.
- 1.5 The statutory purpose of an Administration comprises three hierarchical objectives:
 - a. rescuing the company as a going concern;
 - b. achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration); and
 - c. realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.6 Given the financial position of the Companies, in particular the level of accrued and contingent unsecured liabilities, the rescue of the Companies as a going concern via Administration was not achievable (objective a).
- 1.7 The proposals set out the sale of the Group's business and assets as a going concern, which will achieve a better result for the Companies' creditors than would be likely if the Companies were to be wound up. The pre-packaged sale will maximise the value of asset realisations and minimise any additional creditor claims arising on entry into an insolvency process, particularly potential employee claims which would arise on redundancy. We have therefore concluded that the statutory purpose of the Administrations has (objective b) will be achieved.

2 Statutory information

- 2.1 I would advise you that I was appointed Administrator of the Companies jointly with Mr Robert David Adamson, also a partner of Mazars LLP, on 12 May 2017. I am authorised to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales and Mr Adamson is authorised in the UK by the Insolvency Practitioners Association.
- 2.2 Statutory information regarding the Companies and the Administrators' appointments is attached at Appendix A.
- 2.3 The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000 of 29 May 2000) applies to these Administrations and the proceedings are main proceedings.
- 2.4 Details of the Companies' directors and secretaries are as follows:

Company	Director	Date Appointed	Date Resigned
Holdings	Louis James de Viel Castel	01/11/1991	-
Holdings	Lewis Gordon Bingham	12/02/2001	-
Holdings	Charles de Viel Castel	17/07/2007	01/02/2017
KnitMesh	Lewis Gordon Bingham	12/02/2001	-
KnitMesh	Louis James de Viel Castel	01/11/2012	-
House	Louis James de Viel Castel	01/11/1991	-
House	Lewis Gordon Bingham	12/02/2001	-
Articles	Lewis Gordon Bingham	06/02/2002	-

Company	Secretary	Date Appointed	Date Resigned
Holdings	Lewis Gordon Bingham	06/11/2002	-
KnitMesh	Lewis Gordon Bingham	06/11/2002	-
House	Lewis Gordon Bingham	06/11/2002	-
Articles	Lewis Gordon Bingham	20/12/2002	-

3 History and Structure of the Group

- 3.1 Since 1994, the parent company of the Group has been Societe Belge De Faconnage Et De Commerce SA, a Belgian based investment company which is in turn owned and controlled by Louis James de Viel Castel and Isobel de Viel Castel.
- 3.2 The intermediate holding company within the Group is The Greenfield Group Limited ("Holdings"), it was incorporated in 1936 as Household Articles Limited and changed its name

to The Greenfield Group Ltd in January 2005. Its principle objective at incorporation was to carry on business as manufacturers of, and traders and dealers in, pot scourers, household articles, appliances and any articles and things made or dealt in by the wire trade and allied trades. A Group structure chart is included at Appendix I. Throughout its trading life, Holdings and its subsidiaries have developed new product lines and acquired and disposed of operations in response to prevailing market conditions.

- 3.3 The principle trading entity within the Group was KnitMesh Limited ("KnitMesh"), incorporated in 1957 with the principle objective of carrying on business as manufacturers and traders and dealers in filters, apparatus and appliances, vibration control appliances, heat exchangers and other engineering products. KnitMesh became a technical leader in the design, development and manufacture of knitted wire mesh solutions for numerous industrial applications and environmental conditions.
- 3.4 KnitMesh House Limited ('House') was incorporated on 18 April 1977 for the purpose of owning the property from which the Group operates in the UK in Greenfield, Holywell, Flintshire.
- 3.5 Holdings had an established business in the manufacture and sale of coffee pots under the La Cafetiere brand. In 1991 its operations in France were acquired by competitor business Bodum. The Group retained the rights to continue to sell its 'Classic' design under the La Cafetiere brand (except in France), although this has been subsequently disputed by Bodum. In 1995, the Group acquired La Cafetiere Inc in the USA allowing the opportunity to market the Cafetiere products in that region.
- 3.6 In 2001, Lew Bingham was first appointed to the Board of Holdings. During this year, the Group acquired an interest in a joint venture enterprise in the USA, Enhanced Separation Technologies LLC and restructured to move the operations of Britnit Limited into KnitMesh.
- 3.7 In 2005, the Group acquired KnitMesh South Africa (Pty) Limited which commenced trading in October of that year, adding a further manufacturing base for the international supply of knitted mesh products.
- 3.8 During 2006-2007 the separation technology business within KnitMesh was sold to Sulzer Chemtech Limited ('Sulzer'). KnitMesh has continued to act as a contractor for Sulzer in the years since this sale.
- 3.9 Also in 2007, the commercial activities of KnitMesh were restructured to separate the knitted mesh business (under the 'KnitMesh Technologies' brand) from the flame arrester business (under the 'Elmac Technologies' brand). KnitMesh continued to offer research & development capabilities, and knitted mesh solutions, including vibration control, sound attenuation, industrial and catering cleaning equipment, sealing for harsh environments, liquid and gas filtration and EMI/RFI shielding with applications across a number of industries.
- 3.10 Elmac Technologies Limited ('Elmac') was incorporated in 2007 for the purpose of manufacturing products for a variety of industrial safety applications, including flame arrestors. Elmac commenced trading in January 2008 following a 'hive across' of this operation from KnitMesh. Elmac continues to design, manufacture and supply process critical safety products, including innovative flame arresters and low pressure venting equipment to a

wide range of industry sectors including oil & gas, petrochemicals, bio-fuels, mining, pharmaceuticals, power generation, agrochemicals and distilleries.

- 3.11 By 2008, the Group was beginning to suffer legal costs associated with defending Court action by Bodum for claims of trade dress infringement in respect of the 'Classic' cafetiere within the La Cafetiere range. At a time when the financial performance of the La Cafetiere range was declining.
- 3.12 Subsequently, in June 2010, the marketing and distribution of homeware products was hived down from the Group into La Cafetiere Limited (renamed Household Articles Limited in 2014, 'Articles') which had previously been a non-trading subsidiary. In August of the same year, the Group acquired the trade and assets of Randwyck BV, a company which traded in the supply of borosilicate glass teaware from Maastricht in Holland. A new Group subsidiary was formed in Holland, La Cafetiere BV, to take this business forward with an extended range of products supplied from the existing location in Maastricht.
- 3.13 In March 2014, the trade and assets of the La Cafetiere companies were sold to Creative Tops Holdings Limited ('Creative Tops'); however we understand certain rights in relation to the classic range of products, which were subject to an exclusive distribution agreement with Creative Tops following the sale, were placed in escrow. The Group recognized losses on these divested operations of some £177k in that accounting period. The sale included the granting of an indemnity, by Holdings and KnitMesh, in respect of certain potential future costs which may be incurred by Creative Tops.
- 3.14 In a bid to expand the KnitMesh business further, in 2014, the Group invested in 50% of the share capital in Amar KnitMesh Technologies Pvt Limited, a new start-up company established in Ludhiana, India as a joint venture with the Amar Group.
- 3.15 Difficult trading conditions for the Group in 2015 and 2016 compounded by exceptional costs (La Cafetiere legal fees) led to losses, cash flow difficulties and creditor pressure and the Group approached one of the ultimate beneficial owners, Louis James de Viel Castel for financial assistance in the first half of 2016. Louis James de Viel Castel responded with a proposal to acquire the business of Elmac from the Group for the sum of £4m comprising £1m cash and £3m shareholder loan write off.
- 3.16 The sale of the Elmac business was completed with an effective date of 30 June 2016 via a share purchase agreement in which Louis James de Viel Castel acquired the whole of the allotted and issued share capital of Elmac and Elmac Limited (a dormant subsidiary) for £4m as set out above. Continued trading between Holdings, KnitMesh, House and Elmac was conducted via a managed services contract.
- 3.17 The Group operates a defined benefit pension scheme which was closed to future accruals in 2005. The Market Value of scheme investments and the return on those investments both decreased in 2016 compared with previous years. The cash flow pressure experienced in 2015 and 2016 had also caused the Group to fall behind on its agreed recovery plan based on the scheme actuarial valuation of 2013. Thus by 2016, there was a funding shortfall estimated at some £5m with scheme assets representing 70% of scheme liabilities. The full buyout liability is currently estimated at circa £14m.

- 3.18 Whilst the cash introduced on the sale of Elmac improved the Group's working capital position, and accrued liabilities to HM Revenue and Customs and the pension scheme were reduced, the Directors sought independent advice from pension specialists on a long term strategy to deal with the scheme funding deficit in December 2016.

4 Events Leading up to Appointment and Sale

- 4.1 The outcome of the pension review by independent pension advisors was delivered in January 2017. This confirmed that the Group was unlikely to be able to continue to fund the ongoing cost of the pension contributions, levies and expenses and contribute to the deficit based on its performance in current trading conditions in the medium to long term.

- 4.2 In recent years the Group had spent circa £4m in defending legal claims by Bodum as described above, and the funds spent on these legal cases have substantially been introduced by Louis James de Viel Castel. Whilst the Group had been successful in defending these claims, in December 2016 at The Upper Hanseatic Hamburg State Court in Germany, the earlier ruling (in favour of the Group) of the Hamburg State Court of August 2014 was over-ruled on appeal. The Directors were now mindful of the claims against the certain companies this could lead to, including but not necessarily limited to:

- Claims by Bodum for unfair competition / breach of copyright; and
- Claims by Lifetime Brands and / or Creative Tops under the indemnity.

The Directors concluded that the Group would be unable to fund the anticipated costs of the impending claims and sought advice from Mazars LLP.

- 4.3 Extensive detail of our initial involvement and subsequent actions are set out in Appendix F. In overview, a strategy of marketing the shares or the business and assets of the Group for sale was agreed with the Directors and discussed with key creditors – specifically the secured creditors Svenska Handelsbanken AB (publ) ('Handelsbanken') and Aldermore Bank plc ("Aldermore") and the pension scheme trustees and their advisors ("the Pension Trustees").

- 4.4 The marketing process commenced on 5 April 2017. An acquisition opportunity flyer was circulated via the various media detailed in Appendix F. This generated 27 expressions of interest and of these, 19 Non-Disclosure Agreements were returned to allow the sales memorandum to be released. A confidential data room was set up and further information was added to the data room when requested by interested parties.

- 4.5 By the end of April, the Group was making gross losses due to the restrictions on available raw materials and it was expected that this position was likely to worsen as losses further restricted availability of funding.

- 4.6 Creditor pressure and threats of action were also growing as debts outstanding became older and a Notice of Intention to Appoint Administrators ('NOI') was filed in respect of Holdings, KnitMesh and Articles on 25 April 2017 as, in light of the lack of credible interest in a share acquisition, it was concluded that the Companies should enter Administration. A NOI was subsequently filed in respect of House on 3 May 2017.

- 4.7 A deadline for offers was set for 2 May 2017 in order to secure the best opportunity of a going concern sale before trading worsened further and customer relationships became damaged as

a result of the working capital constraints. This approach also minimised the preferential creditor position, protecting those creditors as well as the potential for distributions to secured creditors and unsecured creditors alike.

- 4.8 At the deadline of 2 May 2017, a total of four offers had been received:
- Offer 1 – a deal to enable a continuing business via a pre-pack sale with no cash payment for the assets of the Group.
 - Offer 2 – to purchase 100% of the shares of Holdings for £100,000; deferred payments over 10 months of £10,000 per month (the first to commence 60 days after completion). This offer contained no certainty as to how the assets of the Group would be protected for the benefit for creditors after the share sale and was therefore discounted as not certain to be in the interests of creditors.
 - Offer 3 – to purchase the trade and business assets of the Holding and KnitMesh businesses and the property with the transfer of employees as a going concern for £500,000.
 - Offer 4 – to purchase the trade and assets of the Holdings and KnitMesh businesses and the property with the transfer of employees as a going concern for the sum of £1,196k (deferred consideration of £406k).
- 4.9 Offer 4 was the Preferred Bid as it was considered to provide the best outcome for creditors. It was also recommended by the agents engaged to prepare the valuations. This offer was made by a company controlled by James de Viel Castel, details of the Buyer Group are set out in Appendix F. A period of negotiation of the various sales documentation then commenced which required input from legal advisors acting for the sellers, the Buyer Group, Aldermore and Handelsbanken and passed through several draft formations until a final agreement was concluded on 12 May 2017.
- 4.10 Details of the sale are set out in detail in Appendix F. In summary, the total cash consideration receivable as a result of this sale achieves at or above the Market Value of the asset categories and the transaction as a whole offers a significantly better outcome for all creditors than a break up sale and the concomitant costs that would incur. There is the additional benefit of avoiding liabilities associated with redundancy which would otherwise have the effect of increasing the overall creditor pool and reducing the available funds to unsecured creditors.
- 4.11 The professional advisors engaged to assist the proposed Joint Administrators with the sale process are:

Turner Parkinson LLP ('TP')

This firm of solicitors was chosen based on their specialism in the field of insolvency. Work carried out by TP has involved a review of security documentation; a review of Land Registry documentation; preparation of the pack of sales documentation, including the asset sale agreement and side agreements in relation to the assignment of debts, intellectual property and goodwill, drafting of deeds of release and funds flow letters and charge documentation in relation to the guarantee provided by M. de Viel Castel, liaising with legal advisors acting for the Buyers, redrafting of the sales documentation with input from the legal advisors acting for Handelsbanken and Aldermore and preparation of the statutory documentation required for the appointment of Administrators and filing in Court. These

fees were incurred on a time cost basis and the level of fee is representative of the protracted negotiations that took place in finalising the sale.

Wignall Brownlow LLP

This firm of agents and valuers was chosen to provide valuations of the property, plant and machinery and other tangible assets based on their experience in this field. A fixed fee was agreed for this work, carried out in two stages: an initial view of values to contribute to the initial review of options for the Group and the development of the strategy; and a more detailed valuation report prepared to support the sale negotiations and recommendations on offers received.

MC Vanguard Corporate Finance Limited

This corporate finance team was chosen based on their experience and knowledge of the sector to value the Group's investment in the Amar JV entity. Work carried out in this respect has involved a detailed review of information, both financial and contractual, to determine the potential realisable value in this investment. The fee for this work was incurred on a time cost basis and was necessary prior to the appointment of Administrators to ensure that any offer accepted for this asset was at an appropriate level.

- 4.12 These three professional advisors were engaged by Mazars LLP in accordance with the engagement letter dated 15 March 2017 and with the approval of the Directors.
- 4.13 No fees have yet been paid to these firms in respect of their work during the pre-Administration period, and creditor approval is sought for their costs as set out in section 18.

5 Subsequent Events

- 5.1 Immediately on appointment of the Joint Administrators, the transaction detailed in 4.9 and 4.10 above completed. As part of the transaction, the secured creditors benefited from immediate distributions under their security. Aldermore was repaid in full in respect of its lending under the invoice financing facility and Handelsbanken was repaid in full by way of the sale of the property in House and from fixed charge realisations in KnitMesh.

