

# AM03

## Notice of administrator's proposals



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### 1 Company details

Company number 0 2 8 8 6 9 9 0

Company name in full Wincanton Print Company Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Marco

Surname Piacquadio

### 3 Administrator's address

Building name/number Units 1-3 Hilltop Business Park

Street Devizes Road

Post town Salisbury

County/Region Wiltshire

Postcode S P 3 4 U F

Country

### 4 Administrator's name ①

Full forename(s) Julie

Surname Palmer

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number Units 1-3 Hilltop Business Park

Street Devizes Road

Post town Salisbury

County/Region Wiltshire

Postcode S P 3 4 U F

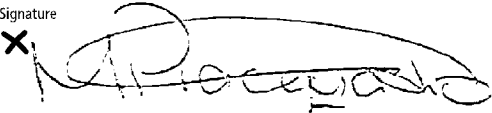

Country

#### ② Other administrator

Use this section to tell us about  
another administrator.

AM03

Notice of Administrator's Proposals

6		Statement of proposals			
		<input 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><sup>d</sup><div>1</div></div> <div><sup>d</sup><div>6</div></div>	<div><sup>m</sup><div>1</div></div> <div><sup>m</sup><div>2</div></div>	<div><sup>y</sup><div>2</div></div> <div><sup>y</sup><div>0</div></div> <div><sup>y</sup><div>2</div></div> <div><sup>y</sup><div>0</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	Anne-Marie Harding							
Company name	Begbies Traynor (Central) LLP							
Address	Units 1-3 Hilltop Business Park							
	Devizes Road							
Post town	Salisbury							
County/Region	Wiltshire							
Postcode	S	P	3		4	U	F	
Country								
DX	salisbury@btguk.com							
Telephone	01722 435190							



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



### Important information

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



### Where to send

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

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



### Further information

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This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

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

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## Wincanton Print Company Limited (In Administration)

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

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## Important Notice

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

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# 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Wincanton Print Company Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 26 October 2020
"the administrators", "we", "our", "us"	Marco Piacquadio of Begbies Traynor (Central) LLP, Exchange House, 494 Midsummer Boulevard, Milton Keynes, MK9 2EA and Julie Anne Palmer of Begbies Traynor (Central) LLP, Units 1-3 Hilltop Business Park, Devizes Road, Salisbury, Wiltshire, SP3 4UF
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

## 2. STATUTORY INFORMATION

Name of Company	Wincanton Print Company Limited	
Trading name:	Unit 26 Wessex Way, Wincanton Business Park, Wincanton, BA9 9RR	
Date of Incorporation:	12 January 1994	
Company registered number:	02886990	
Company registered office:	Units 1-3 Hilltop Business Park, Devizes Road, Salisbury, Wiltshire, SP3 4UF	
Former registered office:	Unit 26 Wessex Way, Wincanton Business Park, Wincanton, BA9 9RR	
Trading address:	Unit 26, Wessex Way, Wincanton Business Park, Wincanton, BA9 9RR	
Principal business activities:	Publishing of newspapers	
Director and details of shares held in the Company (if any):	Name	Shareholding
	Stephen Taylor	100 Ordinary
Company Secretary and details of the shares held in Company (if any):	Name:	Shareholding
	Charlotte Taylor	N/A
Accountant:	Burton Sweet Limited, Cooper House, Lower Charlton Estate, Shepton Mallet, Somerset, BA4 5QE	
Share capital:	100	
Shareholders:	Stephen Taylor – 100 Ordinary Shares	

### 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	26 October 2020
Date of resignation:	N/A
Court:	The High Court of Justice
Court Case Number:	003943 - 2020
Person making appointment / application:	Stephen Taylor of 1 Cannon Court, Bathwell Lane, Millborne Port, Dorset, DT9 5AN (as reflected at Companies House)
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EU Regulation on Insolvency Proceedings:	Regulation (EU) No 2015/848 of the European Parliament and of the Council applies to these proceedings which are main proceedings' within the meaning of Article 3 of the Regulation.

#### STATUTORY PURPOSE OF ADMINISTRATION

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

- “3     (1)     The administrator of a company must perform his functions with the objective of-
- (a)     rescuing the company as a going concern, or
  - (b)     achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
  - (c)     realising property in order to make a distribution to one or more secured or preferential creditors.
- (2)     Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3)     The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a)     that it is not reasonably practicable to achieve that objective, or
  - (b)     that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole.
- (4)     The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a)     he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
  - (b)     he does not unnecessarily harm the interests of the creditors of the company as a whole.”



## 4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

Somerset based "Wincanton Litho" initially traded as a partnership from 1980 to 1994, until the partners (Stephen Taylor and Lucy Taylor) decided to incorporate as a limited company on 12 January 1994. Stephen Taylor was appointed as sole director.

The Company's main business activity was the provision of printing services. It offered a broad product range which included brochures, business cards, exhibition stands, banners for buildings and car-wraps. The Company traded from premises at 26 Wessex Way, Wincanton, BA9 9RR ("the Premises") which were owned by the Director personally.

The initial trading period was funded by way of a mortgage provided by Natwest Bank PLC ("Natwest") which was created on 25 August 1994 and registered at Companies House on 06 September 1994. In addition to this, from 1997 to 2016, the Company entered into a number of finance agreements, primarily with Close Brothers Asset Management Limited ("Close"), which enabled the purchase of various printing machines. The addition of these machines increased the Company's ability to fulfil larger contracts and resulted in an increase in revenue and, ultimately, profits.

As the Company's costs began to increase, the Company also entered into an invoice factoring agreement with Royal Bank of Scotland Commercial Services Limited ("RBSCS") to assist with its cashflow position which would enable it to continue to meet the costs of expansion. A fixed and floating charge was granted in favour of RBSCS on 06 July 2001 and this was registered at Companies House on 10 July 2001.

With the exception of a loss incurred in the year ending 31 May 2002 of £177,846.00, the Company has traded profitably since incorporation and up until 2018, with the most successful year being 2000 where it generated profits of £577,267.00. During the period from 2001 to 2017, the Company's performance has remained constant, generating turnover of £3,509,304.00 and £3,551,826.00 in 2016 and 2017 respectively.

However, ever increasing administrative expenses, and a slight drop in turnover from £3,436,586 and £3,478,692 in 2018 and 2019 respectively, resulted in a loss before tax of £16,930.00 being incurred in the year ending 31 May 2018. In addition to this, profit margins were further affected as the industry moved more towards digital technology which carried less of a requirement for labour.

Efforts were made to reduce distribution costs and administrative expenses over time which resulted in losses of only £3,924.00 being incurred in the year ending 31 May 2019 and it was expected that these cost-cutting measures would enable the Company to return to a profitable position in the upcoming year.

### **The reasons for the Company's insolvency**

In spite of the above cost-cutting exercise, the Company experienced further financial difficulties in April 2020 as a result of Government-imposed restrictions following the Covid-19 pandemic that came into force at the end of March 2020. These restrictions effectively prevented the Company from being able to trade and the Company's employees were placed on furlough in an effort to further reduce expenditure. However, as Government restrictions were extended, and trade therefore did not improve, the Company began to receive final demands for payment from its creditors.

Following the relaxing of the Government's restrictions, it was noted that the demand for marketing materials had significantly reduced as customers themselves prepared for an economic decline and that previous efforts to reduce distribution costs and administrative expenses were not sufficient to mitigate the impact of Covid-19.

As a result, the Company experienced increasing creditor pressure as it was unable to meet liabilities as and when they fell due.

Extracts from the Company's accounts for the previous four years are set out below:

Profit & loss	2015	2016	2017	2018	2019
	£	£	£	£	£
Turnover	3,509,304	3,678,887	3,551,826	3,436,586	3,478,692
Gross profit	1,387,438	1,566,871	1,391,699	1,213,108	1,232,959
Distribution costs	(153,102)	(244,601)	(181,767)	(165,968)	(171,905)
Administrative expenses	(1,154,682)	(1,198,248)	(943,297)	(946,247)	(941,356)
Other operating income	5,119	0	15,355	15,335	15,355
Operating profit	84,773	124,022	281,990	116,248	135,053
Profit before tax	47,052	68,030	137,964	(16,930)	(551)
Profit for financial year	45,220	16,228	114,723	24,544	(3,924)

Balance sheet	2015	2016	2017	2018	2019
	£	£	£	£	£
Tangible fixed assets	1,362,813	1,682,330	1,612,929	1,531,788	1,573,983
Stocks	101,172	87,331	87,311	97,178	97,551
Debtors	766,727	835,496	748,807	930,837	697,704
Investments	683,185	684,896	576,096	576,096	576,096
Cash at bank	90,675	101,193	61,130	14,032	5,848
Amounts falling due within one year	(1,559,897)	(1,882,507)	(1,633,992)	(1,676,367)	(1,445,712)
Total assets less current liabilities	1,444,675	1,508,719	1,452,281	(58,224)	(68,513)
Amounts falling due after one year	(813,901)	(858,725)	(708,004)	(1,019,889)	(1,052,335)
Provisions for liabilities	(180,033)	(180,033)	(178,592)	(183,825)	(187,209)
Net assets	450,741	469,961	565,685	269,850	265,926
Called up share capital	100	100	100	100	100
Profit and loss account	450,641	469,861	565,585	269,750	265,826
<b>Shareholders' funds</b>	450,741	469,961	565,685	269,850	265,926

With growing pressure from some of the Company's key creditors, the Director, having already discussed a potential refinance with Close, was referred to Begbies Traynor for insolvency advice (and specifically for advice on a potential pre-packaged Administration) in July 2020. An initial meeting was held with the Company's Director, Stephen Taylor, and Graeme Lipman and Julie Anne Palmer of Begbies Traynor on 11 August 2020.