6 Connected Party Transactions

- 6.1 As detailed above, the pre-packaged sale completed on 12 May 2017 immediately following the Company's move to Administration, to Greenfield Technologies Estates Limited and GFT Trading Limited (together with Greenfield Technologies Limited defined as "the Buyer Group") and is connected to the Sellers by way of a common director in Lewis Bingham and a common beneficial owner in Louis James de Viel Castel. Further detailed information, and the rationale for this transaction is attached at Appendix F in the SIP 16 Statement and is not reproduced here to avoid repetition.

7 Assets to be Realised

7.1 *Deferred Consideration under the Asset Sale agreement*

- 7.1.1 A total of £391,974 is due to be paid in instalments in accordance with the schedule set out in the sale agreement and reproduced in summary form in Appendix F. The Administrators will monitor receipt of these instalments and liaise with the Buyer Group as appropriate.

7.2 *Additional Consideration under the Asset Sale Agreement*

- 7.2.1 As noted in Appendix F, the transaction allows for a value uplift in the additional consideration clauses of the sale agreement. The additional goodwill payment due under the sale agreement is set at 2.5% of the Buyer's total invoiced sales (excluding VAT) in the 18 months following completion. In this respect, the £50,000 payment for goodwill in the initial cash consideration is a down-payment.
- 7.2.2 The Administrators will request and review management accounts from the Buyer and liaise with the management team there to agree and monitor the additional consideration that becomes payable.
- 7.2.3 The Administrators are not able to quantify the amount of the additional consideration at this stage, as this is dependent on the future trading performance of the Buyer Group. However, based on the projections of the Buyer Group, we have estimated total realisations for goodwill in KnitMesh at £225,000.

7.3 *Cash at Bank (HMRC bond)*

- 7.3.1 Handelsbanken hold £30,000 in a bonded account in favour of HM Revenue & Customs ('HMRC'). Once the total amount of import taxes due in the final period is agreed, Handelsbanken will release funds to HMRC under the terms of its bond and will transfer the remaining balance to the Administrators.
- 7.3.2 At this stage, it is estimated that some £15k will be recovered from Handelsbanken and further details will be provided in the next report to creditors.

7.4 *Residual Stock and Other Assets*

- 7.4.1 The Administrators are aware that there is some stock-in-trade and other residual assets in Holdings which may have some realisable value. (This stock was specifically excluded from the asset sale agreement). Agents will be requested to provide a valuation of stock and assist with recommendations as to the best method of sale. The Administrators are also exploring the extent to which any intellectual property rights owned by Holdings have a realisable value.

7.5 *Shares in KnitMesh South Africa (Pty) Limited*

- 7.5.1 Holdings owns 100% of the shareholding in KnitMesh South Africa (Pty) Limited ('KnitMesh SA') and has an income stream from that business following a sale agreement effected in November 2015. The Administrators will review possible options in respect of a share sale or other means of realising value. In the meantime, the Administrators will take control of any incoming monies.

7.6 *Intercompany Debts*

- 7.6.1 The Administrators will investigate the final inter-company position within the Group and seek to recover any debtor balances agreed as due to Holdings, KnitMesh, House or Articles.
- 7.6.2 Equally, any balances due from Holdings, KnitMesh, House or Articles to any other Group company will represent a creditor claim in that Administration.
- 7.6.3 With specific regard to House, the proceeds of the freehold property sale were applied in settling secured lending from Handelsbanken to KnitMesh of £500k under the inter-company guarantee granted by House to Handelsbanken in respect of KnitMesh. Thus, House has an inter-company claim against KnitMesh for the extent of Handelsbanken debt it has settled on behalf of KnitMesh. At this stage, the extent to which House can rely on any rights of subrogation under the guarantee is unclear and it is envisaged that the claim will be unsecured, subject to the conclusions of the Administrators further review.

8 *Investigations*

- 8.1 The Joint Administrators are required to investigate the affairs of the Companies and the conduct of the directors in the period leading up to the Administrations. An initial investigation into the Companies' affairs will be undertaken by the Joint Administrators in accordance with Statement of Insolvency Practice 2. The purpose of these investigations is to establish whether there are any potential asset recoveries or conduct which requires further investigation which may lead to any recoveries for the benefit of creditors.
- 8.2 Part of the Administrators' investigation work will look at the 2016 divestment of Elmac from the Group and whether this resulted in any worsening of the position of creditors of the Group.
- 8.3 The Joint Administrators are required to submit an appropriate report to the Insolvency Service in accordance with the Company Directors' Disqualification Act 1986 and an appropriate report will be filed in each Administration in due course. The content of the report is confidential.
- 8.4 Should creditors have any information which they consider may assist the Joint Administrators in carrying out their investigations, or be aware of any matters which they believe should be brought to the attention of the Administrators, please provide details in writing to this office.
- 8.5 This request for information forms part of our usual investigation procedures and does not imply that there may be any cause of action against any person concerned in the Companies' affairs.

9 *Liabilities*

9.1 *Secured Creditors*

- 9.1.1 Handelsbanken held the following security over Group companies:

Company	Nature of security	Date of creation
Holdings	fixed & floating charge mortgage debenture	10 January 2013
KnitMesh	fixed & floating charge mortgage debenture	10 January 2013
KnitMesh	chattel mortgage	10 January 2013
House	legal mortgage & fixed & floating mortgage debenture	10 January 2013
Articles	fixed & floating charge mortgage debenture	10 January 2013

9.1.2 At the point of Administration, Handelsbanken was owed £561,009 by KnitMesh, comprising a mortgage in House, an import loan, company credit cards, potential liabilities to HMRC under a bond and an overdraft.

9.1.3 Handelsbanken also had the benefit of a cross-guarantee provided by certain companies within the Group including Holdings, KnitMesh, House and Articles. Handelsbanken has been repaid in full under its fixed charge from sale realisations on day one in KnitMesh and House.

9.1.4 Aldermore held the following security over Group companies:

Company	Nature of security	Date of creation
Holdings	fixed & floating charge debenture	8 September 2016
KnitMesh	fixed and floating charge debenture	8 September 2016

9.1.5 At the point of Administration, Aldermore was owed £324,388 and this debt was paid in full on day one as part of the asset sale.

9.1.6 A further chattel mortgage is registered at Companies House against KnitMesh in favour of Liberty Leasing plc, created on 27 July 2015. However, this security was created in respect of a lease purchase agreement of 36 month duration of various items of plant and machinery, rights and entitlements in relation to which were transferred to the Buyer Group in the sale of the business and assets outlined in Appendix F.

9.2 *Preferential Creditors*

9.2.1 Preferential claims arise from arrears of wages and accrued unpaid holiday pay due to employees who do not receive their full entitlements on redundancy.

9.2.2 There were a total of 107 employees within the Group – 9 employed by Holdings and 98 employed by KnitMesh. All of these employees have transferred to the Buyer group with the sale of business. As a result, there are no preferential claims in any of the Administrations.

9.3 *Unsecured Creditors – Holdings*

9.3.1 We believe the company has no trade and expense creditors however, it has incurred costs with a number of professional firms and these are set out in the list of creditors at Appendix C.

9.3.2 Holdings is a participating employer in the Household Articles Limited And Associated Companies Retirement Benefit Scheme which currently faces a funding deficit of between

circa £5m and £14m as set out in section 3.16. Now that the company has entered an insolvency process, the Pension Protection Fund ("PPF") will take the place of the Pension Trustees as creditor for the pension debt.

9.3.3 As a Co-indemnifier under the sale agreement referred to section 3.13, the company may become liable for any claims by Creative Tops; however the quantum or validity of any such claim is not yet determined.

9.3.4 The estimated outcome statement included in Appendix E notes the outcome for creditors is uncertain at this early stage and accordingly no values have been placed on the prospective realisations.

9.4 *Unsecured Creditors – KnitMesh*

9.4.1 The company has some 130 trade and expense creditors estimated to total some £322k.

9.4.2 It is expected that HM Revenue & Customs will have a claim in respect of PAYE and NIC deductions for the period leading up to Administration, offset in part by an anticipated accrued VAT refund.

9.4.3 KnitMesh is a participating employer in the Household Articles Limited And Associated Companies Retirement Benefit Scheme which currently faces a funding deficit of between circa £5m and £14m as set out in section 3.16. Now that the company has entered an insolvency process, the Pension Protection Fund ("PPF") will take the place of the Pension Trustees as creditor for the pension debt.

9.4.4 As a Co-indemnifier under the sale agreement referred to section 3.13, the company may become liable for any claims by Creative Tops; however the quantum or validity of any such claim is not yet determined.

9.4.5 The estimated outcome statement included in Appendix E notes that a fund of some £435k may be available to unsecured creditors, subject to the costs of agreeing creditors' claims. It is not possible to estimate a p in the £ rate of return at this stage in view of the potential claims noted above.

9.5 *Unsecured Creditors - House*

9.5.1 The company has no trade and expense creditors.

9.5.2 The position of HM Revenue & Customs as a potential creditor is currently uncertain. We understand that the company was part of the VAT Group registration.

9.5.3 As the only potential asset to be realised in House is a dividend payment from the insolvent estate of KnitMesh (which is likely to be applied to the payment of costs) there is unlikely to be a dividend to any unsecured creditors.

9.6 *Unsecured Creditors - Articles*

9.6.1 This company was effectively a dormant subsidiary within the Group prior to Administration and thus has no trade and expense creditors.

9.6.2 The position of HM Revenue & Customs as a potential creditor is currently uncertain. We understand that the company was part of the Group VAT registration.

- 9.6.3 There may also be additional potential claims in respect of the Group's historical legal actions, although with no realisable assets, there is no anticipated return to unsecured creditors.

10 Prescribed Part

- 10.1 In accordance with Section 176A of the Insolvency Act 1986, a proportion of a Company's net assets are to be set aside for the benefit of that Company's unsecured creditors where the Company has granted a floating charge after 15 September 2003. This is calculated as being 50% of the first £10,000 of net property and 20% of net property thereafter subject to a maximum fund of £600,000. Net property is defined as being the realisations from assets subject to the floating charge after costs and after settlement of the preferential creditors' claims.
- 10.2 As both Handelsbanken and Aldermore have been repaid in full there is no outstanding floating charge and the Prescribed Part does not apply to these Administrations.

11 Statement of Affairs

- 11.1 In accordance with paragraph 47 of Schedule B1 of the Insolvency Act 1986, the directors' have been requested to prepare a Statement of Affairs for each Company by 5 June 2017.
- 11.2 As these have not yet been received, attached at Appendices B and C respectively are summaries of the Companies' estimated financial position per the most recent accounts, together with a list of creditors, both recognised and potential, in each company.

12 Receipts & Payments Account

- 12.1 Attached at Appendix D are summaries of the receipts and payments for the period from 12 May 2017 to 18 May 2017 which shows the allocation of the cash consideration received on day one from the pre-packaged sale.
- 12.2 Note that there are currently funds in Holdings of £14,276.32 and KnitMesh of £199,714.61, whilst the sale proceeds from the property transaction in House have been distributed to Handelsbanken as noted above.

13 Estimated Outcome Statements

- 13.1 An estimated outcome statement ("EOS") for each of the Administrations of Holdings and KnitMesh is included as part of the Fees Information packs at Appendix E.
- 13.2 In view of the inherent uncertainties regarding certain potential realisations at this early stage of the Administration processes, the Joint Administrators have proposed a fee in part based on a percentage of realisations for dealing with future asset recoveries.

- 13.3 In respect of Holdings, the quantum of certain asset realisations and of fees to be approved by creditors has not been disclosed in order not to prejudice future negotiations. Both realisations and fee values are shown as uncertain. Further details will be provided to creditors in future reports as the Administrators gain clarity in these areas.
- 13.4 The Administrators evaluated the alternative outcome in a break up scenario and confirm that with significantly lower net realisations after the costs of disposal, there would have been expected to be nil return to unsecured creditors and a shortfall to preferential creditors in such a scenario.

14 Duration

- 14.1 The appointment of the Joint Administrators shall cease to have effect at the end of the period of one year beginning with the date of their appointment. However, pursuant to para 76 of Schedule B1 of the Insolvency Act, 1986 this may be extended by either:
- an application to Court for a specified period; or
 - by consent of the creditors for a specified period not exceeding one year.
- 14.2 It is considered unlikely at present that an extension of any of the Administrations will be required, but creditors will be kept advised of developments.

15 Proposed Exit Routes

- 15.1 It is proposed that the Administrations of Group and KnitMesh will convert to Creditors' Voluntary Liquidation on the basis that there may be sufficient funds to pay a non-prescribed part dividend to unsecured creditors. Should this be the case, the Administrators will provide a final report and file a notice under Paragraph 83 of Schedule B1 of the Insolvency Act 1986 to move the Company from Administration to Creditors' Voluntary Liquidation.
- 15.2 However, in the event that there are insufficient funds to pay a non-prescribed part dividend, the Administrators reserve the right to exit the Administration via the dissolution route by filing a notice under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986.
- 15.3 At this stage, it is anticipated that the Administrations of House and Articles will be exited via the dissolution route by filing a notice under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986.

16 Decisions required from the Creditors

- 16.1 As noted earlier, in accordance paragraph 49 of Schedule B1 to the Insolvency Act 1986, the Administrators' Proposals must be approved by a decision of the creditors. In order to assist creditors with making this decision, I have summarised my Proposals below:
- a The Joint Administrators shall do all such things and generally exercise all powers as Joint Administrators as they, at their discretion, consider desirable in order to achieve the purpose of the Administrations, or to protect and preserve the assets of the

Companies, or to maximise realisations for any other purpose incidental to these proposals.

- b That the Joint Administrators realise the Companies' remaining assets in accordance with their agents' advice.
- c That the Joint Administrators continue to investigate, and if appropriate, pursue any claims that an office holder and /or the Companies may have under The Companies Act or Insolvency Act against any parties concerned with the affairs of the Companies.
- d That the Joint Administrators be able to make distributions to the secured and preferential creditors as appropriate.
- e That the Joint Administrators be permitted to conclude the Administrations and place the Companies into Creditors' Voluntary Liquidation, with the appointment of Patrick Alexander Lannagan and Robert David Adamson as Joint Liquidators. In accordance with paragraph 83(7) of Schedule B1 of The Insolvency Act 1986, and Rule 3.60 of the Insolvency (England and Wales) Rules 2016, creditors may nominate a different person to act as Liquidator provided that the nomination is made after the receipt of these proposals and before the decision date set for their approval, which is 9 June 2017 at 11.59pm.
- f Under the provisions of the Insolvency Act, the Joint Administrators have limited powers to agree the claims of non-prescribed part unsecured creditors and make distributions without permission of the Court. Therefore in the event that there are sufficient funds to enable a distribution to such creditors the Joint Administrators may apply to Court pursuant to paragraph 65 of Schedule B1 of The Insolvency Act 1986, for permission to declare and pay a dividend to such creditors, should they consider it to be more beneficial to the creditors than for the Companies to proceed into Creditors' Voluntary Liquidation.
- g In the event that a Company does not proceed into Creditors' Voluntary Liquidation, once all of the assets have been disposed of and all available funds distributed to creditors where possible, the Joint Administrators may, if appropriate, file a notice under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986, ending the Administration, with the Company being dissolved three months thereafter.