At the meeting on 11 August 2020 it was confirmed that, as per the Company's management accounts, the Company had been rendered insolvent on a balance sheet and cash flow basis due to its inability to meet its liabilities as and when they fell due. There was also a risk that one of the Company's creditors, specifically Close, may look to issue a winding up petition. However, it was the Board's opinion that the business could become profitable (albeit not in the Company's current business format) and various options were discussed:

### Do Nothing

This was not a recommended course of action as it was noted that creditors were likely to issue winding up petitions against the Company given the recently issued correspondence.

### Refinance / Alternative Investors

Refinance would ordinarily provide sufficient funds to discharge the Company's unsecured creditors as well as providing sufficient working capital to facilitate new orders, however, it was noted that the existing level of debt (comprising secured and unsecured creditors) would likely put off investors. Furthermore, we were advised that discussions had already taken place with Close as to whether they would be prepared to refinance the Company's assets and it had been concluded that this was not a viable option.

### Company Voluntary Arrangement ("CVA")

A CVA would facilitate a formal restructuring of the Company under a binding agreement between the Company and its creditors. Whilst it was noted that this route did have benefits, namely achieving a potential write off part of the existing debt, it was also noted that:

1. A CVA would typically need to offer a certain acceptable return to unsecured creditors and that, due to the ongoing uncertainty surrounding Covid-19 and the effect this had on customer confidence and spending, the Company was likely to have insufficient trading profits which could be made available to creditors; and
2. A proposal would require the Nominee to conclude that there was a reasonable likelihood that the arrangement would complete successfully. Given the impact Covid-19 had on the Company's ongoing trade, and in light of potential further Government imposed restrictions, the appointed Nominee could not feasibly recommend a CVA as a viable option to creditors.

### Creditors' Voluntary Liquidation ("CVL")

A CVL, being a terminal procedure, would result in all of the Company's employees being made redundant and the likely termination of the Company's contracts with Close, thereby increasing creditor claims against the Company. Furthermore, realisations (specifically in relation to the Company's debtor ledger and goodwill) were likely to be far less in a CVL scenario compared to that of a pre-packaged Administration as it was considered that debtors may attempt to avoid payment and the value of the Company's goodwill would be adversely affected following a CVL procedure.

### Pre-Pack Administration

The process would facilitate the purchase of the Company's business and assets whilst the collection of the Company's debtor ledger would remain with RBSCS, the value of which would likely be maximised compared to that of a CVL scenario. It was also noted that a pre-packaged Administration would help to mitigate creditor claims by facilitating the transfer of employees to the purchaser under TUPE and enabling the novation of contracts. Furthermore, it would provide the necessary protection of a moratorium meaning that the Company's creditors would be unable to take enforcement action against the Company whilst the business and assets were marketed for sale.

The Board considered the advice provided and formally instructed Begbies Traynor to assist them with a pre-packaged Administration sale of the Company's business and assets on 15 September 2020.

The reasons for the pre-packaged sale

A pre-packaged sale via Administration would allow the insolvent but potentially profit-making business to escape the burden of historic debts as to give third parties the opportunity to consider a business and or asset purchase and to maximise the value for creditors.

A review of the Company's list of creditors indicated that it was likely valueless within its present corporate structure given its level of debt which totalled £1,463,063.07, comprising secured debt of approximately £297,058.86 owed to Natwest and RBSCS, £908,631.82 owed to Close and other finance providers in respect of amounts outstanding under hire / lease purchase agreements and unsecured debts (excluding employee entitlements) of approximately £257,372.39. The Company's unsecured creditors are as follows:

Category	Amount £
Trade Creditors	62,205.09
Director	105,081.30
Banks/Institutions	5,086.00
HM Revenue & Customs ("HMRC")	85,000.00

A pre-packaged Administration appeared to benefit the Company's creditors as the in-situ asset valuation was greater than the ex-situ valuation and therefore it was anticipated that this would maximise asset realisations compared to that of a CVL scenario. The marketing strategy detailed below demonstrates that we have consequently maximised the Company's asset realisations on behalf of creditors as a result of the pre-packaged Administration procedure.

Furthermore, it was noted that the sale needed to be concluded quickly to protect the Company's assets and preserve the goodwill as there was a risk of a winding up petition being issued by a number of trade creditors in the event that temporary relief measures were not extended by the Government in response to COVID 19. Accordingly, the Administration process offered protection from the commencement of enforcement action whilst a sale was agreed.

We also considered other options available to the Company such as a trading Administration, CVA and CVL as detailed below. However, neither of these options would have maximised the asset realisations for creditors, been guaranteed to have been approved (i.e. in a CVA scenario) or would have been guaranteed the financial support of the secured creditors. It was noted that there were likely insufficient funds available to enable the Company to trade in Administration or under a CVA, given its key liabilities such as on-going payroll, administrative costs and finance repayments. For these reasons, the Director proceeded with instructing Begbies Traynor to assist them with a pre-packaged Administration on 15 September 2020. It was anticipated that there would be a good level of interest in the purchase of the business and assets via a pre-pack Administration process, and this was subsequently proven to be the case.

As a result of the pre-packaged Administration sale a total of 22 employees automatically transferred to Wincanton Digital Print Limited ("WDP"), the purchaser, under TUPE. This resulted in the mitigation of additional claims against the Company in relation employees' payment in lieu of notice, redundancy pay and holiday pay which are estimated to total £240,000.00.

The statutory purpose of administration that was pursued

It was not reasonably practical to achieve the first objective specified in sub-paragraph 3(1)(a), namely to rescue the Company as a going concern, by a sale of shares, due to the insolvent balance sheet. This fact would significantly restrict the willingness of any purchaser to acquire via a share acquisition scenario. Therefore, it was unlikely that any offer would be received to rescue the Company as a going concern.

Furthermore, the second objective specified in subparagraph 3(1)(b), namely that of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration) seemed unlikely given that asset realisations were not expected to be sufficient to discharge both the costs of the Administration and the secured debts in full.

Therefore, the most appropriate objective to pursue, was that specified in sub-paragraph 3(1)(c), namely realising property (in this case by a sale of the business and assets in-situ) in order to make a distribution to one or more secured or preferential creditors. In this case, a distribution to Natwest and RBSCS in respect of their fixed and floating charges.

### Secured Creditors

There are two registered charge holders of the Company, as follows:

- RBSCS: Debenture containing a fixed and floating charge which was created on 6 July 2001 and registered on 10 July 2001;
- Natwest: A copy of this debenture is not available via Companies House, however, a copy has been requested from the debenture holder. The debenture is advised to be created on 25 August 1994 and registered on 06 September 1994.

### Preferential Creditors

It should be noted that the majority of the Company's employees have transferred to WDP under TUPE and that, of the remaining 10 members of staff who were made redundant following our appointment on 26 October 2020, there are no outstanding wage arrears. Accordingly, preferential claims have been calculated at £8,648.10.

### Unsecured Creditors

The Company's unsecured debts (including employee entitlements and estimated shortfalls to finance providers) total £469,445.95. The Company's unsecured creditors are as follows:

Category	Amount £
Shortfall to Finance Providers	98,631.82
Trade Creditors	62,205.09
Employees	113,441.74
Director	105,081.30
Banks/Institutions	5,086.00
HM Revenue & Customs ("HMRC")	85,000.00

### Achieving the Statutory Purpose

A notice of intention to appoint Administrators was duly filed and the marketing process commenced with our appointed agents, Eddisons Commercial Limited ("Eddisons"). Eddisons manage a platform for businesses for sale, called IPBid, which has circa 20,000 registered members.

The marketing campaign received reasonable interest and two offers (one for £50,000.00 and another for £20,000.00) were subsequently received.

The highest offer was accepted by the Administrators. Consideration was also given to the fact that the Director owns the trading premises, meaning in addition to this being the highest monetary offer, it was also unlikely that he would agree to a non-connected purchaser retaining the lease at the trading premises.

The business and assets were sold to WDP, a company incorporated by Stephen Taylor in July 2020, on 26 October 2020 for £50,000.00. The sale is therefore to a connected party by virtue of its common Director and Shareholder Stephen Taylor.

The sale consideration of £50,000 is payable, as follows:

- £12,500.00 due and payable upon completion;
- A further £12,500.00 due and payable on 30 November 2020; and

- Further 11 equal instalments of £2,272.72 due on the last working day of each month from 31 December 2020 to 31 October 2021

The Administrators' purpose has already been achieved by virtue of a sale that completed to WDP. The sale realised sums in relation to goodwill and amounts aligned to in-situ valuations of certain assets (including plant and equipment and vehicles), maximising a return to the charge holders, whilst also transferring 22 (of 32) employees. Claims in the Administration are expected to have been mitigated by the transfer of employees, and the assignment of lease agreements (see below for further information).

Book debt recoveries are underway and RBSCS has confirmed that it has since discharged its debt in full with surplus funds of approximately £11,000.00 held on account. It is anticipated that the collection of the remaining debtor ledger will result in funds being made available to partly discharge other creditors in the relevant order of priority.

## 5. STATEMENT OF AFFAIRS

The Director has prepared a statement of affairs of the Company as at 26 October 2020 which is attached at Appendix 2. It makes no provision for the costs of the Administration or any subsequent Liquidation or voluntary arrangement.

Our comments on the Statement of Affairs are below and include schedules of valuations obtained by the Administrators on 09 September 2020. It should be noted that valuations were carried out by Eddisons; a division of Begbies Traynor Group. Eddisons are a professional valuation firm and a member of the National Association of Valuers and Auctioneers (MNAVA).

### ASSETS SUBJECT TO A FIXED CHARGE

- Goodwill: The Company's Goodwill was valued by Eddisons as having an in-situ value of £40,000.00 and an ex-situ value of nil.

In order to value the Company's goodwill, Eddisons reviewed the Company's current turnover. It was noted that The Royal Institute of Chartered Surveyors advises caution when valuing goodwill and recommends the exclusion of turnover or profits which are attributed solely to the personal skill and/or reputation of the existing management. In addition, goodwill can be described as a wasting asset in insolvency situations.

The Goodwill was sold to WDP on 26 October 2020 for £23,997.00. It should be noted that this offer was materially higher than alternative offers received.

- Business Information: The Company's business information was considered by Eddisons to have no value. It was sold to WDP on 26 October 2020 for £1.00.
- Intellectual Property: The Company's intellectual property was considered by Eddisons to have no value. It was sold to WDP on 26 October 2020 for £1.00.
- Customer List/Contracts: The Company's customer list and contracts were considered by Eddisons to have no value. They were sold to WDP on 26 October 2020 for £1.00.

Fixed charge asset realisations will be applied, in the first instance, after costs, in favour of Natwest and subject confirmation of the validity of their charge.

A shortfall to Natwest, as the fixed charge holder, of approximately £116,000.00 is anticipated which will be claimed under their floating charge claim against floating charge assets, after preferential claims.

## ASSETS SPECIFICALLY PLEDGED

- **Debtor Ledger:** The Company's book debt ledger is subject to an invoice discounting facility. The ledger has been retained by RBSCS to collect directly. Just prior to our appointment there were debtors due of £241,269.18, with a sum outstanding to RBSCS of £157,058.00. Whilst there were no known issues regarding the collectability of the ledger, a general bad debt provision of 15% has been applied for the purposes of the Statement of Affairs.

RBSCS have confirmed that their debt has now been collected in full and that they are holding surplus funds of approximately £11,000.00 which will be paid across shortly. We are yet to receive confirmation of the balance to be collected on the ledger by the Administrators.

Surplus realisations held by RBSCS of approximately £11,000.00 will be passed to the Administrator and will be available for distribution, firstly to preferential creditors and then to Natwest in their capacity as floating charge creditor and subject to our review on the validity of the charge, and after costs.

- **Lombard North Central ("LNC"): Vehicles:** The Company obtained two lease purchase agreements (dated 09 November 2016) in respect of the following vehicles:
  - Nissan NV400 F33 L2 Diesel 2.3 dCi (registration WF66 OVX)
  - BMW 4 Series Gran Diesel Coupe 420D M Sport Auto (registration RE66 MUP)

Eddisons valued the vehicles as having an in-situ value of £10,400.00 and an ex-situ value of £9,000.00. Outstanding finance on the vehicles totalled £9,799.00. It was agreed by the Administrators that the vehicles and related finance agreements, further to Eddisons' valuation, could be assigned to WDP at no cost/benefit. The Nissan formed part of the sale of the business and assets, however, an agreement between LNC and WDP is yet to be reached.

- **Close Brothers Limited ("Close"): Encumbered plant and machinery:** Close held agreements over 14 items of plant and machinery which was valued by Eddisons as having an in-situ value of £974,000.00 and an ex-situ value of £766,000.00. Close's indebtedness was confirmed to total £1,028,692.00.

The negative equity in the items of plant and machinery had prevented the Director in obtaining a refinancing arrangement prior to our appointment. Between the end of such discussions, and our appointment as Administrators, Close had sold and arranged for the collection of one item, a Heidelberg XL5-%+L Five Colour Printing Press (valued at between £420,000.00 and £350,000.00). Close have confirmed that their claim against the Company totals £88,074.31.

Regarding the second, significant item, a Heidelberg XL75-4 LE UV Four Colour Printing Press (valued between £380,000.00 and £320,000.00) and the remaining 12 items, we are advised that discussions are underway between WDP and Close, with a view to an assignment of the agreement. It was agreed by the Administrators, further to Eddisons' valuation, that the 14 items financed by Close, and subject to finance, could be assigned to WDP at no benefit/cost. We are yet to receive confirmation from Close that an agreement with WDP has been finalised.

- **Lombard Technology Services Limited ("LTS"):** The Company obtained a lease purchase agreement (dated 28 July 2017) in respect of a Pro C9100 Entrance Unit Colour Production Printer, with an original sale price of £110,000.00 plus VAT. This was valued by Eddisons as having an in-situ value of £55,000.00 and an ex-situ value of £36,000.00. Outstanding finance on the printer totalled £49,738.00.

It was agreed by the Administrators, further to Eddisons' valuation, that the printer and related finance agreement could be assigned to WDP at no benefit/cost. An agreement between LTS and WDP is yet to be reached.

As detailed above, the Company's encumbered plant and machinery was valued in-situ at £1,039,400.00 and ex-situ at £811,000.00 with a combined indebtedness of £1,088,229.00. There was considered to be insufficient realisable value in the assets as a whole for refinancing options for the Company; which further supported a pre-pack Administration, enabling onerous agreements to be novated or assigned.

## ASSETS SUBJECT TO FLOATING CHARGES

A shortfall of approximately £116,000.00 to Natwest as the Company's floating charge holder is currently anticipated which will be claimed under their floating charge against the Company's floating charge assets, after the payment of costs of the Administration and preferential claims. It is still anticipated that Natwest will suffer an overall shortfall of approximately £50,600.00.

It should be noted that the Director has provided a personal guarantee to Natwest.

The Company's floating charge assets are as follows:

- Unencumbered fixtures, fittings, plant and machinery and equipment: These were valued by Eddisons as having an in-situ value of £29,100.00 and an ex-situ value of £13,500.00. These assets were sold to WDP on 26 October 2020 for £19,000.00
- Raw materials / Stock: The Company's stock was valued by Eddisons as having an in-situ value of £3,000.00 and an ex-situ value of £1,000.00. The stock was sold to WDP on 26 October 2020 for £1,000.00.
- Motor Vehicles: The Company's two vehicles comprised an unencumbered Mercedes Sprinter 313 Van (LO13 ZXJ) and a Nissan NV400 (B10 WPC). These were valued by Eddisons as having an in-situ value of £7,500.00 and an ex-situ value of £5,250.00 and were sold to WDP on 26 October 2020 for £6,000.00.

We have latterly been advised that outstanding finance remains on this vehicle of £403.55 owed to LNC in respect of the Nissan (first registered as WF66 OVX) which will be settled by WDP.