16.2 At the same time as seeking a decision from the creditors regarding the Proposals, the Joint Administrators are also required to invite the creditors to form a Creditors Committee. Details of the functions of the Committee are provided in the next section. Creditors can provide their decision in respect of the approval of the Proposals and their requirement for a Committee on the voting form provided.

16.3 In the event that creditors of Holdings and KnitMesh decide not to form a Committee, I am required to request additional decisions from the creditors of those companies in respect of the following matters:

- (i) The approval of the pre-Administration costs as set out in section 17 below;
- (ii) The approval of the Administrators' remuneration as set out in section 18 below; and
- (iii) The approval of the Administrators' category 2 disbursements as set out in section 20 below.

- 16.4 These decisions are also set out on the attached voting form and it would assist the Administrators if creditors could indicate their decision by deleting either 'approved' or 'rejected' on the voting forms (as appropriate) and returning the signed voting forms to this office by post or by e-mail, to the addresses provided on the voting forms.
- 16.5 A proof of debt must also be submitted in respect of all voting forms; otherwise the voting form will be marked as invalid. The deadline for voting forms and proofs of debt is 9 June 2016 at 11.59pm.
- 16.6 As noted on the Important Information section on the Notice regarding the requirement for decisions from the creditors, creditors can request that a physical meeting be called if, within five business days from the date of delivery of this notice 10% of the value of the creditors, 10% of the number of the creditors, or 10 creditors request such. In the event that a physical meeting is convened, the decision by correspondence procedure currently in place will be superseded.

17 The Creditors' Committee

- 17.1 The function of a Creditors Committee is to assist the Administrators in discharging their duties and to receive information from time to time on the conduct of the Administration and the implementation of the proposals. Where appropriate, the Administrators' will seek the Committee's sanction to proposed actions.
- 17.2 A Creditors' Committee can only be formed if sufficient creditors are willing to be members of the Committee. The Committee must be formed of at least three, but not more than five eligible members.
- 17.3 Further information on the role of the committee, its formation and eligibility to act is provided in the guide entitled "Creditors' Committees and Commissioners – A Guide for Creditors" which is available to download from the website:
https://www.r3.org.uk/liquidation_/creditors__committees_and_commissioners__a_guide_for_creditors, or which is available upon request using the contact details below.

18 Pre-Administration Costs

- 18.1 The pre-Administration costs total £200,995.69 plus VAT and were incurred before the Companies entered Administration but with a view to them doing so. This total is made up of the time costs incurred by Mazars LLP of £148,917 and disbursements of £2,129.91, Mazars Receivables Management ('MRM'), an associate of Mazars LLP of £4,103.50 in addition to expenses incurred by other professional advisors in fees and disbursements of £45,845.28 plus VAT.
- 18.2 MRM assisted in initial work relating to debt verification. As no formal engagement was made with MRM, no approval is sought for these costs.
- 18.3 The work carried out by the other professional advisors prior to the Administration appointments was necessary:

- in meeting statutory requirements for the Administration appointments process;
- in dealing with the adequate valuation of the Group's business and assets, and recommendation of any offers received;
- in preparing the sale agreement documentation to effect the transaction.

18.4 Specifically, the work carried out is as follows:

- Turner Parkinson LLP have incurred pre-Administration costs, on a capped time cost basis, in the sum of £33,000 plus VAT and disbursements of £415.28. Of these disbursements, £59.28 relates to the utilisation of an external data room during the sales and marketing process, £350 relates to Court filing fees and £6 relates to obtaining official copies from HM Land Registry in respect to the freehold property.
- Wignall Brownlow LLP have incurred pre-Administration costs, on a fixed fee basis, of £7,000 plus VAT. These fees relate to site visits for valuation and inspection of the freehold property and the valuation and inventory of plant, machinery and tooling, raw materials, stock and work in progress reviewing and making recommendations to the proposed Joint Administrators in respect of offers received.
- Clarius Business Services Ltd have incurred pre-Administration costs, on a fixed fee basis, of £630 plus VAT. This fee relates to a site visit to assess the commercial energy performance of the freehold premises, provision of an energy performance certificate ('EPC') and the costs of lodging the EPC at Landmark Register.
- MC Vanguard Corporate Finance Limited have incurred pre-Administration costs, on a time cost basis, of £4,800 plus VAT. These fees relate to the valuation of KnitMesh's 50% stake in Amar JV entity.

18.5 In respect of the work carried out by Mazars LLP prior to the Company entering Administration, this involved, in accordance with the engagement letter dated 15 March 2017, advising the directors in relation to their insolvency options, marketing the business for sale, dealing with interested parties and ensuring that any sale process was conducted in a proper manner in accordance with SIP16. Further details of the actions carried out by Mazars LLP can be found in the SIP16 Statement which is attached at Appendix F.

18.6 A narrative fee summary is attached at Appendix G to support the time costs incurred by Mazars LLP during this pre-appointment period. In summary, 601.90 hours have been spent dealing with the administration of this case, at a total cost of £148,917 representing an average hourly rate of £247.41. It is proposed that these time costs be capped at £130,000 with the remainder to be written off.

18.7 Mazars LLP has incurred pre-Administration disbursements as follows:

<i>Nature of Disbursement</i>	<i>Amount (£)</i>
Mileage	1,673.53
Travel Costs and Parking Costs	44.50
Refreshments	156.38
Land Registry fees	18.00
Marketing: Deal Opportunities	62.50
IP-Bid	175.00
Total disbursements	<u>2,129.91</u>

18.8 Total pre-Administration costs for which approval is sought are summarised below:

	<i>Amount (£)</i>
Mazars LLP's fees	130,000.00
Mazars LLP's disbursements	2,129.91
Turner Parkinson LLP's fees	33,000.00
Turner Parkinson LLP's disbursements	415.28
Wignall Brownlow LLP's fees	7,000.00
Clarius Business Services Ltd's fees	630.00
MC Vanguard Corporate Finance Limited's fees	4,800.00
Total costs	<u>177,975.19</u>

18.9 I confirm that no payments have been made to date in respect of these costs.

18.10 The above costs have been incurred in respect of the Companies as follows:

- Holdings £ 20,000
- KnitMesh £142,975
- KnitMesh House £ 15,000

18.11 The total costs of £177,975 are being borne by the Companies as follows:

- Holdings £11,276
- KnitMesh £166,699

A larger proportion of these costs are being borne by KnitMesh because the overall benefit of these Administration appointments was to secure the going concern sale of the business and assets of KnitMesh, to the benefit of the creditors of KnitMesh.

- 18.12 The approval of pre-Administration costs is not part of the Administrators' proposals and a decision for their approval will be sought from a creditors' committee and if one is not appointed, from the creditors. Assuming creditors agree to the payment of these costs, the payment of approved pre-Administration costs is to be treated as an expense of the Administration.

19 Joint Administrators' Remuneration

19.1 *Basis of remuneration*

- 19.1.1 In accordance with rule 18.16 of the Insolvency (England and Wales) Rules 2016, the basis of my remuneration may be fixed:
- a) as a percentage of the value of the property with which the Administrators are required to deal; or
 - b) by reference to the time properly given by the Administrators and their staff in attending to matters arising the Administration; or
 - c) as a set amount; or
 - d) as a combination of any one or more of the above.
- 19.1.2 As noted earlier, the Creditors' Committee is required to approve the Administrators' remuneration; however where a committee is not formed, a decision in this regard is to be sought from the creditors.

19.2 *Fees Information Packs*

- 19.2.1 Having considered the nature of the work involved in dealing with the Administrations as set out earlier in the Proposals, the Administrators request that their fees be approved on a combination of bases:

The Greenfield Group Limited – proposed fee basis

- as a percentage of the value of the property with which the Administrators are required to deal in respect of future and prospective realisations

KnitMesh Limited – proposed fee basis

- as a percentage of the value of the property with which the Administrators are required to deal in respect of future and prospective realisations; and
- as a set amount in respect of statutory and investigation work.

No remuneration approval is sought at this stage in respect of House or Articles.

- 19.2.2 This report and the Fees Information Packs at Appendix E set out the information required to be provided to creditors in accordance with Rule 18.16(6) to assist creditors in considering the scope of work required and whether the proposed fee is reasonable. The Administrators have reviewed the level of time costs incurred in other cases of a similar size and complexity and confirm that the proposed fee bases will allow remuneration at a level that is an appropriate and reasonable reflection of the work to be undertaken.

- 19.2.3 The Administrators propose a percentage of realisations basis in respect of future work involved in additional asset realisations in both Holdings and KnitMesh to ensure that their remuneration is more closely tied to the overall outcome to creditors than in a time costs proposal.
- 19.3 Creditors will note that the fixed fee element of the Fees Estimate for KnitMesh totals £65,000. These costs are anticipated to be incurred in respect of the Companies as follows:
- Holdings £25,000
 - KnitMesh £25,000
 - KnitMesh House £15,000
- 19.3.1 All of these costs will be borne by KnitMesh as there are insufficient funds to discharge those costs in Holdings and House and because the overall benefit of those Administration appointments was to secure the going concern sale of the business and assets of KnitMesh, to the benefit of the creditors of KnitMesh
- 19.3.2 No additional fees may be drawn on this basis without the approval of the Creditors' Committee (if one is appointed) or the creditors. In the event that additional work is required in those areas covered by the fixed fee, the Administrators will revert to creditors to agree any changes.
- 19.3.3 Although the Fee Estimates have been prepared at a very early stage in the Administrations, the proposed percentage of realisations bases in both Holdings and Knitmesh are intended to provide some certainty for creditors in areas of the Administration where the extent of work and the level of future recoveries is currently undetermined.
- 19.3.4 The firm's Rates and Disbursements policy included within the Fees Pack (at Appendix E) is subject to change as charge out rates may increase over the period of the administration of the case, in common other professional firms. Details of any changes will be provided as part of my reporting throughout the life of the case. All staff that work on the case, including the cashiers, support and any secretarial staff charge their time directly to the assignment in 6 minute units.
- 19.3.5 Creditors can find additional information relating to Administrators' fees in a copy of the publication "A creditors guide to Administrators' Fees" which is available to download from https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Oct_2015.pdf or alternatively will be provided free of charge upon written request to this office.
- 19.3.6 Further information in relation to the costs of the proposed subsequent Creditors Voluntary Liquidation will be provided at the commencement of the Liquidation.
- 19.4 *Costs already incurred***
- 19.4.1 In the few days since appointment, the work already undertaken prior to seeking fee approval has been concerned with statutory post-appointment notifications and the drafting of these proposals. As such, the work falls under the fixed fee basis.

20 Expenses of the Administration

- 20.1 The Estimated Outcome Statements and Expense Estimates attached at Appendix E within the Fees Packs provide details of the expenses that the Joint Administrators consider will be, or are likely to be incurred in these Administrations, together with an explanation as to why it is necessary to incur each expense.
- 20.2 Excluding the Joint Administrators' remuneration, these are anticipated to total £30,000 (£3,000 in the Administration of Holdings and £27,000 in the Administration of KnitMesh).
- 20.3 There are currently no outstanding expenses

21 Joint Administrators' Disbursements

- 21.1 Some of the expenses detailed in the Estimated Outcome Statement are likely to be paid by this Firm in the first instance and re-charged to the estate. Such disbursements fall into two categories as follows:
- *Category 1 disbursements:* These are payments to independent third parties where there is specific expenditure directly referable to the case and as such can be drawn without prior approval.
 - *Category 2 disbursements:* These are costs that are directly referable to the case but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the administrator or his firm, and that can be allocated to the case on a proper and reasonable basis.
- 21.2 Details of this firm's disbursement charging policy is included in the Rates and Disbursements policy included within the Fees Pack.
- 21.3 No disbursements have yet been incurred.

22 Future Reports

- 22.1 A progress report covering the first six months of the Administration will be circulated to creditors during November 2017.

Should you have any queries in relation to this matter, please do not hesitate to contact this office.

Yours faithfully



P Lannagan

Joint Administrator

Dated 18 May 2017

Authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales and bound by the Insolvency Code of Ethics

The affairs, business and property of the Company are being managed by the Joint Administrators.

The Joint Administrators act as agents of the Company and without personal liability

**The Greenfield Group Limited
In Administration**

Statutory Information

Company name	The Greenfield Group Limited
Previous names	Household Articles Limited
Trading name	
Company number	00317703
Registered office	c/o Mazars LLP, One St Peters Square, Manchester M2 3DE
Previous registered office	c/o Knitmesh Ltd, Greenfield, Holywell, Flintshire, North Wales, CH8 9DP
Trading address	Coast Road, Greenfield, Holywell, Flintshire, North Wales, CH8 9DP
Date of appointment	12 May 2017
Court	High Court of Justice, Chancery Division, Manchester District Registry
Court reference	2463 of 2017
Joint Administrators	Patrick Alexander Lannagan of Mazars LLP, One St Peters Square, Manchester M2 3DE IP No. 009590 Robert David Adamson of Mazars LLP, Mazars House, Gelderd Road, Gildersome, Leeds LS27 7JN IP No. 009380
Joint Administrators' functions	All acts required to be done by the Joint Administrators, may be done by either or both, acting jointly or alone
Joint Administrators' address	Mazars LLP, One St Peters Square, Manchester, M2 3DE
Appointed by	the directors

**KnitMesh Limited
In Administration****Statutory Information**

Company name	KnitMesh Limited
Previous names	
Trading name	KnitMesh Technologies
Company number	00585616
Registered office	c/o Mazars LLP, One St Peters Square, Manchester M2 3DE
Previous registered office	c/o Knitmesh Ltd, Greenfield, Holywell, Flintshire, North Wales, CH8 9DP
Trading address	Coast Road, Greenfield, Holywell, Flintshire, North Wales, CH8 9DP
Date of appointment	12 May 2017
Court	High Court of Justice, Chancery Division, Manchester District Registry
Court reference	2464 of 2017
Joint Administrators	Patrick Alexander Lannagan of Mazars LLP, One St Peters Square, Manchester M2 3DE IP No. 009590 Robert David Adamson of Mazars LLP, Mazars House, Gelderd Road, Gildersome, Leeds LS27 7JN IP No. 009380
Joint Administrators' functions	All acts required to be done by the Joint Administrators, may be done by either or both, acting jointly or alone
Joint Administrators' address	Mazars LLP, One St Peters Square, Manchester, M2 3DE
Appointed by	the directors