- Cash at Bank: There was no cash at bank as at the date of appointment.
- Alternative Currency Account: The Company's August management accounts refer to a 'Bartercard' card account with a value of £7,687.14. We have since reviewed this matter and it has been confirmed that the credit in the account can only be used to purchase services provided by other members and, as such, it has no realisable value.
- Other Debtors: Post-appointment remittances to the Company's bank account includes £12,621.00 in respect of the Government's initiatives for COVID19 relief, known as the furlough and / or Job Retention Scheme ("JRS"). Once we have received up to date bank statements and have conducted our review of recent management information, we will be able to better determine whether there is a further claim to be made by the Administrators in respect of Furlough / JRS and any other debtor balances that may be owing.

However, for the purposes of the Statement of Affairs, the estimated to realise value is uncertain.

- Investments: The most recent statutory accounts show an asset of £576,096.00 in respect of "Investments". The Director advises that this related to property improvements but that they should not have been reflected in the Company's accounts. For that reason, they are not reflected in the Statement of Affairs. However, the Administrators will review this matter further to establish if there is a transferable or realisable value to be obtained.

## PREFERENTIAL CREDITORS

A total of 10 employees have been made redundant as part of the Administration process. It is understood that the Company's pension contributions were paid up to date and that the only preferential claims will be in respect of holiday pay. These claims are estimated to total £8,648.10.



## PREScribed PART PROVISIONS

Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "Net property" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The prescribed part is 50% of the first £10,000.00 and 20% of the remaining net property (up to a maximum of £600,000.00).

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

- a. The net property is less than £10,000.00 and we think that the cost of distributing the prescribed part would be disproportionate to the benefit;
- b. Or if the net property is more than £10,000.00, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds.

To the best of our knowledge, there are no charges created on or after 15 September 2003 and, consequently, Section 176A will not apply. As such, no prescribed part of net property is available for distribution to the unsecured creditors.

## UNSECURED CREDITORS

Unsecured creditors are confirmed to total £520,072.10 comprising the following:

• Natwest Shortfall (estimated)	£ 50,626.15
• Close Shortfall	£ 88,074.31
• LNC Shortfall	£ 1,000.00
• LTS Shortfall	£ 9,557.51
• Trade Creditors	£ 62,205.09
• Employees	£113,441.74
• Director	£105,081.30
• Banks/Institutions	£ 5,086.00
• HMRC	£ 85,000.00

These claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.

The estimated total deficiency, including the calculation of the prescribed part of the Company's net property (where applicable), is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

## 6. THE ADMINISTRATION PERIOD

### Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of Administration, 26 October 2020 to 16 December 2020.

### Receipts

The following has been received in respect of the sale that completed to WDP:

• Goodwill	£ 5,497.00
• Intellectual Property	£ 1.00
• Contracts	£ 1.00
• Business Information	£ 1.00
• Company Records	£ 1.00
• Fixtures / Fittings / Equipment / Machinery	£12,500.00
• Motor Vehicles	£ 6,000.00
• Stock	£ 1,000.00

#### Payments

The only payment that has been made is in respect of statutory advertising costs of £94.50 plus VAT.

Work undertaken by the Administrators and their staff

#### General case administration and planning

Since our appointment we have prepared a case planning and strategy memorandum, carried out a review of the case, dealt with routine correspondence and emails, maintained physical and electronic records, maintained the Administrators' bank account and filed relevant correspondence. We have also carried out reviews of the Administrators' insurance bond and of our ethics and anti-money laundering procedure.

The majority of the above work derived no financial benefit for creditors. However, the Insolvency Profession is a highly regulated industry and we are required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case.

#### Compliance with the Insolvency Act, Rules and best practice

We are required to ensure that the necessary notifications of our appointment as Joint Administrators are provided to the Company, the Company's creditors and various other stakeholders. Specifically, we have notified all relevant parties (in accordance with statute) of our appointment, which has included filing notice of our appointment with Companies House and advertising this in the London Gazette, assisting the Director with the preparation of the Company's Statement of Affairs and filing these with Companies House, preparing our Proposals and issuing these to creditors, sending a VAT 769 Notification to HMRC, issuing notices in respect of the Company's pension scheme and liaising with creditors in respect of our appointment.

The majority of the above work derived no financial benefit for creditors. However, the Insolvency Profession is a highly regulated industry and we are required to ensure that the case is administered in line with statute and best practice guidelines.

#### Investigations

Following our appointment, we requested that creditors provide us with details of their claims against the Company and with any information that may assist us with our investigations into the Company's affairs and the conduct of the Director.

Furthermore, we have carried out investigations into various aspects of the Company's affairs including issuing questionnaires to its Director, liaising with the Director and creditors to gain a better understanding of the Company's affairs and whether any claims may be brought against third parties.

In addition to this we have requested the Company's bank statements for the two-year period prior to our appointment so that transactions can be reviewed as part of our investigations into the Company's affairs and the conduct of its Director.

We have a statutory duty to carry out these investigations and to report to the Insolvency Service on the Director's conduct. Furthermore, this work may result in additional asset realisations which could enable us to distribute funds to the Company's creditors.

#### Realisation of assets

- Sale of the **Company's** Business and Assets: Further to our appointment, we finalised the details of the sale to WDP which completed on 26 October 2020 for £50,000.00. The initial consideration payment of £12,500.00 was received upon completion (as per the agreement) and the first instalment payment of £12,500.00 has also been duly received. The balance of £25,000.00 will be received monthly between now and 31 October 2021.
- Book Debts: There have been no realisations in respect of book debts remitted to the Administrators, as yet since the account was being collected by RBSCS directly.

Furthermore, and since our appointment, we have liaised with RBSCS and WDP regarding a variation to the terms of the sale agreement which were required in order to allow WDP to secure a new invoice finance facility.

We have also liaised with RBSCS and WDP regarding payments made to RBSCS in error.

We have been informed that RBSCS' debt has now been discharged in full and that there are surplus funds of approximately £11,000.00 held by them. We are currently awaiting a copy of the remaining debtor ledger which will be reassigned to the Administrators to collect, along with confirmation and the receipt of the balance held by RBSCS.

Accordingly, it is anticipated that there will be a surplus available which will be used to discharge any remaining costs of the Administration along with preferential creditor claims. The remaining balance will be paid to Natwest as floating charge-holder, subject to the validity of their charge being confirmed.

- Hire Purchase / Lease Purchase Assets: As detailed above, a number of the Company's assets which were subject to hire or lease purchase agreements, are in the process of being assigned or novated to WDP. During the period of this report we have liaised with the finance providers to confirm our agreement to the various transfers and to establish what residual claims the finance companies may have in the Administration.
- Bartercard: During the period of this report we have liaised with Bartercard to obtain further information about the Company's account held with them. It has been confirmed that the facility has been terminated by Bartercard and that the credit held has no realisable value. It is anticipated that Bartercard may have a claim in the Administration in respect of unpaid service charges, estimated to total £108.00.
- Other Debtors: During the period of this report we have requested additional management information to enable us to establish if there are any claims that may be made in respect of furlough or JRS.
- Investments: As detailed above, the Company's accounts indicated that there were investments of £576,096.00. The Director has advised that the Company made payments in respect of the trading premises (owned by the Director personally) and that these payments have been incorrectly detailed in the accounts. We are reviewing this and will request further information from the Company's accountant to establish if there are any assets or claims that may be pursued for the benefit of creditors.

It is anticipated that the above work will result in the realisation of sufficient funds to enable a distribution to Natwest as the Company's fixed and floating charge creditor along with preferential creditors.

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

On the day of our appointment, we liaised with the Director and issued letters of redundancy to 10 employees. The relevant forms enabling the employees to lodge their claims with the Redundancy Payments Service have been submitted and we have also liaised with the employees regarding various entitlements. P45s have also been issued to them.

Furthermore, we have dealt with creditor correspondence, emails and telephone conversations, maintained up to date creditor records and amended claims received, discussing the progress of the Administration with creditors and liaised with enforcement creditors.

Best practice means that we should respond to creditors in a timely manner. Furthermore, this work has enabled the Company's employees to submit claims to the Redundancy Payments Service in respect of their various entitlements.

#### Other matters which includes seeking decisions of creditors via virtual meeting procedure and/or decision procedures, tax, litigation, pensions and travel

Finally, we have carried out various discussions with the Company's secured creditors with regards to our strategy for the Administration, prepared our Proposals, undertaken relevant searches to establish the presence of an occupational pension scheme and filed the necessary notices with the Pensions Regulator, The Pension Protection Fund and the pension scheme's Trustees and de-registered the Company from VAT.

The majority of the above work derived no financial benefit for creditors. However, the Insolvency Profession is a highly regulated industry and we are required to ensure that the above work is completed in line with statute and best practice guidelines.