KnitMesh House Limited
In Administration
Statutory Information

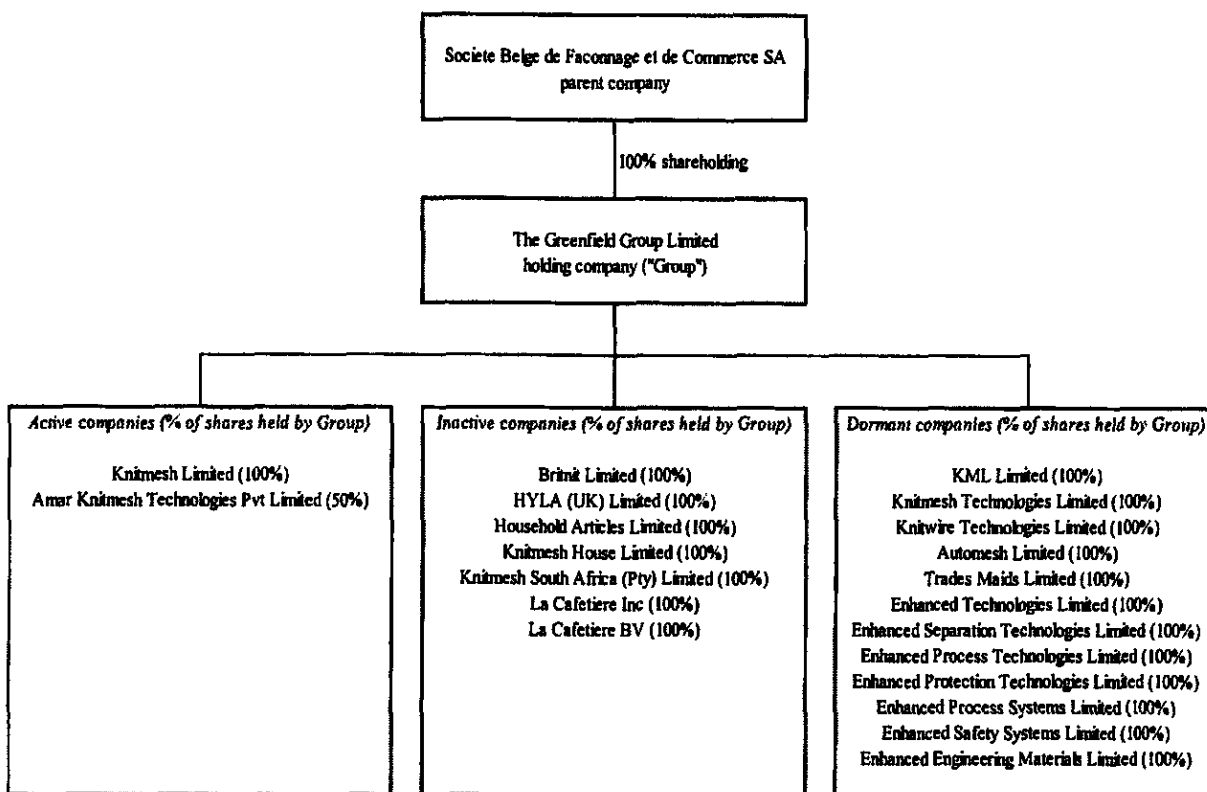
Company name	KnitMesh House Limited
Previous names	
Trading name	
Company number	01309094
Registered office	c/o Mazars LLP, One St Peters Square, Manchester M2 3DE
Previous registered office	c/o Knitmesh Ltd, Greenfield, Holywell, Flintshire, North Wales, CH8 9DP
Trading address	Coast Road, Greenfield, Holywell, Flintshire, North Wales, CH8 9DP
Date of appointment	12 May 2017
Court	High Court of Justice, Chancery Division, Manchester District Registry
Court reference	2442 of 2017
Joint Administrators	Patrick Alexander Lannagan of Mazars LLP, One St Peters Square, Manchester M2 3DE IP No. 009590 Robert David Adamson of Mazars LLP, Mazars House, Gelderd Road, Gildersome, Leeds LS27 7JN IP No. 009380
Joint Administrators' functions	All acts required to be done by the Joint Administrators, may be done by either or both, acting jointly or alone
Joint Administrators' address	Mazars LLP, One St Peters Square, Manchester, M2 3DE
Appointed by	the directors

**Household Articles Limited
In Administration****Statutory Information**

Company name	Household Articles Limited
Previous names	La Cafetiere Limited
Trading name	
Company number	04368549
Registered office	c/o Mazars LLP, One St Peters Square, Manchester M2 3DE
Previous registered office	c/o Knitmesh Ltd, Greenfield, Holywell, Flintshire, North Wales, CH8 9DP
Trading address	Coast Road, Greenfield, Holywell, Flintshire, North Wales, CH8 9DP
Date of appointment	12 May 2017
Court	High Court of Justice, Chancery Division, Manchester District Registry
Court reference	2465 of 2017
Joint Administrators	Patrick Alexander Lannagan of Mazars LLP, One St Peters Square, Manchester M2 3DE IP No. 009590 Robert David Adamson of Mazars LLP, Mazars House, Gelderd Road, Gildersome, Leeds LS27 7JN IP No. 009380
Joint Administrators' functions	All acts required to be done by the Joint Administrators, may be done by either or both, acting jointly or alone
Joint Administrators' address	Mazars LLP, One St Peters Square, Manchester, M2 3DE
Appointed by	the directors

**The Greenfield Group Limited
and certain subsidiaries – in Administration**

GROUP STRUCTURE CHART



The Greenfield Group Limited - in Administration
Statement of Financial Position as at 31 March 2017

	£
Fixed Assets	
Freehold Property	879,666
Plant, Equipment and Motor Vehicles	19,740
Goodwill and Development Costs	<u>190,441</u>
Total	<u>1,089,847</u>
Current Assets	
Stocks	(59,255)
Other Debtors	471,693
Debtors	<u>51,990</u>
Total	<u>464,429</u>
Current Liabilities	
Material Purchases	483,528
Other Creditors	256,027
Loan	3,062,945
VAT	(57,200)
InterCo	<u>(819,979)</u>
Total	<u>2,925,321</u>
Net Current Assets	(2,460,893)
Long Term Liabilities	
Lease Finance	0
Bank	<u>116</u>
Total	<u>116</u>
Net Assets	<u>(1,370,929)</u>
Equity	
Share Capital	80,000
Capital Reserve	0
Capital Redemption Reserve	8,814
Revaluation Reserve	822,416
Revenue Reserve	0
General Reserve	0
Equity Net Income	<u>(2,282,159)</u>
Total	<u>(1,370,929)</u>

Note

This information is taken from the Group management accounts. During the accounting period to 30 June 2016, the transfer of the freehold property from House to Holdings was proposed but not ultimately carried out. However, draft and management accounts reflect a position as if this transfer had happened.

KnitMesh Limited – in Administration
Statement of Financial Position as at 31 March 2017

	£
Fixed Assets	
Plant, Equipment and Motor Vehicles	1,276,509
Goodwill and Development Costs	30,108
Total	<u>1,306,617</u>
Investment At Cost	43,166
Current Assets	
Stocks	628,033
Other Debtors	19,596
Debtors	958,472
Total	<u>1,606,101</u>
Current Liabilities	
Material Purchases	342,553
Other Creditors	323,487
Loan	40,689
VAT	(148,610)
InterCo	220,538
Total	<u>778,658</u>
Net Current Assets	827,444
Long Term Liabilities	
Lease Finance	(337,277)
Bank	(292,054)
Discounting	(310,976)
Mortgage	(392,931)
Total	<u>(1,333,237)</u>
Net Assets	<u>843,989</u>
Equity	
Share Capital	1,000,000
Equity Net Income	(156,011)
Total	<u>843,989</u>

Knitmesh House Limited - in Administration
Statement of Financial Position as at 30 June 2016

	£	£
Fixed assets		
Tangible assets		-
		-
Current assets		
Debtors	17,496	
	17,496	
Creditors: amount falling due within one year		-
Net current assets		17,496
Total assets less current liabilities		17,496
Capital and reserves		
Called up share capital		5,000
Profit and loss reserves		12,946
Total equity		17,946

Note

This information is taken from the draft accounts for the period to 30 June 2016. During this period, the transfer of the freehold property from House to Holdings was proposed but not ultimately carried out. However, draft and management accounts reflect a position as if this transfer had happened.

Household Articles Limited - in Administration
Statement of Financial Position as at 31 December 2014

	£	£
Fixed assets		
Intangible assets		-
Tangible assets		-
Current assets		
Stock	32,098	
Debtors	<u>65,355</u>	
	97,453	
Creditors: amount falling due within one year	(97,449)	
Net current assets		<u>4</u>
Total assets less current liabilities		4
Capital and reserves		
Called up share capital		2
Profit and loss reserves		<u>2</u>
Shareholders' funds/(deficit)		<u>4</u>

The Greenfield Group Limited - in Administration
List of Known and Potential Creditors

Creditor Name	Creditor Address
Alcumus Isoqar Ltd	Cobra Court, 1 Blackmore Road, Manchester M32 0QY
Bodum AG	Kantonstrasse 1006234, Triengen, Lucerne, Switzerland
Creative Tops Holdings Limited	47 Causeway Road, Earlstree Industrial Estate, Corby, Northants NN17 4DU
DTM Legal LLP	Archway House, Station Road, Chester CH1 3DR
HM Revenue & Customs	Enforcement And Insolvency Service, Durrington Bridge House, Barrington Road, Worthing BN12 4SE
Holland & Knight LLP	PO Box 864084, Orlando, Florida USA
IRW Systems Ltd	17 Glasgow Road, Paisley PA1 3QS
Lincoln Pensions	9th Floor, 6 Bevis Marks, London E C3 A7BA
Melanie Fiedler	Rechtsanwältin, Fachanwältin, Für Gewerblichen, Rechtsschutz, Bergstrasse 11, Germany D-49170
Pension Protection Fund	Renaissance, 12 Dingwall Road, Croydon CR0 2NA
PI-Design AG	Kantonstrasse 1006234, Triengen, Lucerne, Switzerland
RSM UK Audit LLP	Festival Way, Festival Park, Stoke On Trent ST1 5BB
Stevens & Bolton LLP	Wey House, Farnham Road, Guilford, Surrey GU1 4YD

KnitMesh Limited - in Administration

List of Known and Potential Creditors

Creditor Name	Creditor Address				
4 Seasons	Canvey Grange	Canvey Lane	Lymington	Cheshire	WA13 9BY
A Schwarz & Sons	5/7 Whitford Street	Holywell		Flintshire	CH8 7NJ
Aanko Liverpool Receivables	C/O The Credit Centre	Nautica, Navigation Park	Wales Meeting Road	Robson	BL1 8SW
AAZ Partners	Zu Des Brignons	5 Rue Pavlov Bat 4	78190 Trappes		
Abacus Weighing Services	7 Howarth Street	Littleborough			OL15 9DN
Advanced Seals & Gaskets Ltd	Polymer Works	Hopc Street	Dudley	West Midlands	DY2 8RS
Air Tool Sales And Service Ltd	Lloyds Bank Commercial Finance Ltd	Po Box 10484			CN20 9GY
Arbeitsch Ltd	14 Gauge Farm Road	Colchester	Essex		CO2 8JW
Aluminium Frames And Tooling Solutions Ltd	C/O Control	Unit 7 Queensway Link	Telford	Shropshire	TF3 3DN
Amar Kulkarni Technologies	Pyram Limited	Dhandari Kalia Industrial Area C	Near Metal Kanda	Ludlow - 141010, Pargab	INDIA
Amoli Supplies Ltd	Forest Park	Chobury Mortimer	Nr Kidderminster	Worcestershire	DY14 9BD
Angel Springs Limited	Angel House	Shaw Road	Wolverhampton		WV10 9LE
Athlete Freight Ltd	Unit 1 Park Road Bus. Ctr	Park Road	Barcup	Lancashire	OL13 0BW
Autoglass	P O Box 161	Sheffield			S98 1JE
Barnfather Wire Ltd	Wilkehall Road	Derbyshire	Wednesbury	West Midlands	WS10 8JG
Berendson UK Ltd	P O Box 6114	Basingstoke	Hampshire		RG24 8JP
Blair Consider Services Ltd	Elizabeth House	28 Woodhouse Road	Ashford	Middlesex	TW15 2RH
BOC Ltd	Customer Service Centre	P O Box 12, Prestley Road	Worsley	Manchester	M28 2UT
Bodas AG	Kantentage 100	6234 Tricogen	Lucerne	Switzerland	
BSI Management Systems	Accounts Receivable	P O Box 3000 Keanmark Court	Davy Avenue	Milton Keynes	MK1 9EL
Buck & Hickman	Credit Management Department	Claverton Court	Claverton Road, Wythenshawe	Manchester	M23 9NE
Buoni Cleaning & Hygiene Supplies	Credit Control	Unit P, Heron Drive	Langley	Berks	SL3 8XP
Carson Hygiene Ltd		Northgate House	Northgate, White Lund	Morecambe, Lancashire	LA3 3BJ
Chester Chain Co Ltd	Broughton Mills Road	Bretton	Chester		CH4 0BY
Chevron Training	Units 25-30	Minor Industrial Estate	Fins	Flintshire	CH6 5UY
Chubb Electronic Security Ltd	1 The Beehive	Lions Drive	Shadsworth Business Park	Blackburn	BB1 2QS
Chris Controls Ltd	2C, Foulcun Street	Chedderton	Oldham	Flintshire	OL1 2QA
Clwyd Tool & Die	35 Greenfield Business Park	Bagin Road	Holywell		CH8 7HJ
Coleyn Bay Industrial Doors	43 Cyfarfan Road	Larkfen	Conwy		LL29 8SU
Comma Management Ltd	Connough House	Riverside Business Park	Benarth Road	Conwy	LL32 3UB
Complete Tooling Solutions	Unit A	Cefnhy Road Employment Park	Rhyl	Denbighshire	LL18 2TF
Complete Welding Services Ltd	Unit A	Dry Lane	Chadderton	Oldham	OL9 8EU
Compressor Care	Unit 32/33	Ty Llyrd Ind Estate	St Asaph Avenue	Kinnel Bay, North Wales	LL18 5JA
Consego Packaging Ltd	Accounts Receivable Dept.	Gilguy	Glybrook	Nottingham	NG16 2GT
Creative Tops Holdings Limited	47 Causeway Road	Earlscrope Industrial Estate	Corby	Northants	NN17 4DU
Cresna Partnership	The Old Market	Upper Market Street	Hove		BN3 1AS
Crownell Group (Holdings) Ltd	P.O. Box 14	Chaffwell Drive	Wigton	Leicester	LE18 1AT
Quineta-Savagard	Tame Valley Mill	Wainwright Street, Park Road	Dukinfield	Cheshire	SK16 5NB
Deasdale College	Kelsterton Road	Comahs Quay	Deeside	Flintshire	CH5 4BR
Delta NW Limited	Hawthorn Lodge	21 Marl View Terrace	Deganwy, Conwy	North Wales	LL31 9BT
Demman & Wilkinson	Wenlly	Rhes Y Cae	Nr Holywell	Flintshire	CH8 8JT
DSP Ltd	1 St Floor	The Wynn Centre	Crewe	Cheshire	CW1 6FL
DTM Legal LLP	Archway House	Station Road	Chester		CH1 3DR
Dwyffir Oil Ltd	Zone 4	Lon Cae Durb	Carmarfon	Gwynedd	LL55 2BD
DX Freight Ltd	Oswick Close	Brackmills	Northampton		NN4 7BH
Enhanced Industrial Technology	20 Industrial Road	Fairfield	NJ 07004	USA	
Exporters International (UK) Limited	Building 314		Manchester International Airport	Manchester	M90 5EX
Federal Express Europe Inc	P O Box 119	Coreway	Syston	West Midlands	CV1 4QD
Flugel Britain Ltd	Rayne Way	Waterhead Business Park	Bradford	Leicestershire	LE7 1PP
Francisco De La Parie SA	O'Callie 10	Offices 103/104		Las Rozas Madrid	
Freight Logistics Ltd	8 Creafeld Way	Alerton			BD15 9BA
Fuel Card Services Ltd	Alexandra House	Larwood Business Park			LS16 6QY
FWB Cyren	The Industrial Estate	Cockpeth			LL11 3RD
GE Tools Ltd	Wood Road	Rhyl	Denbighshire		LL18 1DS
GALW Services Ltd	31 The Mews	High Street		Flintshire	CH8 7TE
Gair UK Ltd	Shanton House	Eastham Village Road			CH62 0DE
Gra-Beechert UK Ltd	Postfach 10 02 49	72423 Albstadt			
GNS Limited	C/O Open Text UK Ltd	420 Thames Valley Park Drive			
Hadley Foods Ltd T/A Jaspers	Unit B1, Erwin Business Park	Deeside			RG6 1PT
Hagerman Personnel GmbH	Herndorfer Str 4-10	D-58089 Hagen			CH5 2LR
Hemson Office Solutions Ltd	Campbelltown Road	Landscape Technology Park			D-58089
Hellmann Worldwide Logistics Ltd	Kuhlmann House	Lancaster Way			CH41 9HP
HGF Limited	1 City Walk	Leeds	Brigholend	Germany	WS13 8SX
HM Revenue & Customs	Reinforcement And Insolvency Service (Eis)	Derwenton Bridge House	Lichfield	Staffordshire	LS11 9DX
Holland & Knight LLP	Po Box 864084	Orlando			BN12 4SE
HSO Enterprise Solutions Ltd	1st Floor	Enterprise Post			32886-4084
Hunter & Bell	Unit 3 Centre 21	Bridge Lane			M22 9AF
Hydraulic Hose & Hydraulics	Station Approach	Adelphi			WA1 4AW
I T Williams Company Ltd	Min-Y-Clwyd	Rufus			CT3 3JE
					LL15 1NA