#### Pre-packaged sale of the business and assets

A copy of our SIP 16 Statement that was attached to our letter notifying creditors of our appointment is attached at Appendix 4. Whilst our SIP16 Proposals were sent to creditors shortly after the completion of the sale of the business and assets, a decision was made not to send the Proposals at the same time. This is because the Company's Statement of Affairs had not been finalised at the time of sending and it was noted that amounts due to creditors, which had previously been provided to us by the Director, had changed significantly.

This information has now been received and a copy of the Statement of Affairs is enclosed.

## 7. ESTIMATED OUTCOME FOR CREDITORS

In summary, we anticipate, that after costs, there will be a distribution to the Company's secured creditors, but this is unlikely to be in full. Preferential creditors are estimated to be settled in full, however, other unsecured creditors are unlikely to receive a distribution.

#### SECURED CREDITORS

The following charges are registered against the Company:

- RBSCS: Debenture containing a fixed and floating charge which was created on 6 July 2001 and registered on 10 July 2001.

RBSCS had advanced £157,058.00 against the Company's book debts which totalled £241,269.18 shortly prior to our appointment.

RBSCS have confirmed that their debt has been discharged in full and that they are holding surplus funds of approximately £11,000.00 to be transferred to the Administrators, along with the reassignment of the remaining debtor ledger.

- Natwest: A copy of this debenture is not available via Companies House, however, a copy has been requested from the debenture holder. The debenture is advised to be created on 25 August 1994 and registered on 06 September 1994.

Natwest had historically provided the Company with an overdraft facility of £100,000.00 and the account was overdrawn by £90,000.00 as at the date of our appointment.

As at 17 November 2020, Natwest's debt in this regard totalled £101,075.99 as interest and various charges have continued to accrue.

Knights PLC ("Knights"), the Administrators' legal representative, has advised that the charge in favour of Natwest is a Qualifying Floating Charge. A copy of this charge was not available for download on Companies House, and Natwest have been asked to provide a copy. For the purpose of our report we have assumed their fixed charge applies to fixed plant and equipment, goodwill, intellectual property and business information and floating charges will apply to all remaining assets.

The Company further applied for and received a Bounce Back Loan of £50,000.00 from Natwest. The Bounce Back Loan scheme, is a Government backed scheme offered to SMEs affected by COVID19. The application process was subject to self-declarations about solvency/viability and it remains unclear whether Natwest (or other lending banks) will seek to use existing security instruments to recover such lending, based on the merits of such declarations.

Surplus funds realised from the Company's debtor ledger will be used to discharge any remaining costs of the Administration along with preferential creditor claims. The remaining balance will be paid to Natwest as floating charge-holder, subject to the validity of their charge being confirmed.

It is anticipated that there will likely be insufficient net realisations to settle Natwest's indebtedness in full and that they will likely suffer a shortfall of £50,626.15. It is envisaged that Natwest will pursue this shortfall from the Director personally.

#### SECURED CREDITORS: ASSETS SPECIFICALLY PLEDGED

The Company held a significant amount of assets under finance agreements with providers including Close, LNC and LTS, with a combined commitment of £908,631.82. The in-situ valuations totalled £1,039,400.00 whereas the ex-situ valuations totalled £811,000.00. On advice from Eddisons it was agreed that no realisations would be sought for the encumbered assets by the Administrators, in favour of novation and/or assignment of such. Discussions remain ongoing regarding which assets WDP may wish to be assigned.

On that basis, we await further details as to the extent of any shortfall that may arise in respect of the agreements, which will be treated as an unsecured claim in the Administration. However, this is currently estimated to total £98,631.82.

#### PREFERENTIAL CREDITORS

A total of 10 employees have been made redundant as part of the Administration process. It is understood that the Company's pension contributions were paid up to date and that the only preferential claims will be in respect of accrued holiday pay. These claims have been calculated at £8,648.10.

Based on the estimated value of these claims, and estimated realisations, we anticipate full settlement of preferential claims.

## UNSECURED CREDITORS

Updated information in respect of the Company's unsecured creditor claims has been provided by the Director, and is as follows:

Category	Amount £
Shortfall to Natwest	50,626.15
Shortfall to Finance Providers	98,631.82
Trade Creditors	62,205.09
Employees	113,441.74
Directors	105,081.30
Banks/Institutions	5,086.00
HMRC	85,000.00
<b>TOTAL</b>	<b>520,072.10</b>

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

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, Section 176A will not apply and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

Unsecured creditors

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

Effect of administration on limitation periods under the Limitation Act 1980

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

## **8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION**

Purpose of the Administration

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

For the reasons set out in this report, we presently consider that it is not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), or sub-paragraph 3(1)(b) and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors.

The in-situ value of assets exceeded that of the ex-situ value and by delivering a sale of the business and assets by way of a pre-packaged Administration process, the value of the assets was maximised and creditor claims were mitigated by way of the employee transfer to WDP. Furthermore, the collection prospects of book

debts are considered to have been better preserved by maintaining the value of the Company's goodwill with its existing customer base.

#### Details of Proposals

The Administration of the Company will be managed in line with our initial strategy.

It is considered that the purpose of the Administration has already been achieved by virtue of the sale that completed to the purchasers on 26 October 2020 which maximised asset realisations and also enabled the transfer of a number of the Company's employees to WDP. Furthermore, this has also ensured that a better result for the Company's creditors as a whole has been achieved than would be likely if the Company were wound up (without first being in Administration).

In order that the purpose of the Administration may be fully achieved, we propose to remain in office as Administrators in order to conclude the following matters:

- To receive the collection of deferred consideration payments from WDP;
- Liaise with RBSCS in respect of the reassignment of the Company's book debt ledger and payment of surplus funds held;
- Collect the outstanding debtors on the reassigned book debt ledger;
- Consider the merits of completing a VAT bad debt relief claim in respect of any bad debt write offs which, it is anticipated, will mitigate HMRC's claim;
- Investigate and report on the Director's conduct (under Company Directors' Disqualification Act 1986), partly to review whether there are claims to be brought against third parties but also to identify any Company assets which the Administrators were previously not aware of; and
- Review and adjudicate upon preferential claims and, funds permitting, declare a distribution in this regard.

It is considered that the completion of the above work will facilitate a payment in full to RBSCS, a payment in full to the Company's preferential creditors and a return to Natwest under their floating charge.

#### Extension and Exit from Administration

##### Creditors' voluntary liquidation

Whilst we are currently of the opinion that there will be insufficient funds available to distribute to the Company's unsecured creditors, in the event that it is possible to make a distribution to the unsecured creditors of the Company (which is not a distribution of the prescribed part<sup>1</sup>) then we reserve the right to move the Company from Administration to creditors' voluntary liquidation.

Additionally, there may be matters for enquiry concerning the Company's affairs which are not within the scope of an Administrator's powers and which can only be properly dealt with by a Liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as Administrators, and if we conclude that it is necessary to move the Company to Liquidation, we propose to deliver a notice of moving from administration creditors' voluntary liquidation to the Registrar of Companies. Upon the registration of such notice our appointment as Administrators shall cease to have effect and the Company will automatically be placed into Liquidation. Paragraph 83(7) provides:

The Liquidators for the purpose of the winding up shall be-

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<sup>1</sup> Insolvency Act 1986, Sch B1, para 83(1)

- (a) a person nominated by the creditors of the Company in the prescribed manner and within the prescribed period, or
- (a) if no person is nominated under paragraph (a), the Administrator.

We confirm that as part of our proposals we propose that we, or in the event of there being a subsequent change of persons appointed as administrator, the individuals in office as such immediately prior to the Company being placed into Liquidation, do act as Joint Liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed Liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as Liquidator takes effect by the creditors' approval, with or without modification, of our proposals.

It is proposed that for the purpose of the winding up, any act required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of the persons for the time being holding office.

#### Dissolution

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as Administrators and that the purpose of the Administration has been fully achieved, we propose to deliver a notice of moving from Administration to dissolution to the Registrar of Companies. Upon the registration of such notice our appointment as Administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

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

#### Extending the Administration

However, it may transpire that it is not possible to finalise the Administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the collection of the deferred sale consideration payments within the period of one year.

The appointment of an Administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the Administration can be fully achieved.

#### Unforeseen surplus funds

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

## **9. PRE-ADMINISTRATION COSTS**

In the period before the Company entered Administration, we carried out work consisting of carrying out internal ethics and conflict checks, carrying out searches at Companies House and Land Registry, setting up case files, advising the Company in the lead up to the Administration, liaising with Natwest and RBSCS as the secured creditors and major creditors to include Close, dealing with and assisting with employee queries, dealing with the marketing and proposed sale of the Company's business and assets as part of the Administration process,



liaising with the instructed agents, liaising with the instructed solicitors, assisting with negotiations with interested parties, assisting with the provision of information as part of the due diligence process in an attempt to help the sale process, liaising with the Board, collecting and reviewing the Company's books and records and overseeing / reviewing day to day financial information in the lead up to Administration to understand any funding requirements of the Company ("the Work").