KnitMesh Limited - in Administration List of Known and Potential Creditors

Creditor Name	Creditor Address	Creditor Address	Creditor Address	Creditor Address	Creditor Address
Industrial Mering Inc	Prandon Bank & Trust	Po Box 2124	North Markate	USA	MM 56002
J R Webster	Prince William Avenue	Sandycroft	Deeside	Flintshire	CH5 2 QZ
K M S Harringe Ltd	Factory 5	Manor Ind Estate	Flint	Flintshire	CH6 5UY
K3 CRM Ltd	Station Road	Hook			RG27 9JF
KJ Sympo Ltd	Bakemore House	50 Kansas Avenue	Salford Quays	Manchester	M30 2GL
KnitMesh House Limited - In Administration	Lancaster Office Centre	Talbot Road	Streffield	Manchester	M12 0FP
Knitware Products	CO Mazars LLP	One St Peters Square	Manchester		M2 3DE
Kuehne & Nagel Ltd	Maspro House	Chadwick Road	Runcorn	Cheshire	WA7 1PW
Loret Grounds Maintenance	Kachne & Nagel House	Sunrise Parkway	Linfordwood	Milton Keynes	MK14 6BW
Lewis Wire Launder	22 Phoenix Avenue	Prestatyn	Derbighshire		LL19 9DU
Link Sterling Ltd	Hill Top House	302 Ringglow Road	Sheffield		S11 7PX
Luxstone Limited	Buckley Head Office & Depot	Unit 35, Pinfold Lane Ind Estate	Buckley	Flintshire	CH7 3PL
Mars Jones Ltd	B19 Ashmount Enterprise Park	Aber Road	Flint	Flintshire	CH6 5YL
Maxpack	1 Vale Park	Colwyn Industrial Estate	Denbigh	Denbighshire	LL16 5TA
Metish Supplies Ltd	Advantage House	Longdon Road	Shropshire		SY3 9PS
MJ Ink (UK) Ltd	Unit 7	Glendale Avenue	Sandycroft	Deeside	CH5 2QP
Net-Work Internet Ltd	Unit 3 Heindel Park	Aber Road			CH6 5EX
North Wales Fire Protection Ltd	Technology House	Rheol			LL15 1TN
Oakley EMS GTO Limited	Mawco	Bryn Y Felis	Ruthin	Flintshire	LL18 6AE
Optimal CRM Limited	Unit 1, Devo Business Park	Welsh Road	Dyserth	Flintshire	CH5 2HR
P & A Pencing & Sheeh Ltd	Horsace Walker Vc Parade	Shrewsbury Business Park	Deeside		WT12 7KF
Pec Packaging Limited	Mold Industrial Estate	Wrexham Road			CH7 4HE
Pelican Rouge Coffee Solutions Ltd	Unit 4 Phoenix Park	Goodwin Road	Mold	Flintshire	L24 9HL
Pension Protection Fund	Apollo House	Odyssey Business Park	Speke	Liverpool	HA4 6QD
Performing Right Society	Renaissance	12 Dingwall Road	West End Road	Ruislip, Middlesex	CN0 2NA
PHS Group Plc	Pra For Music	Po Box 4575	Croydon		BN11 9AR
Polycover	Western Industrial Estate	Caerphilly	Working		
PPL	Unit 28 Sycamore Trading Estate	Squires Gate Lane	CH83 1DA		
Pre-Pack Supplies	1 Upper James Street	London	Blackpool	Lancashire	FY4 3RL
Printcentre Wales Ltd	Seplen House	Padeswood Road South			W1F 9DB
Quest 4 Alloys	Broadfield Industrial Estate	Mold	Buckley	Flintshire	CH7 2JW
Recycling Waste Cheshire Ltd	Pugton House	The Crescent	Flintshire		CH7 1HA
Redd Factors Ltd	Arderne Home Farm	Eaton Road	Widnall	West Midlands	WV13 2QR
Rentokil Pest Control	Shalford Dairy	Wasing Estate	Tarporley	Cheshire	CH6 6DQ
Roth Laboratories Limited	Credit Control	Po Box 4971	Bertshire		RG7 4NB
Rowan Cable Products Ltd	Monkey Industrial Centre	Western Way			DY1 9EY
S M C Pneumatics (UK) Ltd	Hadley Works	Cranbourne Road	West Midlands		WS10 7BG
Samco Products Ltd	Vincent Avenue	Crownhill	Potters Bar	Hertfordshire	EN6 3JL
Sinching Hongkong Metal Industrial Co Ltd	TF Lloyd Enterprise Park	Kannel Bay	Milton Keynes	Buckinghamshire	MK8 6AN
Scanman UK Ltd	Wiremesh Street	Industry Zone	Rhyl	North Wales	LL18 5JZ
Seemish Power	Unit 1 Wharson Road	Riverside Park Industrial Estate	Aspington County	Hebei	CHINA
Shorecliffe Training Ltd	1 Atlantic Quay	Glasgow	Arddisborough		TS21 1QJ
Sigs & Litch Direct Ltd	Unit 27A Colwyn Industrial Estate	Denbigh			G2 8SP
Siticone Engineering Ltd	Unit 4 Atherstone Hill Farm	Atherstone On Snow	Stratford Upon Avon	Stratcliffe	CV37 9NF
Stevens & Bolton LLP	Blakewater Road	Farnham Road	Blackburn	Derbighshire	BB1 3HU
STM Packaging Group Ltd	Wey House	21-23 Concorde Road	Surrey	Warwickshire	GU1 4YD
Sunrise Occupational Health Ltd	Accounts Department	Whitby	Norwich	Lancashire	NR6 6BJ
T.C. Shelling Ltd	C/O 35A Fern Road	Ashburton Ind Estate	Ellesmere Port	Cheshire	CH65 6PA
T.R. Engineering	Unit 2	Colwyn Bay	Ross On Wye	Hertfordshire	HR9 7BW
The Making Room Ltd	36 Pen-Y-Bryn Road	Waterford Business Park			LL29 6AF
The Penarth Group	Southern 7	Croft Business Park	Greater Manchester		BL9 7BR
Thomas Higgins & Co	Bessendale Road	10 Seaview Road	Bromborough, Wirral	Merseyside	CH62 3QU
TNT International Ltd	Capitol Buildings	Ramsbottom	Walsley	Merseyside	CH45 4TH
Tony Davies Ltd	P.O. Box 186	Artlyn, Pen Y Ball Hall	Bury	Manchester	BL0 9GR
Trinity Mirror Cheshire	Building & Civil Engineering Contractors	Old Hall Street	Holywell	Flintshire	CH8 8SZ
TWI Ltd	P.O. Box 48	Great Abington	Liverpool		L69 3EB
UK Wood Packaging	Granta Park	Troon Way Business Centre	Humberstone Lane	Leicester	CB21 6AL
UPS Limited	Q House	St David's Way	Bernade Park	Newcastle, Warwickshire	LE4 9HA
UPS SCS (UK) Ltd	Ar Deyn	Green Lane			CV10 7SD
Veolia ES (UK) Ltd	Jessie Nanyth Way	Kingswood Crescent	Cannock	Staffordshire	M30 0SF
Wilson Gunn	Kingswood House	Blackfrains House	The Penninge	Manchester	WS11 8JP
Wire Mesh Fabricators Ltd	5th Floor	Ferry Lane North	Essex		M3 2JA
World Cargo Solutions Ltd	24-36 Lamson Road	The Causeway	Staines		RM11 9YV
World Options	Kayvick House, Watermans Business Park	Toddi Ha0 Road	Curry Industrial Estate	Middlesex	TW18 3BA
Wrexham Electrical Repairs Ltd	Unit 3, Gardden Industrial Estate	Talbarn Road	Rushon	Hastings, Lancashire	BB4 5HU
Wrexham Plastics Company	Trevor House	Mazars Way	Lly Ind Estate	Wrexham	LL14 6RG
					LL12 0P7

KnitMesh House Limited - in Administration

List of Known and Potential Creditors

Creditor Name	Creditor Address
HM Revenue & Customs	Enforcement And Insolvency Service Durrington Bridge House Barrington Road Worthing BN12 4SE

Household Articles Limited - in Administration

List of Known and Potential Creditors

Appendix C

Creditor Name	Creditor Address
Bodum AG	Kantonstrasse 100, 6234 Triengen, Lucerne, Switzerland
Bundesgerichtshof	Herrenstrasse 45a, 76133 Karlsruhe, Germany
Hanseatisches Oberlandesgericht Hamburg	Sievelingplatz 2, 20355 Hamburg, Germany
HM Revenue & Customs	Enforcement And Insolvency Service, Durrington Bridge
Justizkasse Hamburg	House, Barrington Road, Worthing BN12 4SE
PI-Design AG	Drehbahn 36, 20354 Hamburg, Germany
Rechtsanwälte beim Bundesgerichtshof Rohnke	Kantonstrasse 100, 6234 Triengen, Lucerne, Switzerland
Winter	Baischstrasse 5, 76133 Karlsruhe, Germany
Rechtsanwältin Melanie Fiedler	Bergstrasse 11, D-49170 Hagen a.T.W., Germany

The Greenfield Group Limited
Joint Administrators' Summary of Receipts & Payments as at 18 May 2017

	£	£
SECURED ASSETS		
Goodwill & Intellectual Property	10,526.32	
Business Information & Contacts	<u>0.50</u>	
		10,526.82
ASSET REALISATIONS		
Plant, Equipment, Vehicles & Fittings	<u>3,749.50</u>	
		3,749.50
		<u>14,276.32</u>
REPRESENTED BY		
Floating Charge Current		14,276.32
		<u>14,276.32</u>

KnitMesh Limited - in Administration
Joint Administrators' Summary of Receipts & Payments as at 18 May 2017

	£	£
SECURED ASSETS		
Goodwill & Intellectual Property	39,473.68	
Business Information & Contracts	1.50	
Amar Shares	<u>40,000.00</u>	
		79,475.18
SECURED CREDITORS		
Svenska Handelsbanken AB (publ)	<u>76,009.07</u>	
		(76,009.07)
FINANCED ASSETS		
Book Debts	324,388.03	
Aldermore Bank plc	<u>(324,388.03)</u>	
		NIL
ASSET REALISATIONS		
Plant, Equipment, Vehicles & Fittings	171,248.50	
Stock	<u>25,000.00</u>	
		196,248.50
		<u>199,714.61</u>
REPRESENTED BY		
Floating Charge Current		199,714.61
		<u>199,714.61</u>

KnitMesh House Limited - in Administration
Joint Administrators' Summary of Receipts & Payments as at 18 May 2017

	£	£
SECURED ASSETS		
Freehold Land & Property	<u>500,000.00</u>	500,000.00
SECURED CREDITORS		
Svenska Handelsbanken AB (publ)	<u>500,000.00</u>	(500,000.00)
		<u>NIL</u>
REPRESENTED BY		<u>NIL</u>

Household Articles Limited - in Administration

Joint Administrators' Summary of Receipts & Payments as at 18 May 2017

	£	£
		NIL
REPRESENTED BY		NIL

THE GREENFIELD GROUP LIMITED – IN ADMINISTRATION

FEES INFORMATION PACK

CONTENTS

APPENDIX

E2	Fees Estimate Summary
E3	Work to be undertaken on a Percentage of Realisations
E4	Expense Estimate
E5	Rates and Disbursements Policy
E6	Estimated Outcome Statement

FEES ESTIMATE SUMMARY

Our total Fees Estimate as at 18 May 2017 to conclude this matter cannot presently be disclosed in order not to prejudice negotiations over future asset realisations proposals. However, we can disclose the fee basis as a percentage of realisations proposed and how these costs will be split between the different functions the Joint Administrators and their staff are likely to perform on this case.

Description of Work	Detailed at Appendix	Fee basis	Estimated Total Costs (£)
Sales of Shares in KnitMesh South Africa (Pty) Limited	E2	15% of realisations	Uncertain
Sale of Intellectual Property Rights	E2	20% of realisations	Uncertain
Other Asset Realisations	E2	10% of realisations	Uncertain
Total			Uncertain

Attached to this Fees Estimate is a detailed summary of the work anticipated, together with an explanation as to why the various tasks are required.

In this case, the above work is likely to provide a financial benefit to unsecured creditors, who would receive a dividend depending on realisations and the total quantum of creditor claims.

Exceeding the Fees Estimate

Creditors should note that the Fee Estimate provided on a percentage basis of realisations is not capped regardless of the level of realisations.

In the event that further work is required on other, as yet unforeseen, areas of the Administration or additional work is required in the pursuit of other asset recoveries not included in the estimated outcome statement, we will seek a further fee resolution from creditors.

WORK TO BE UNDERTAKEN – FEE AS A PERCENTAGE OF REALISATIONS**Description of work****Sale of shares in KnitMesh South Africa (Pty) Limited ('KnitMesh SA')**

As referred to in note 7.5.1 of the Administrators' proposals, Holdings owns 100% of the shareholding in KnitMesh SA. In November 2015, the business and assets of KnitMesh SA were sold for consideration linked to the future business performance. Thus, there is an income stream with value related to these shares and the Administrators will review possible options in respect of a share sale.

In order to ensure that the Administrators are remunerated in line with the success of the asset realisations in this regard, it is proposed that remuneration in respect of this work is set as 15% of realisations.

Sale of Intellectual Property Rights Owned by Holdings

We are presently seeking clarity in respect of the intellectual property rights owned by Holdings.