The Work was carried out pursuant to an agreement made between us and the Directors, entered into on 15 September 2020 ("the Agreement"). The Agreement provides for the payment of our fixed fee of £10,000.00 plus VAT and the discharge of expenses incurred by us (collectively referred to as "the pre-administration costs") in carrying out the Work.

The Work was carried out before the Company entered Administration because we considered that the Work would further the achievement of the objective of Administration being pursued, namely realising property in order to make a distribution to one or more secured or preferential creditors.

The pre-administration costs are broken down as follows:

Description	Name of Recipient	Net Amount £	VAT £	Gross Amount £
Our fees in relation to the Work	Begbies Traynor	10,000.00	2,000.00	12,000.00
Legal fees incurred in preparing the relevant appointment documentation, filing the relevant notices of intention to appoint on various parties, preparing the sale and purchase agreement, liaising with the purchasers' solicitors with regards to proposed changes to the sale agreements and preparing the relevant deed of release in respect of Natwest and RBSCS's charges.	Knights PLC	5,000.00	1,000.00	6,000.00
Legal disbursements in relation to the preparation of the Notice of Intention to Appoint Administrators, the Notice of Appointment and the Sale and Purchase Agreement, to include: <ul style="list-style-type: none"> <li>£50.00: Court fee;</li> <li>£42.16: winding up searches; and</li> <li>£3.00: Land registry fee.</li> </ul>	Knights PLC	95.16	19.03	114.19
Agent's fee in respect of reviewing the Company's assets at the trading premises, providing a valuation of the assets, liaising with the Company's Director to prepare a Sales Pack for distribution to interested parties, marketing the assets on the open market, liaising and negotiating with interested parties and liaising with finance providers.	Eddisons	1,000.00	200.00	1,200.00
Agent's disbursements incurred in travelling to the trading premises and marketing the business and assets for sale: <ul style="list-style-type: none"> <li>Mileage / Travel: £200.00 (Estimated)</li> <li>IP Bid £245.00</li> </ul>	Eddisons	445.00	89.00	534.00
<b>TOTAL</b>		<b>16,540.16</b>	<b>3,308.03</b>	<b>19,848.19</b>

The pre-Administration costs are unpaid, and we are seeking that they be paid as an expense of the Administration. Approval for such (and on the basis that we are anticipating that preferential creditors will be paid in full and that no prescribed part applies) will be sought from each of the secured creditors. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval.

## 10. REMUNERATION AND DISBURSEMENTS

### Remuneration

We propose that the basis of our remuneration be fixed under Rule 18.16 of the Rules on a mixture of the various bases as detailed in Appendix 3 and summarised as follows:

- £30,000.00 plus VAT fixed fee; and
- 25% plus VAT of asset realisations from claims brought against third parties.

Approval for such (and on the basis that we are anticipating that preferential creditors will be paid in full and that no prescribed part applies) will be sought from each of the secured creditors. Payment of our remuneration requires separate approval and is not part of our proposals subject to approval.

### Disbursements

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

### Estimate of expenses

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

Description	Name of Recipient	Category	Net Amount £	VAT £	Gross Amount £
Statutory insurance bond (estimated)	Marsh	Category 1	500.00	100.00	600.00
Advertising costs in respect of any subsequent appointment of Liquidators and any Notice of Intended Dividend (where applicable).	Courts Advertising	Category 1	171.70	34.34	206.04
Legal advice in respect of confirming the validity of charges (estimated)	Knights PLC	Category 1	1,500.00	300.00	1,800.00
Storage costs incurred in respect of the Company's books and records.	Restore	Category 1	100.00	20.00	120.00
Book debt collection agents' costs (charged at 5% + VAT of realisations); Calculated on the debtor balance of £114,751.80 as at 17 November 2020.	Hilton-Baird	Category 1	5,737.59	1,147.52	6,885.11
Postage costs	Post Works	Category 1	500.00	100.00	600.00
TOTAL			8,509.29	1,701.86	10,211.15

#### Expenditure incurred to date

Description	Name of Recipient	Category	Net Amount £	VAT £	Gross Amount £
Statutory insurance bond (estimated)	Marsh Insurance	Category 1	110.00	22.00	132.00
Advertising costs in respect of the appointment of the Administrators, any subsequent appointment of Liquidators and any Notice of Intended Dividend (where applicable).	Courts Advertising	Category 1	94.50	18.90	113.40
Legal advice in respect of the completion of the sale, finalising the sale agreement, negotiating and preparing a deed of variation and providing further advice on various other matters.	Knights PLC	Category 1	2,500.00	500.00	3,000.00
Postage costs	Post Works	Category 1	88.32	17.66	105.98
Agent's sale commission fee for the sale of the Company's business and assets.  (Charged at 10% + VAT of realisations).	Eddisons	Category 2	5,000.00	1,000.00	6,000.00
TOTAL			7,792.82	1,558.56	9,351.38

It is not considered that the expenses incurred to date are significant in the contexts of this case.

## 11. OTHER INFORMATION TO ASSIST CREDITORS

#### Report on the conduct of directors

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

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

#### Investigations carried out to date

We have undertaken an initial assessment of possible actions in relation to the manner in which the business was conducted prior to the Administration of the Company and potential recoveries for the estate in this respect.

As above, we requested that creditors provide us with details of their claims against the Company and with any information that may assist us with our investigations into the Company's affairs and the conduct of the Directors. Our staff have liaised with various creditors in respect of their concerns in this regard.

Furthermore, we have carried out investigations into various aspects of the Company's affairs including issuing questionnaires to its Director, liaising with the Director, employees and creditors to gain a better understanding of the Company's affairs and whether any claims may be brought against third parties.

In addition to this we have requested the Company's bank statements for the two-year period prior to our appointment so that transactions can be reviewed as part of our investigations into the Company's affairs and the conduct of its Director.

Based on our initial investigations we consider that further investigations are required into the investments which were reflected in the Company's previous filed accounts.

#### Connected party transactions

The business and assets were sold to WDP on 26 October 2020.

WDP is a connected party by virtue of its common Director and Shareholder Stephen Taylor who is also the sole Director and Shareholder of WDP. WDP was incorporated by the Director in July 2020 on the expectation that the Company would face a formal insolvency procedure.

It should be noted that the offer made (and subsequently accepted) by WDP of £50,000.00, was significantly greater than the next best offer of £20,000.00 which was received from a non-connected party.

#### Deemed delivery

These proposals will be deemed to have been delivered on 18 December 2020.

#### Use of personal information

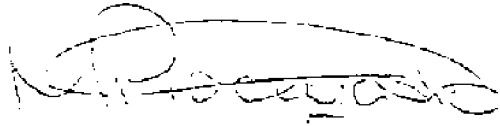
Please note that in the course of discharging our statutory duties as Joint Administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual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

## 12. CONCLUSION

As explained above, neither of the objectives of specified in para 3(1)(a) and (b) of Schedule B1 to the Act can be achieved.

In the circumstances, we are not required to seek a decision from the creditors on the approval of our proposals. However, creditors, whose debts amount to at least 10% of the total debts of the Company, may request that a decision is sought from the unsecured creditors as to whether to approve our proposals, via a qualifying decision procedure. Any such request must be delivered to our office in writing within 8 business days of 18 December 2020. If no such requests are received, our proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, we will write to you to confirm that is the position.

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

A handwritten signature in black ink, appearing to read 'Marco Piacquadio', written in a cursive style.

Marco Piacquadio  
Joint Administrator

Date: 16 December 2020

## ACCOUNT OF RECEIPTS AND PAYMENTS

26 October 2020 to date 16 December 2020

Wincanton Print Company Limited  
(In Administration)  
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 26/10/2020 To 16/12/2020 £	From 26/10/2020 To 16/12/2020 £
	<b>SECURED ASSETS</b>		
24,000.00	Goodwill / IP / Contracts	5,497.00	5,497.00
	Intellectual Property	1.00	1.00
		<u>5,498.00</u>	<u>5,498.00</u>
	<b>SECURED CREDITORS</b>		
(140,000.00)	Natwest Bank PLC	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	<b>HIRE PURCHASE</b>		
205,078.81	Book Debt Ledger	NIL	NIL
(157,058.86)	RBS Commercial Services	NIL	NIL
9,000.00	Vehicles	NIL	NIL
(10,000.00)	Lombard North Central Business	NIL	NIL
766,000.00	Digital Printers & Equipment	NIL	NIL
(854,074.31)	Close Asset Management	NIL	NIL
35,000.00	Digital Printer	NIL	NIL
(44,557.51)	Lombard Technology	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	<b>ASSET REALISATIONS</b>		
NIL	Bartercard	NIL	NIL
1.00	Business Information	1.00	1.00
NIL	Cash at Bank	NIL	NIL
1.00	Company Records	1.00	1.00
19,000.00	Fixtures, Fittings, P&M and Equipment	12,500.00	12,500.00
6,000.00	Motor Vehicles	6,000.00	6,000.00
Uncertain	Other Debtors	NIL	NIL
1,000.00	Stock	1,000.00	1,000.00
		<u>19,502.00</u>	<u>19,502.00</u>
	<b>COST OF REALISATIONS</b>		
	Statutory Advertising	94.50	94.50
		<u>(94.50)</u>	<u>(94.50)</u>
	<b>PREFERENTIAL CREDITORS</b>		
(8,648.10)	Employees re Arrears/Hol Pay	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	<b>UNSECURED CREDITORS</b>		
(5,086.00)	Banks/Institutions	NIL	NIL
(105,081.30)	Directors	NIL	NIL
(113,441.74)	Employees	NIL	NIL
(85,000.00)	HMRC	NIL	NIL
(62,205.09)	Trade Creditors	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	<b>DISTRIBUTIONS</b>		
(100.00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
(520,172.10)		<u>24,905.50</u>	<u>24,905.50</u>
	<b>REPRESENTED BY</b>		
	Bank 1 Current		24,886.60
	Vat Receivable		18.90
			<u>24,905.50</u>

DIRECTOR'S STATEMENT OF AFFAIRS AS AT 26  
OCTOBER 2020



## STATEMENT OF AFFAIRS

Name of Company Wincanton Print Company Limited	Company Number 02886990
In the The High Court of Justice	Court case number 003943 - 2020

Statement as to the affairs of

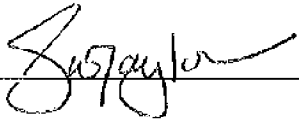
Wincanton Print Company Limited  
Units 1-3 Hilltop Business Park  
Devizes Road  
Salisbury  
Wiltshire  
SP3 4UF

on the 26 October 2020, the date that the company entered administration.

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### Statement of Truth

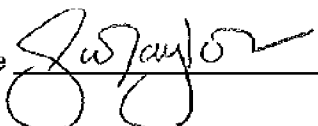
I believe the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at 26 October 2020 the date that the company entered administration. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Full Name	<u>Stephen Taylor</u>
Signed	<u></u>
Dated	<u>14 December 2020</u>

Wincanton Print Company Limited  
Company Registered Number: 02886990  
Statement Of Affairs as at 26 October 2020

**A - Summary of Assets**

Assets	Book Value £	Estimated to Realise £	
<b>Assets subject to fixed charge:</b>			
Goodwill / IP / Contracts	NIL	24,000.00	
Natwest Bank PLC		(140,000.00)	
Deficiency c/d		(116,000.00)	
Book Debt Ledger	241,269.18	205,078.81	
RBS Commercial Services		(157,058.86)	
		48,019.95	48,019.95
Vehicles (Lease Purchase)	10,400.00	9,000.00	
Lombard North Central Business (Lease Purchase)		(10,000.00)	
Deficiency c/d		(1,000.00)	
Digital Printers & Equipment (Hire Purchase)	974,000.00	766,000.00	
Close Asset Management (Hire Purchase)		(854,074.31)	
Deficiency c/d		(88,074.31)	
Digital Printer (Lease Purchase)	55,000.00	35,000.00	
Lombard Technology (Lease Purchase)		(44,557.51)	
Deficiency c/d		(9,557.51)	
<b>Assets subject to floating charge:</b>			
Fixtures, Fittings, P&M and Equipment	13,500.00		19,000.00
Motor Vehicles	5,250.00		6,000.00
Stock	1,000.00		1,000.00
Business Information	NIL		1.00
Bartercard	7,687.14		NIL
Cash at Bank	NIL		NIL
Other Debtors	12,621.00		Uncertain
Company Records	NIL		1.00
<b>Uncharged assets:</b>			
<b>Estimated total assets available for preferential creditors</b>			<b>74,021.95</b>

Signature  Date 14 December 2020

Wincanton Print Company Limited  
Company Registered Number: 02886990  
Statement Of Affairs as at 26 October 2020

**A1 - Summary of Liabilities**

	Estimated to Realise £
<b>Estimated total assets available for preferential creditors (Carried from Page A)</b>	<b>74,021.95</b>
<b>Liabilities</b>	
<b>Preferential Creditors:-</b>	
Employees re Arrears/Hol Pay	8,648.10
	<u>8,648.10</u>
<b>Estimated deficiency/surplus as regards preferential creditors</b>	<b>65,373.85</b>
<b>2nd Preferential Creditors:-</b>	
	<u>NIL</u>
<b>Estimated deficiency/surplus as regards 2nd preferential creditors</b>	<b>65,373.85</b>
Debits secured by floating charges pre 15 September 2003	
Deficiency b/d	<u>116,000.00</u>
	<u>(50,626.15)</u>
Other Pre 15 September 2003 Floating Charge Creditors	
	<u>NIL</u>
	<u>(50,626.15)</u>
Estimated prescribed part of net property where applicable (to carry forward)	<u>NIL</u>
<b>Estimated total assets available for floating charge holders</b>	<b>(50,626.15)</b>
Debits secured by floating charges post 14 September 2003	
	<u>NIL</u>
<b>Estimated deficiency/surplus of assets after floating charges</b>	<b>(50,626.15)</b>
Estimated prescribed part of net property where applicable (brought down)	<u>NIL</u>
<b>Total assets available to unsecured creditors</b>	<b>(50,626.15)</b>
<b>Unsecured non-preferential claims (excluding any shortfall to floating charge holders)</b>	
Deficiency b/d	98,631.82
Trade Creditors	62,205.09
Employees	113,441.74
Directors	105,081.30
Banks/Institutions	5,086.00
HMRC	85,000.00
	<u>469,445.95</u>
<b>Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)</b>	<b>(520,072.10)</b>
<b>Estimated deficiency/surplus as regards creditors</b>	<b>(520,072.10)</b>
Issued and called up capital	
Ordinary Shareholders	100.00
	<u>100.00</u>
<b>Estimated total deficiency/surplus as regards members</b>	<b>(520,172.10)</b>

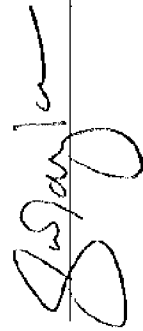
Signature

Date

**Begbies Traynor (Central) LLP**  
**Wincanton Print Company Limited**  
**Company Registered Number: 02886990**  
**B - Company Creditors**

Key	Name	Address	£
CA00	Agfa Graphics	Units 1 & 2, Ashbourne Court, Manners Industrial Estate, Manners Ave, Ilkeston, DE7 8EF	6,098.40
CA02	Anari Plastics	Holmes House, 24-30 Baker St, Weybridge, Surrey, KT13 8AU	13,324.49
CB02	Burton Sweet	The Clock Tower, 5 Farleigh Court, Old Weston Road, Flax Bourton, Bristol, BS48 1UR	1,146.00
CC06	Close Asset Management	10 Exchange Square, Primrose Street, London, EC2A 2BY	854,074.31
CD00	Denmaur Independent Papers Limited	C/O Smith & Williamson LLP, 3rd Floor - RRS, 25 Moorgate, London, EC2R 6AY	8,411.35
CD02	DPD Local	DPDgroup UK Ltd, Roebuck Lane, Smethwick, B66 1BY	2,263.60
CE03	Employees x 10		122,089.84
CF01	Folio Print Finishing Limited	Unit 2, Crowley Way, Avonmouth, Bristol, BS11 9EX	6,116.65
CG01	GF Smith & Son London Ltd	G. F Smith And Son (London) Ltd, Lockwood Street, Hull, United Kingdom, HU2 0HL	2,271.12
CH01	Heidelberg UK	69-76 High St, Brentford, TW8 0AA	3,521.51
CH02	HIM Revenue & Customs	(Insolvency Claims Handling Unit), Room BP3202 Warkworth House, Benton Park View, Longbenton, Newcastle Upon Tyne, NE98 1ZZ	85,000.00
CH03	HSBC Invoice Finance	21 Farncombe Road, Worthing, BN11 2BW	5,086.00
CI00	Intuprint	7F Claymore, Tame Valley Industrial Estate, Wilnecote, Tamworth, B77 5DQ	253.34
CL00	Lombard Technology	Lombard House, The Waterfront, Elstree, Hertfordshire, WD6 3BS	44,557.51
CL01	Lombard North Central Business	250 Bishopsgate, London, EC2M 4AA	10,000.00
CL05	Lindstrom Ltd	6 Oakton Park, Bedford, MK41 0TY	563.16
CL06	Litho Supplies Ltd	Units 1 & 2, Ashbourne Court, Manners Industrial Estate, Manners Ave, Ilkeston, DE7 8EF	7,332.90
CN00	Natwest Bank PLC	135 Bishopsgate, London, EC2M 3UR	140,000.00
CP02	Rentokil Initial UK Limited	Riverbank Meadows Business Park, Blackwater, Camberley, Surrey, GU17 9AB	198.43
CP09	Pitney Bowes Postage	Building 5 Trident Place, Hatfield Business Park, Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ	222.20
CR01	RBS Invoice Finance - Birmingham	3rd Floor, 2 St phillips Place, Birmingham, B3 2RB	157,058.86
CS00	Sabur Ink System Ltd	2 Middlewoods Way, Bamsley, S71 3HR	2,869.52
CS06	Sontex (Machinery) Limited	Unit B1, Cartwright Street, Rawfolds, Cleckheaton, BD19 5LY	564.25
CT03	Mr S Taylor	1 Cannon Court, Bathwell Lane, Milborne Port, Dorset, DT95AN	105,081.30
CT04	Total Gas & Power	55 - 57 High Street, Redhill, Surrey, RH1 1RX	4,529.40