In order to ensure that the Administrators are remunerated in line with the success of the asset realisations, it is proposed that remuneration in respect of this work is set as 20% of realisations.

Residual Stock and Other Assets

The Administrators are aware that there is some stock-in-trade and other residual assets in Holdings which may have some realisable value. (This stock was specifically excluded from the asset sale agreement). Agents will be requested to provide a valuation of this stock and assist with recommendations as to the best method of sale.

In order to ensure that the Administrators are remunerated in line with the success of the asset realisations in this regard, it is proposed that remuneration in respect of this work is set as 10% of realisations.

EXPENSE ESTIMATE

The estimated expenses in this case (other than the Joint Administrators' fees, which are separately disclosed), are expected to total £3,000 as per the Estimated Outcome Statement attached.

Explanations as to why those expenses are required are detailed below:

Note	Type of Expenditure	Requirement for Expenditure	Likely Cost (£)
1.	Legal fees & disbursements	Turner Parkinson will be instructed to provide advice where necessary in relation to the potential preference action and Bodum / Creative Tops mitigation. This is an initial estimate and may increase depending on the complexity of issues arising. This firm of lawyers was chosen based on their experience in insolvency matters. The fee will be agreed on a time cost basis.	1,000
2.	Statement of affairs fee	It is anticipated that RSM Tenon will be engaged to prepare and assist with the Group's Statement of Affairs. This fee is an estimate, based on time costs predicted to be incurred.	1,500
3.	Insurance	JLT Speciality Limited have been engaged to provide specialist insolvency cover for the residual stock at the Company premises. This figure is an estimate, based upon the Market Value of those assets.	250
4.	Statutory advertising	Where statutory notices are required to be placed in the London Gazette, Courts Advertising Limited are the agents engaged for this. To date, one notice has been placed to advertise the appointment of Administrators.	85
5.	Joint Administrators' disbursements	This estimate of disbursements relates to costs anticipated to be incurred by the Joint Administrators' firm and will be recharged to the case. These include Specific bond premiums payable to JLT Specialty Limited Mileage and travel costs for attendance at meetings	165
Total			3,000

The Greenfield Group Limited – In Administration**Rates and Disbursements Policy****Charge-out rates**

The range of the current charge-out rates of the personnel working on this case are set out below:

	Partner	Director	Manager	Administrator	Cashier	Support Staff
Range (£)	317 – 475	227 - 400	140 - 250	100 - 175	100-130	40 -80

Charge-out rates are reviewed annually on 1 September and in common with other professional firms, may increase over the period of the administration of a case. The rates are appropriate to the skills and experience of the team member and the work that they perform. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken.

Disbursements

Some of the expenses incurred on this matter are likely to be paid by this firm in the first instance and subsequently re-charged to the estate. Such disbursements fall into two categories as follows:

Category 1 disbursements: These are payments to independent third parties where there is specific expenditure directly referable to the case and as such can be drawn without prior approval.

Category 2 disbursements: These are costs that are directly referable to the case but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the Administrator or his firm, and that can be allocated to the case on a proper and reasonable basis. Such disbursements require approval in the same manner as remuneration.

It is proposed that the following Category 2 disbursements incurred in administering the case be charged:

- Mileage will be charged at relevant HM Revenue & Customs rates, currently 45p per mile.

All other disbursements are to be reimbursed at cost.

The Administrators reserve the right to increase the charges applicable to mileage during the course of the Administration in line with inflation or increases from our suppliers. Any material amendments will be advised to creditors in the next statutory report.

ESTIMATED OUTCOME STATEMENT AS AT 17 MAY 2017

	To Date £	Future £	Estimated Outcome £
Fixed Charge Assets			
Freehold Property	0	0	0
Investments	0	Uncertain	Uncertain
Goodwill & Intellectual Property	10,527	Uncertain	Uncertain
	10,527	Uncertain	Uncertain
Distributed To Handelsbanken	0	0	0
Surplus/(Deficit)	10,527	Uncertain	Uncertain
Other Specifically Charged Assets			
Trade Debtors	0	0	0
Distributed To Aldermore	0	0	0
Surplus/(Deficit)	0	0	0
Floating Charge			
Fixed Charge Surplus - Handelsbanken	10,527	Uncertain	Uncertain
Fixed Charge Surplus - Aldermore	0	0	0
Plant, Vehicles, Fixtures, Tooling & Equipment	3,749	0	3,749
Stock	0	Uncertain	Uncertain
Other Realisations	0	0	0
	14,276	Uncertain	Uncertain
Costs			
Pre-Administration Costs	0	(11,276)	(11,276)
Administrators' Post Appointment Fees	0	Uncertain	Uncertain
Administrators' Disbursements	0	(165)	(500)
Post Appointment Legal Fees & Disbursements	0	(1,000)	(1,000)
Other Costs	0	(1,835)	(1,500)
	14,276	Uncertain	Uncertain
Available to Unsecured Creditors	14,276	Uncertain	Uncertain
Represented By:			
Cash at Bank	14,276		
Due from Handelsbanken	0		
	14,276		

KNITMESH LIMITED – IN ADMINISTRATION**FEEES INFORMATION PACK****CONTENTS****APPENDIX**

E8	Fees Estimate Summary
E9	Work to be undertaken on a Fixed Fee Basis
E10	Work to be undertaken on a Percentage of Realisations
E11	Expense Estimate
E12	Rates and Disbursements Policy
E13	Estimated Outcome Statement

FEES ESTIMATE SUMMARY

Our total Fees Estimate as at 18 May 2017 to conclude this matter is £121,000. Set out below is a breakdown of how these costs will be split between the different functions the Joint Administrators and their staff are likely to perform on this case.

Description of Work	Detailed at Appendix	Fee basis	Estimated Total Costs (£)
Initial Proposals to Creditors	E9	Fixed fee	15,000
Further Reporting and Creditor Liaison	E9	Fixed fee	7,500
Investigation & Directors Conduct Review	E9	Fixed fee	10,000
Other Statutory Matters	E9	Fixed fee	5,000
Review of Statement of Affairs, Deficiency Accounts and Intercompany Position	E9	Fixed fee	7,500
Legal Claims Mitigation	E9	Fixed fee	10,000
Initial Investigation in respect of the Potential Preference Claim	E9	Fixed fee	10,000
Deferred Consideration (Contract Performance, Monitoring, ROT, etc)	E10	10% of realisations	56,000
Remedial Stock and Other Assets in Holdings	E10	10% of realisations	0
Total			121,000

Attached to this Fees Estimate is a detailed summary of the work anticipated, together with an explanation as to why the various tasks are required.

Not all of the work which the Administrators are required to perform will provide a direct financial benefit to creditors. Some of the work to be undertaken is required because statute dictates that these tasks must be performed, or because guidance issued by the Insolvency Service or the Administrators' regulatory body requires such. However, a large proportion of the work will be dealing with securing and realising assets, with a view to maximising the funds available to creditors.

In this case, assuming realisations are as anticipated in the attached Estimated Outcome Statement, the above work is likely to provide a financial benefit to unsecured creditors, who would receive a dividend depending on realisations and the total quantum of creditor claims.

Creditors will note that the fixed fee element of the Fees Estimate for KnitMesh totals £65,000. These costs are anticipated to be incurred in respect of the Companies as follows:

- Holdings £25,000
- KnitMesh £25,000
- KnitMesh House £15,000

All of these costs will be borne by KnitMesh as there are insufficient funds to discharge those costs in Holdings and House and because the overall benefit of those Administration appointments was to secure the going concern sale of the business and assets of KnitMesh, to the benefit of the creditors of KnitMesh.

Exceeding the Fees Estimate

Creditors should note that the Fee Estimate provided on a percentage basis of realisations is not capped regardless of the level of realisations.

In the event that further work is required on other, as yet unforeseen, areas of the Administration or additional work is required in the pursuit of other asset recoveries not included in the estimated outcome statement, we will seek a separate fee resolution from creditors.

WORK TO BE UNDERTAKEN ON A FIXED FEE BASIS
Description of work
Initial Proposals to Creditors

This type of work will involve:

- Preparation and issue of proposals to creditors.

This work is completed in accordance with statutory requirements.

Further Reporting and Creditor Liaison

Reporting requirements as prescribed by statute are as follows:

- Reporting to creditors on the outcome of any meetings of creditors and the resolutions passed therein;
- Reporting to creditors in respect of fee and expense approvals;
- Preparation and issue of progress reports to creditors;

This work is necessary to ensure that the case is administered correctly and progresses in line with any statutory requirements.

In order to ensure that creditors are dealt with appropriately, the following work will also be required:

- Logging creditor claims received;
- Responding to any queries which arise.

This will ensure that the list of creditors is maintained as up to date as possible and creditors' queries and concerns are appropriately addressed.

Investigation & Directors Conduct Review

Investigations are required in accordance with Statement of Insolvency Practice 2, so as to identify whether any assets have been dissipated and what recoveries can be made so as to enhance the funds available to distribute. They also assist with the Administrators' duty under the Company Directors Disqualification Act 1986.

A summary of the work to be carried out in this regard is provided below:

- Identification, listing and review of the Group's records;
- Correspondence and meetings with the Directors regarding the reasons for the Group's failure;
- Review of the minutes of board and management meetings;
- Review of the Group's correspondence with solicitors, auditors, bankers and any other relevant advisors;
- Review of case correspondence with creditors and committee members;
- Review of financial and management accounts;
- Review of other Company information;
- Reporting to the Insolvency Service on the Directors' conduct.

In the event that investigations reveal possible actions, then these may lead to additional realisations but the costs of pursuing these actions are likely to increase. If this arises, further information will be provided to creditors separately.

Other Statutory Matters

Statutory and compliance work as required by statute or the Administrators' firms' internal procedures. This will involve:

- Preparation and lodgement of statutory appointment documents;
- Initial notices following appointment;
- Advertising appointment in London Gazette;
- Case monitoring and statutory compliance, including internal case reviews;

WORK TO BE UNDERTAKEN ON A FIXED FEE BASIS**Description of work**

- Case bordereau.

Tax work will involve the following matters:

- Notifying HM Revenue & Customs of appointment and establishing whether they have any outstanding claims or ongoing investigations. Such enquiries will assist with my own investigations;
- Reviewing the Group VAT position; finalising the pre-Administration VAT account; deregistering the Companies for VAT once all of the taxable assets have been sold in line with the VAT regulations;
- Preparing post-Administration Corporation Tax and VAT returns, as required by statute;

Cashiering work is also required to ensure that the estate bank account is operated in accordance with guidance issued by the Administrators' regulatory body. Work in this regard is likely to involve:

- Establishing set up of case details on our insolvency software system;
- Setting up bank accounts, including deposit accounts as necessary;
- Bank account maintenance, including periodic reconciliations;
- Issuing payments and banking receipts, and preparing the appropriate paperwork for such transactions.

This work is necessary to ensure that the case is administered correctly and progresses in line with any statutory requirements.

Review of Statement of Affairs, Deficiency Accounts and Intercompany Position

This type of work will involve:

- Review of the Group's Statement of Affairs
- Analysis of the Group's deficiency account (movement from last balance sheet to the Statement of Affairs);
- Review of detailed financial information including banks statements & cashbooks, nominal ledger & other accounting records; inter-company accounting and recharges;
- Review of the transactions in respect to the intercompany position

This work is necessary to ensure that the case is administered correctly and progresses in line with any statutory requirements.

Legal Claims Mitigation

- There are a number of potential legal claims against the Group and we will explore ways in which these claims may be mitigated.

WORK TO BE UNDERTAKEN – FEE AS A PERCENTAGE OF REALISATIONS

Description of work

Deferred Consideration (Contract Performance, Monitoring, ROT, etc)

Deferred Consideration under the Asset Sale agreement

A total of £391,974 is due to be paid in instalments by the Buyer group in accordance with the schedule set out in the sale agreement and reproduced in summary form in Appendix F. The Administrators will monitor receipt of these instalments and liaise with the Buyer Group as appropriate.

Additional Consideration under the Asset Sale Agreement

As noted in Appendix F, the transaction allows for a value uplift in the additional consideration clauses of the sale agreement. The additional goodwill payment due under the sale agreement is set at 2.5% of the Buyer's total invoiced sales (excluding VAT) in the 18 months following completion. In this respect, the £50,000 payment for goodwill in the initial cash consideration is a down-payment.

The Administrators will request and review monthly management accounts from the Buyer and liaise with the management team there to agree and monitor the additional consideration that becomes payable.

The Administrators are not able to quantify the amount of the additional consideration at this stage, as this is dependent on the future trading performance of the Buyer Group. However, based on the projections of the Buyer Group, we have estimated total realisations for goodwill in KnitMesh at £225,000.

In order to ensure that the Administrators are remunerated in line with the success of the asset realisations in this regard, it is proposed that remuneration in respect of this work is set as 10% of realisations.

Other Assets

The Administrators are aware that there may be some as yet unquantified assets, such as prepayments in KnitMesh which may have some realisable value.

In order to ensure that the Administrators are remunerated in line with the success of the asset realisations in this regard, it is proposed that remuneration in respect of this work is set as 10% of realisations.

EXPENSE ESTIMATE

The estimated expenses in this case (other than the Joint Administrators' fees, which are separately disclosed), are expected to total £27,000 as per the Estimated Outcome Statement attached. Explanations as to why those expenses are required are detailed below:

Note	Type of Expenditure	Requirement for Expenditure	Likely Cost (£)
1.	Legal fees & disbursements	Turner Parkinson LLP will be instructed to provide advice where necessary in relation to the legal claims mitigation. This is an initial estimate and may increase depending on the complexity of issues arising. This firm of lawyers was chosen based on their experience in insolvency matters and the fee basis will be time costs.	11,500
2.	Statement of Affairs fee	It is anticipated that RSM Tenon will be engaged to prepare and assist with the Group's Statements of Affairs. This fee is an estimate, based on time costs predicted to be incurred.	11,000
3.	Insurance	JLT Speciality Limited have been engaged to provide specialist insolvency cover for third party assets at the Company premises until such time as the lease agreements are novated or assigned to the Buyer Group. This figure is an estimate, based upon the Market Value of those assets.	900
4.	Statutory advertising	Where statutory notices are required to be placed in the London Gazette, Courts Advertising Limited are the agents engaged for this. To date, one notice has been placed to advertise the appointment of Administrators.	85
3.	Joint Administrators' disbursements	<p>This estimate of disbursements relates to costs anticipated to be incurred by the Joint Administrators' firm and will be recharged to the case. These include</p> <p>Specific bond premiums payable to JLT Specialty Limited</p> <p>Mileage and travel costs for attendance at meetings</p>	3,515
Total			27,000

KnitMesh Limited – In Administration
Rates and Disbursements Policy
Charge-out rates

The range of the current charge-out rates of the personnel working on this case are set out below:

	Partner	Director	Manager	Administrator	Cashier	Support Staff
Range (£)	317 – 475	227 - 400	140 - 250	100 - 175	100-130	40 -80

Charge-out rates are reviewed annually on 1 September and in common with other professional firms, may increase over the period of the administration of a case. The rates are appropriate to the skills and experience of the team member and the work that they perform. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken.

Disbursements

Some of the expenses incurred on this matter are likely to be paid by this firm in the first instance and subsequently re-charged to the estate. Such disbursements fall into two categories as follows:

Category 1 disbursements: These are payments to independent third parties where there is specific expenditure directly referable to the case and as such can be drawn without prior approval.

Category 2 disbursements: These are costs that are directly referable to the case but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the Administrator or his firm, and that can be allocated to the case on a proper and reasonable basis. Such disbursements require approval in the same manner as remuneration.

It is proposed that the following Category 2 disbursements incurred in administering the case be charged:

- Mileage will be charged at relevant HM Revenue & Customs rates, currently 45p per mile.

All other disbursements are to be reimbursed at cost.

The Administrators reserve the right to increase the charges applicable to mileage during the course of the Administration in line with inflation or increases from our suppliers. Any material amendments will be advised to creditors in the next statutory report.

ESTIMATED OUTCOME STATEMENT AS AT 17 MAY 2017

	To Date £	Future £	Estimated Outcome £
Fixed Charge Assets			
Freehold Property	0	0	0
Investments	40,000	0	40,000
Goodwill & Intellectual Property	39,475	175,000	214,475
	79,475	175,000	254,475
Distributed To Handelsbanken	(61,009)	0	(61,009)
Surplus/(Deficit)	18,466	175,000	193,466
Other Specifically Charged Assets			
Trade Debtors	324,388	160,000	484,388
Distributed To Aldermore	(324,388)	0	(324,388)
Surplus/(Deficit)	0	160,000	160,000
Floating Charge			
Fixed Charge Surplus - Handelsbanken	18,466	175,000	193,466
Fixed Charge Surplus - Aldermore	0	160,000	160,000
Plant, Vehicles, Fixtures, Tooling & Equipment	171,249	100,000	271,249
Stock	25,000	100,000	125,000
Other Realisations	0	0	0
	214,715	535,000	749,715
Costs			
Pre-Administration Costs	0	(166,699)	(166,699)
Administrators' Post Appointment Fees	0	(121,000)	(121,000)
Administrators' Disbursements	0	(3,515)	(3,515)
Post Appointment Legal Fees & Disbursements	0	(11,500)	(11,500)
Other Costs	0	(11,985)	(11,985)
	214,715	220,301	435,016
Available to Unsecured Creditors			
Represented By:			
Cash at Bank	199,715		
Due from Handelsbanken	15,000		
	214,715		

SIP 16 STATEMENT**1 Initial introductions**

- 1.1 Mazars LLP was first introduced to the Group by Andrew Knight, who is an advisor to the Group. An initial meeting between Patrick Lannagan, Andrew Knight and Lew Bingham, the UK based Director took place on 3 March 2017, at which the Groups' current financial circumstances were discussed.
- 1.2 The Group had undergone some restructuring during the previous three years and the remaining business activities were restricted to the KnitMesh business and the fulfilment of obligations under the sale of the La Cafetiere business. Whilst the KnitMesh business was projected to generate £5.3m in the period to 30 June 2017 and break even at EBITDA level, the Group was recognisably insolvent on a balance sheet basis with two key liabilities threatening the short term future of the Group:
- a defined benefit pension scheme operated by the Group with an accounting liability of circa £5m with a full buy out cost estimated at £14m by specialist advisors;
 - historic legal claims brought by Bodum, a competitor of the 'La Cafetiere' business had culminated in an unsuccessful defence in Germany which resulted in notice of indemnity claims by the Purchaser, Lifetime Brands, under the terms of the share purchase agreement dated 12 March 2014.
- 1.3 Following the initial meeting, Patrick Lannagan provided an options analysis to the Directors on 7 March, which was discussed at a further meeting on 10 March, and Mazars LLP was formally engaged by the Group on 15 March 2017.

2 Our changing role

- 2.1 Initially, Mazars LLP acted as advisors to the Group by providing information as to the options available and advising the Board in relation to the affairs and business of the Group companies.
- 2.2 Following our formal engagement by the Board on 15 March 2017, we have:
- assisted in discussions with the Group companies' creditors, particularly the secured creditors and the pension trustees and in discussions with potential purchasers of the business and assets of the Group companies, including discussions relating to a "pre-pack" transaction;
 - liaised with agents to procure independent professional valuations of the Group's assets and assisted with a strategy on how best to realise those assets;
 - advised on and assisted with the marketing of the Group's business interests for sale as a going concern or a sale of shares;
 - liaised with solicitors instructed to assist with the formalities of a sale of the business and assets of the Group companies and the appointment of Administrators.
- 2.3 Since the appointment as Joint Administrators on 12 May 2017, our role has changed and we are now required to undertake the functions and responsibilities of Administrators, in accordance with statute, on behalf of the creditors as a whole.

3 Pre-appointment matters

3.1 The options reviewed with the Board and deemed to be unsuitable in the circumstances include:

3.1.1. *Additional Equity Funding*

The Directors considered a refinancing of the Group via the introduction of equity funding, from existing shareholders or from private equity funding.

The Directors concluded that this solution was unlikely to be achievable as there was a lack of any equity value in the Group due to the insolvent balance sheet; the lack of profit levels forecast to be generated by the Group; and the lack of clarity over future funding requirements due to the uncertainty of the scale and timing of any claims by Bodum or Lifetime Brands against the Group.

3.1.2. *Administrative Receivership*

This option was not available to the Group as the security held by Handelsbanken and Aldermore was created after 15 September 2003.

3.1.3. *Liquidation*

The Directors considered the impact of Liquidation on asset recoveries, in particular debtor recoveries. These could be seriously impacted by contractual obligations as to continued supply to automotive customers. The valuations indicated that the realisable value for plant and machinery would also be significantly lower in a break up scenario.

The Directors also considered the impact of Liquidation on creditor claims, for example employee claims. The likely creditor pool would be significantly increased if the workforce is made redundant – estimated preferential claims of £140k and claims for redundancy pay and notice pay totalling some £560k would be incurred

The Directors concluded that Liquidation was likely to have a significantly detrimental impact on the position of creditors when compared with alternatives and this was discounted as an option.

3.1.4. *Company Voluntary Arrangement*

The Directors had discussed a potential CVA in respect of the pension deficit with specialist advisors. As an option for the Group, this was discounted following the unsuccessful defence of the Bodum claim in Germany as the scale and timing of claims from Bodum (or Lifetime Brands under the indemnities) were uncertain and unlikely to be capable of compromise in light of the history of litigation.

3.1.5. *Trading in Administration*

The advantages and disadvantages of trading in Administration (with a view to a going concern sale) were considered with the Directors.

Whilst trading in Administration was likely to lead to the maximum exposure for the business and assets of the Group to potential interested parties, this was also likely to carry a number of risks which could jeopardise any recovery of goodwill for the Group, or indeed jeopardise

any sale as a going concern being achieved at all with the consequent adverse impact on asset recoveries and creditors' claims.

The following risks associated with trading on were identified and considered:

- The potential for customers to resource or at least begin the process of resourcing due to the uncertainty of continuing supply.
- The potential difficulties in obtaining supplies of raw materials to continue production.
- The potential loss of key employees due to the uncertainty of continuing employment.
- The difficulties of obtaining certainty over payment from customers for products delivered where there was:
 - no certainty product warranties would be honoured;
 - prohibitive insolvency clauses in contracts; and
 - no certainty that contractual quantity commitments would be honoured.
- The uncertainty of obtaining funding for trading in Administration, particularly where customers were mostly based overseas.

It was considered there was a strong likelihood that all of the above could lead to trading losses in Administration, incurred to the detriment of creditors.

The Directors concluded, and we concurred, that provided an adequate marketing exercise was undertaken, that a pre-pack Administration would most likely lead to a better outcome for creditors than would trading in Administration.

No enquiries were made of potential funders as to the availability of funding for trading in Administration as it was concluded that this option did not offer the best outcome for creditors as outlined above.

3.2 *Consultation with majority creditors*

The secured and majority creditors consulted were Handelsbanken, Aldermore, and the Pension Trustees. A strategy report was prepared and issued to these key creditors on 28 March 2017. This strategy report set out a cash flow forecast for the business and the plans to market the shares and/or business and assets for sale.

The Directors and Mazars LLP have engaged and held regular meetings (in person & by phone) with these creditors regarding progress with and updates to the strategy as set out.

The outcome of the marketing process and the details of the proposed pre-pack sale was shared with these creditors on 2 May 2017. Both Handelsbanken and Aldermore have agreed to fund the Buyer Group going forward.

3.3 *Security granted*

The Group companies had granted security over their assets as follows:

3.3.1. *KnitMesh Limited*

- Handelsbanken – fixed & floating charge mortgage debenture created 10 January 2013
- Handelsbanken – chattel mortgage created 10 January 2013

- Aldermore - fixed and floating charge debenture created 8 September 2016.
- Liberty Leasing Ltd – chattel mortgage created on 27 July 2015

3.3.2. *The Greenfield Group Limited*

- Handelsbanken – fixed & floating charge mortgage debenture created 10 January 2013
- Aldermore - fixed & floating charge debenture created 8 September 2016

3.3.3. *KnitMesh House Limited*

- Handelsbanken – legal mortgage & fixed & floating mortgage debenture created 10 January 2013

3.4 Handelsbanken also had the benefit of an inter-company guarantee provided on 10 January 2013 by Holdings, Knitmesh, House and Articles and Elmac in respect of each of the Companies' borrowings.

3.5 The Group has a long trading history and no part of the business had been purchased from another Insolvency Practitioner in the 24 months leading up to this Administration appointment.

4 Administration objective

4.1 Pursuant to Paragraph 3(1) of Schedule B1 of the Insolvency Act 1986, the purpose of an Administration is to achieve one of the following objectives:

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

4.2 As noted in the attached Proposals at sections 1.6 and 1.7, the statutory objective being sought is objective b.

5 Marketing of the business and assets

5.1 SIP 16 requires that any marketing undertaken prior to a "pre-pack" sale should conform to the following Marketing Essentials:

- Broadcast
- Justify the marketing strategy
- Independence
- Publicise rather than simply publish
- Connectivity
- Comply or explain

5.2 *Compliance with the Marketing Essentials*

The following paragraphs detail as much as possible how we have conformed to these Essentials.

No marketing had been undertaken by the Directors prior to the involvement of Mazars LLP.

The proposed Administrators used three different avenues to market the business:

- The business has been advertised for sale on certain websites
- An acquisition opportunity flyer has been circulated to Mazars partners and RS teams on the UK and Corporate Finance staff nationally and internationally; sent to a target list of competitors and other parties both UK and internationally; provided directly to various contacts of the staff and partners of Mazars in the Northwest; and circulated via the Corporate Finance networks of both Turner Parkinson LLP and to certain contacts of KPMG.
- The details of the acquisition opportunity were posted on Mazars Restructuring Services blog and the link to the RS blog was shared on social media, including LinkedIn and Twitter.

5.2.1. *Broadcast*

To maximise the range of potential purchasers made aware of the availability of the business for sale, the business has been advertised on IPBid.com, Deal Opportunities (both on 5 April) and TP Deals and the RS blog (6 April). The link to the RS blog has been shared on social media, including LinkedIn and Twitter. The flyer was sent by email to all UK Mazars partners, members of the Restructuring Services and Corporate Finance teams on 6 April. This was also subsequently forwarded by a member of the Manchester Corporate Finance team to international Mazars staff.

A list of 28 suppliers, customers and competitors in the industry was drawn up and those businesses have received emails about the opportunity with a follow up phone call.

A shortlist of distressed equity providers was also produced and contacted by email.

Following discussions with KPMG, acting as advisors to the pension fund trustees, KPMG have also engaged in some direct emailing to targets within their client network.

5.2.2. *Justify the marketing strategy*

The marketing strategy has ensured that the business was marketed in a number of different locations in the online world, as well as targeting potential interested parties in the UK and overseas by direct contact and email.

The length of the marketing process of in excess of four weeks has provided reasonable opportunity to generate interest and provide sufficient further information to interested parties to enable them to conclude whether the opportunity was appropriate for them.

As the business was in financial distress, it was considered appropriate to approach investors likely to have an interest in this arena.

5.2.3. *Independence*

The use of online marketing sites IPBid.com, Deal Opportunities and TP Deals has ensured independence in the marketing activity.

The use of three separate online platforms together with direct contact via the corporate finance networks of three professional firms and direct targeting of competitor, supplier and customer businesses has maximised the marketing potential in the period available.

5.2.4. *Publicise rather than simply publish*

Seven different methods have been employed in publicising the business for sale:

- Internal flyer – issued to Mazars staff in the UK and selected overseas staff – generated 2 leads
- RS blog and social media (LinkedIn and Twitter)
- Direct competitor contact – generated 1 lead
- Direct investor contact (including KPMG) – generated 3 leads
- IPBid.com – generated 12 leads and 2 offers
- Deal Opportunities – generated 6 leads
- TP Deals – generated 3 leads and 1 offer

A deadline for indicative offers was set at 2 May 2017 in view of the deteriorating cash flow, increasing creditor pressure and the risk to customer relationships resulting from production restraints.

It was considered that, in light of the marketing already carried out and the relative lack of interest in the opportunity, any further marketing was unlikely to generate any additional credible interest.

5.2.5. Connectivity

The following internet sites were used to ensure the widest possible marketing of the business:

- www.ip-bid.com
- <http://blogs.mazars.com/restructuringmatters/>
- <https://www.dealopportunities.co.uk>
- <http://www.tpdeals.co.uk>

5.2.6. Comply or explain

The proposed Administrators consider that they have complied with all relevant aspects of SIP16. The marketing of the business has generated three offers from independent parties by 2 May 2017; however these are significantly lower than the offer received from the incumbent ultimate beneficial owner, which is considered to provide the best outcome for creditors.

6 Valuations of the business and assets

6.1 The agents, valuers and advisors instructed by Mazars LLP to provide valuations of the Group's business and assets are as follows:

- Jeff Wignall MRICS of Wignall Brownlow LLP provided valuations of the plant, machinery, equipment, stock and raw materials;
- Jonathan Brownlow MRICS of Wignall Brownlow LLP provided a valuation of the freehold property; and
- Brian McCann of MC Vanguard Corporate Finance Ltd has provided an independent valuation of the investment in the Amar JV entity

Both agents have provided confirmation that they are independent and that they carry professional indemnity insurance.

At the time of the completion of the sale, the book debts had a maximum recoverable value of £566,042 before accounting for the Aldermore indebtedness.

- 6.2 The freehold property, plant, machinery, equipment, vehicles, stock and raw materials were all valued on a Market value basis, in accordance with the guidelines contained in the Standards which is defined as the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. Market Value is the value of an asset without regard to costs of sale and without offset for any associated taxes and ignores any charges over the assets, including those in favour of lenders and finance companies.
- 6.3 With regard to the property, Market Value has been used as the base value on the assumption that the property will be offered for sale with full exposure to the market over a 12 month period. In terms of plant, machinery, equipment, vehicles, stock and raw materials, Market Value was used as the base value on the assumption that the assets will be sold as individual items for removal from the premises at the expense of purchasers. Stock valuations are expressed as a percentage of cost price provided by the KnitMesh Limited and do not take account of any ROT provisions.
- 6.4 The value of these assets when sold in conjunction with the business in situ, would be expected to attract a premium; particularly where there was competing credible interest in the business and assets.
- 6.5 The following valuations were provided for tangible assets:

Asset	Market Value £	In Situ Value £
Freehold property	400-500,000	500-700,000
Plant, machinery & equipment	250,000	425,000
Vehicles	18,250	18,250
Stock – raw materials	20-25%	50-60%
Stock – work in progress	5%	30-40%
Stock – finished goods	10%	60-70%

Valuations were also provided for assets held under lease purchase agreements which highlighted potential equity of £132k, based on in situ valuations, but no realisable equity based on Market Value for these assets.

- 6.6 Three potential elements of value were identified in the Amar JV (50% owned by Knitmesh)

6.6.1. *Income stream from outstanding foreign currency loan*

Using the Discounted Cash Flow method to calculate the present value of the remaining payments due from the outstanding balance of the foreign currency loan, MC Vanguard Corporate Finance Ltd have calculated a discounted cash flow value of £39,358. They consider there to be significant risk around the ability of the JV to continue making these payments and this is reflected in the use of a discount rate of 15%.

6.6.2. *50% Shareholding*

Using the Net Assets method to value the 50% stake in the Joint Venture, it is clear that the majority of the asset value is within the equipment provided by KnitMesh, which is specifically for the production of a scourer / scrubber style product and cannot be used to produce alternative products. The JV partner does not have the appetite to purchase this and

given the age and condition of the machines and the likely costs of removal and sale, there is prospectively no realisable asset value here.

6.6.3. IPR Agreement

Under the IPR agreement, KnitMesh is to receive 5% of net sales to other customers as a quarterly royalty payment. However, no material royalty payments have been made to KnitMesh to date and future royalty payments are not currently anticipated, it is considered that there is no material value in the IPR agreement.

- 6.7 Having identified three potential elements of value in relation KnitMesh's 50% stake in the JV and having reviewed the information available as well as a discussion with the management team of KnitMesh, the only element of real value is considered to be the present value of the outstanding foreign currency loan which is valued as £39,000.

7 The transaction

- 7.1 The sale completed on 12 May 2017. The Buyer Group is a newly formed group of companies comprising:

Greenfield Technologies Limited (CRN 10745053) 'parent company'

Director: Lewis Bingham

Shareholder: Louis James de Viel Castel

Greenfield Technologies Estates Limited (CRN 10753476) 'property holding company'

Director: Lewis Bingham

Shareholder: Greenfield Technologies Limited

GFT Trading Limited (CRN 10748144) 'trading company' (anticipated to be renamed Knit Mesh Technologies Limited)

Director: Lewis Bingham

Shareholder: Greenfield Technologies Limited

- 7.2 The companies in the Buyer Group are connected as they share a common director with the Seller companies in Lewis Bingham and the ultimate beneficial owner of the Buyer Group is one of the ultimate beneficial owners of Seller companies.

- 7.3 The Buyer Group is under the ultimate control of Louis James de Viel Castel. Under the terms of the asset sale agreement, M. de Viel Castel has provided a charge over the shares of Elmac Technologies Limited and Greenfield Technologies Limited in favour of Holdings and KnitMesh in respect of his personal guarantee over the deferred elements of consideration (see section 7.7 & 7.8).

- 7.4 The sale of business and assets comprised a sale of the property and a sale of the business and assets of Holdings and KnitMesh ("the Sellers") under a structured sale agreement, details of which are set out below. The freehold property has been acquired by Greenfield Technologies Estates Limited from House for the sum of £500,000.

- 7.5 Under the asset sale agreement, GFT Trading Limited and Greenfield Technologies Limited have acquired:

- The Amar debts and Amar shares – any sums due to the Sellers by Amar KnitMesh Technologies Pvt Limited and the shares of Amar owned by the Sellers.

- The business information – all information, know-how and techniques relating to the business and assets.
- The book debts – all debts previously assigned by KnitMesh to Aldermore pursuant to the Invoice Finance Agreement.
- The benefit (subject to the burden of) the Contracts – including customer contracts, leasing agreements, IP licences and any undischarged contracts save for contracts of employment.
- The fixtures, fittings and equipment – all fixtures and fittings owned by the Sellers located within the property and in connection with the business.
- The intellectual property – patents, rights, trademarks, names, designs, copyrights, domain names etc (excluding any intellectual property associated with the 'La Cafetiere' business).
- The plant and machinery – all plant, machinery and tooling owned by KnitMesh as set out in the agreement, including any beneficial interest in assets under lease purchase agreements.
- The Sellers' records – all records relating to the business, employees and assets.
- The stock – all of KnitMesh's stock in trade, raw materials, work in progress, finished goods and packaging with the exception of certain stocks owned by Holdings.

7.6 The apportionment of the consideration for the asset sale is set out below:

Asset category	Initial consideration £	Deferred consideration £	Total consideration £
Amar debts and Amar shares	40,000	-	40,000
Business information	1	-	1
Book debts	324,388	160,000	484,388
Contracts	1	-	1
Fixtures, fittings & equipment	998	-	998
Goodwill & intellectual property	50,000	-	50,000
Plant & machinery	174,000	100,000	274,000
Sellers' records	-	-	-
Stock	25,000	131,974	156,974
TOTAL	614,388	391,974	1,006,362

7.7 The asset sale agreement requires for the payment of the initial cash consideration of £614,388 on the date of completion and the deferred consideration totalling £391,974 on or before specified due dates as follows:

Due Date	Amount £
25/06/2017	131,974
10/07/2017	20,000

10/08/2017	75,000
10/09/2017	75,000
10/10/2017	70,000
10/11/2017	20,000

7.8 Additional consideration is payable by the Buyer under the terms of the asset sale agreement as follows:

7.8.1. *Anti-embarrassment payment*

Within the SPA there is an anti-embarrassment clause which dictates that for a period of 36 months from completion, should the Buyers sell all or part of the business, a payment to the Sellers will be due calculated as follows:

$$(A - B) \times C$$

A = gross consideration received by the Buyers

B = £750,000

C = 0.3

7.8.2. *Additional goodwill payment*

There is a requirement for additional payments in respect of goodwill calculated at 2.5% of the Buyer's total sales (excluding VAT) for the 18 months following completion, calculated at the following dates:

Completion - 8 November 2017
 9 November 2017 - 8 February 2018
 9 February 2018 - 8 May 2018
 9 May 2018 - 8 August 2018
 9 August 2018 - 8 November 2018

The Initial Goodwill Payment of £50,000 is to be taken as the first £50,000 of any Additional goodwill payments required under the SPA.

- 7.9 The cash consideration for the tangibles assets and the freehold property has either achieved or slightly exceeded the Market Value for each category of asset. Whilst the sale has not achieved the premium 'in situ' valuations, there was no credible alternative bidder during the marketing process which may have driven value enhancement and the cash consideration is nonetheless higher than would be achieved if the business ceased to trade and the assets were sold as individually in a break up sale with the concomitant costs that would be incurred.
- 7.10 The proposed sales values for the assets were reviewed by the valuers, who confirmed their opinions:
- *Freehold property* - considering that the marketing of the business generated no other serious competing interest, the property sale price is reasonable and justified in the context of the transaction as a whole.
 - *Plant, machinery equipment & stock* – the offer is in line with Market Values without a premium uplift factored into the going concern valuation. As this outcome saves the

additional expense of further marketing and the costs of sale, the offer is reasonable, justifiable in the context of the transaction as a whole (and the reduction of liabilities it allows) and acceptance is recommended.

- 7.11 Furthermore, the Administrators have the benefit of the initial and additional goodwill payment to realise further value for creditors, based upon the future success of the continuing business.
- 7.12 In addition, were the business to cease, additional liabilities would be incurred in the form of employees' claims for their arrears of wages, accrued, holiday pay, redundancy pay and statutory notice pay. Combined, these liabilities are estimated at some £140k preferential and £560k non-preferential.

8 Connected Party Transactions

- 8.1 Where a sale is concluded to a connected party additional information is required to be provided. A connected party is as defined in section 249 and 435 of the Insolvency Act 1986.

- 8.2 The Sellers and the Buyer Group are connected parties as both Lewis Bingham and Louis James de Viel Castel are Directors of the Sellers and Lewis Bingham is the sole Director of the Buyer Group. In addition, Louis James de Viel Castel is one of the ultimate beneficial owners of the Sellers and is the ultimate beneficial owner of the Buyer Group.

8.3 *Pre-Pack Pool*

- 8.3.1. Where a "pre-pack" transaction is to a connected party, the connected party has to be advised that they can contact the Pre-Pack Pool to obtain an independent review of their business. The Buyer Group was notified by Mazars LLP that they could approach the pre-pack pool on 2 May 2017.
- 8.3.2. The Buyer Group has chosen to approach the pre-pack pool and made their submission on 4 May 2017. The Pool member gave their opinion on 5 May 2017 which confirmed that they did not find anything to suggest that the grounds for the proposed pre-packaged sale were unreasonable and the sale is likely to result in the best overall outcome to creditors. In addition, they confirmed that they were satisfied that the business was appropriately marketed and that the rationale to support a pre-pack was well justified.

8.4 *Viability Statement*

- 8.4.1. Following the changes to the "pre-pack" guidelines, connected parties are now advised to prepare a viability statement to confirm that the purchasing entity will survive for at least 12 months from the date of the proposed purchase. It should also include details of what the purchasing entity will do differently in order that the business will not fail.
- 8.4.2. The Buyer Group was advised about the requirement for a viability statement at the same time as they were notified of the Pre-Pack Pool. A viability statement was received and is attached at Appendix F1.

Viability Statement

The forecasts prepared for the acquiring vehicle(s) show that it will be:

- Profitable.
- Will operate within facilities which have already been approved by third party secured lenders.

The reasons for the improvement post transaction are as follows:

- The removal of the ongoing cost of fighting litigation (£4m in recent years).
- The removal of the Pension scheme contributions and levy.
- The change in customer base which has taken many years to achieve but has only now started to deliver improved margins.

DETAILED PRE-APPOINTMENT FEE SUMMARY OF UNBILLED TIME COSTS

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<u>Initial Strategy Document & Financial Review</u> This type of work involved: <ul style="list-style-type: none"> Initial strategy meetings with the Group / Directors/ key members of staff; Reviewing the Group's financial position; Considering options available to the Group; Considering objectives of the Administration Preparing key strategy report to key creditors; Holding internal strategy meetings. <p>By carrying out this work, Mazars LLP were able to determine the correct strategy to ensure that the outcome represented the best return to creditors.</p>	53.50	15,141	283.01
<u>Monitoring Cash Flow & Liaison with Secured Lenders</u> This type of work involved: <ul style="list-style-type: none"> Establishing critical payments to be made to suppliers without incurring further liabilities; Preparing daily cash flow forecasts; Working with the Group's financial team to maintain daily cash flows; Arranging daily drawdown with secure lenders; Monitoring daily cash flow. <p>This work was to achieve preservation of the creditors' position and the continued support of the secured creditors position.</p>	71.40	20,187	282.73
<u>Updates on Cash Flow & Marketing and Liaison with Creditors</u> This type of work involved: <ul style="list-style-type: none"> Providing secured lenders with regular updates as to the Group's cash flow and financial performance; Holding regular strategy meetings (in person & by phone) with secured creditors; Liaising with the Group's Pension scheme Trustees (and their advisors) and the PPF regarding the strategy and progress; Liaising with the secured lenders, the Group's Pension scheme Trustees (and their advisors) and the PPF regarding the outcome of the marketing process and the details of the proposed pre-pack sale. <p>This work was to achieve preservation of the creditors' position.</p>	73.90	21,449	290.24
<u>Contingency Planning & Documentation Review</u> This type of work involved: <ul style="list-style-type: none"> Discussing alternative options available to the Group; Preparing estimated financial outcome statements for the Group; Reviewing Contractual documentation; Assessing alternative options available to the Group with the Group's Pension scheme Trustees (and their advisors) and the PPF; Dealing with agents to obtain independent valuations of the assets; Working with Mazars LLP's tax and VAT departments to establish and address any tax/VAT issues relating to the sale of business. 	51.00	10,094	197.92

DETAILED PRE-APPOINTMENT FEE SUMMARY OF UNBILLED TIME COSTS

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p>This work was to ensure that the correct strategy be implemented to ensure that the outcome represented the best return to creditors.</p>			
<p><u>Sale of Business – Marketing & Managing Interested Parties</u> This type of work involved:</p> <ul style="list-style-type: none"> • Preparing flyers for advertising the business online and internally; • Liaising with Mazars LLP's Corporate Finance team to prepare a list of potential purchasers for contact; • Contacting suppliers, customers and competitors in the industry regarding the potential sale opportunity; • Preparing and issuing non-disclosure agreements to interested parties; • Preparing and issuing the sales memorandum to interested parties; • Setting up data room, preparing and uploading documents to the data room and monitoring access; • Liaising with interested parties/attending site where necessary; • Responding to requests for more information; • Conducting meetings with interested parties. <p>This process ensured that the best offer could be achieved for the Company's assets and that the sale could complete and funds forwarded, which was for the benefit of creditors.</p>	147.90	30,281	204.74
<p><u>Sale of Business – Negotiations & Contracts</u> This type of work involved:</p> <ul style="list-style-type: none"> • Reviewing offers proposed by potential purchasers; • Discussions/negotiations with interested parties in respect to the sale of the business; • Collating information in preparation of the sale and purchase agreement; • Liaising with solicitors to prepare the sale and purchase agreement; • Holding regular meetings with the purchaser and solicitors; • Obtaining appropriate consents; • Assisting any due diligence requirements. <p>This process ensured that the correct value was obtained for the Company's assets and that the sale could complete and funds forwarded, which was for the benefit of creditors.</p>	91.80	25,234	274.88
<p><u>Other Matters</u> The following actions were taken to place the Company into Administration:</p> <ul style="list-style-type: none"> • Preparing prior professional relationship statements for the proposed Joint Administrators; • Liaising with the solicitors to ensure that the documents could be filed at Court; <p>The following work was carried out in ensuring that the process was compliant with statutory requirements (SIP16):</p> <ul style="list-style-type: none"> • Preparation of the internal "pre-pack" protocol report; • Review of the internal "pre-pack" protocol report by independent partner; • SIP16 checklist completion; 	20.40	3,785	185.54

DETAILED PRE-APPOINTMENT FEE SUMMARY OF UNBILLED TIME COSTS

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<ul style="list-style-type: none"> Reporting to secured lenders, the Group's Pension scheme Trustees (and their advisors) and the PPF in respect of the proposed transaction. <p>As this Administration included a "pre-pack" transaction, there are reporting procedures internally which ensure that the process is transparent and meets with statutory requirements. In addition, it was important to ensure that key creditors were kept up to date with the proposed strategy.</p> <p>The financial benefit to creditors arises through ensuring that the proposed transaction represents the best return to creditors in the circumstances.</p>			
<p>Travel This time involved travelling to and from:</p> <ul style="list-style-type: none"> The Group's premises for various meetings/onsite presence by Mazars LLP prior to the Sale; The secured lenders' offices for meetings; The purchaser's solicitor's offices for meetings. 	92.00	22,746	247.24
Overall	601.90	148,917	247.41