Signature

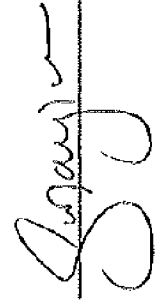


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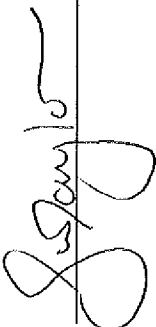
**Begbies Traynor (Central) LLP**  
**Wincanton Print Company Limited**  
**Company Registered Number: 02886990**  
**B - Company Creditors**

Key	Name	Address	£
CU00	Ultimate Finance	W Mosley St, Manchester, M2 3FX	586.01
CU01	Ultima Displays Ltd	49-50 Causeway Rd, Corby, NN17 4DU	533.92
CV00	Very Displays Ltd	17 Boston Rd, Leicester, LE4 1AW	139.79
CW00	water2business	water2business, 21e Somerset Square, Nailsea, Bristol, BS48 1RQ	602.72
CZ00	Zund UK Limited	Spring Valley Business Centre, Porters Wood, St Albans, AL3 6PD	656.33
<b>30 Entries Totalling</b>			<b>1,585,152.91</b>

Signature 

Begbies Traynor (Central) LLP  
Wincanton Print Company Limited  
Company Registered Number: 02886990  
C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Shares	Called Up per share	Total Amt. Called Up
HT00	Mr Stephen Wesson Taylor	1 Canon Court, Bathwell Lane, Milborne Port, DT9 5AN	Ordinary	100.00	1	1.00	1.00
1 Ordinary Entries Totalling					1		

Signature   
Page 1 of 1

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# DIRECTOR'S STATEMENT OF AFFAIRS AS AT 26 OCTOBER 2020

## Notes to the Director's Statement of Affairs

### ASSETS SUBJECT TO A FIXED CHARGE

- **Goodwill:** The Company's Goodwill was valued by Eddisons as having an in-situ value of £40,000.00 and an ex-situ value of nil.

In order to value the Company's goodwill, Eddisons reviewed the Company's current turnover. It was noted that The Royal Institute of Chartered Surveyors advises caution when valuing goodwill and recommends the exclusion of turnover or profits which are attributed solely to the personal skill and/or reputation of the existing management. In addition, goodwill can be described as a wasting asset in insolvency situations.

The Goodwill was sold to WDP on 26 October 2020 for £23,997.00.

- **Business Information:** The Company's business information was considered by Eddisons to have no value. It was sold to WDP on 26 October 2020 for £1.00.
- **Intellectual Property:** The Company's intellectual property was considered by Eddisons to have no value. It was sold to WDP on 26 October 2020 for £1.00.
- **Customer List/Contracts:** The Company's customer list and contracts were considered by Eddisons to have no value. They were sold to WDP on 26 October 2020 for £1.00.

Fixed charge asset realisations will be applied, in the first instance, after costs, in favour of Natwest and subject confirmation of the validity of their charge.

A shortfall to Natwest, as the fixed charge holder, of approximately £116,000.00 is anticipated which will be claimed under their floating charge claim against floating charge assets, after preferential claims.

### ASSETS SPECIFICALLY PLEDGED

- **Debtor Ledger:** The Company's book debt ledger is subject to an invoice discounting facility. The ledger has been retained by RBSCS to collect directly. Just prior to our appointment there were debtors due of £241,269.18, with a sum outstanding to RBSCS of £157,058.00. Whilst there were no known issues regarding the collectability of the ledger, a general bad debt provision of 15% has been applied for the purposes of the Statement of Affairs.

RBSCS have confirmed that their debt has now been collected in full and that they are holding surplus funds of approximately £11,000.00 which will be paid across shortly. We are yet to receive confirmation of the balance to be collected on the ledger by the Administrators.

Surplus realisations held by RBSCS of approximately £11,000.00 will be passed to the Administrator and will be available for distribution, firstly to preferential creditors and then to Natwest in their capacity as floating charge creditor and subject to our review on the validity of the charge, and after costs.

- **Lombard North Central ("LNC"): Vehicles:** The Company obtained two lease purchase agreements (dated 09 November 2016) in respect of the following vehicles:
  - Nissan NV400 F33 L2 Diesel 2.3 dCi (registration WF66 OVX)
  - BMW 4 Series Gran Diesel Coupe 420D M Sport Auto (registration RE66 MUP)

Eddisons valued the vehicles as having an in-situ value of £10,400.00 and an ex-situ value of £9,000.00. Outstanding finance on the vehicles totalled £9,799.00. It was agreed by the Administrators that the vehicles and related finance agreements, further to Eddisons' valuation, could be assigned to WDP at no cost/benefit. The Nissan formed part of the sale of the business and assets but an agreement between LNC and WDP is yet to be reached.

- **Close Brothers Limited ("Close"): Encumbered plant and machinery:** Close held agreements over 14 items of plant and machinery which was valued by Eddisons as having an in-situ value of £974,000.00 and an ex-situ value of £766,000.00. Close's indebtedness was confirmed to total £1,028,692.00.

The negative equity in the items of plant and machinery had prevented the Director in obtaining a refinancing arrangement prior to our appointment. Between the end of such discussions, and our appointment as Administrators, Close had sold and arranged for the collection of one item, a Heidelberg XL5-5+L Five Colour Printing Press (valued at between £420,000.00 and £350,000.00). Close have confirmed that their claim against the Company totals £88,074.31.

Regarding the second, significant item, a Heidelberg XL75-4 LE UV Four Colour Printing Press (valued between £380,000.00 and £320,000.00) and the remaining 12 items, we are advised that discussions are underway between WDP and Close, with a view to an assignment of the agreement. It was agreed by the Administrators, further to Eddisons' valuation, that the 14 items financed by Close, and subject to finance, could be assigned to WDP at no benefit/cost. We are yet to receive confirmation from Close that an agreement with WDP has been finalised.

- **Lombard Technology Services Limited ("LTS"):** The Company obtained a lease purchase agreement (dated 28 July 2017) in respect of a Pro C9100 Entrance Unit Colour Production Printer, with an original sale price of £110,000.00 plus VAT. This was valued by Eddisons as having an in-situ value of £55,000.00 and an ex-situ value of £36,000.00. Outstanding finance on the printer totalled £49,738.00.

It was agreed by the Administrators, further to Eddisons' valuation, that the printer and related finance agreement could be assigned to WDP at no benefit/cost. An agreement between LTS and WDP is yet to be reached.

As detailed above, the Company's encumbered plant and machinery was valued in-situ at £1,039,400.00 and ex-situ at £811,000.00 with a combined indebtedness of £1,088,229.00. There was considered to be insufficient realisable value in the assets as a whole for refinancing options for the Company; which further supported a pre-pack Administration, enabling onerous agreements to be novated or assigned.

#### ASSETS SUBJECT TO FLOATING CHARGES

A shortfall of approximately £116,000.00 to Natwest as the Company's floating charge holder is currently anticipated which will be claimed under their floating charge against the Company's floating charge assets, after the payment of costs of the Administration and preferential claims. It is still anticipated that Natwest will suffer an overall shortfall of approximately £50,600.00.

The Company's floating charge assets are as follows:

- **Unencumbered fixtures, fittings, plant and machinery and equipment:** These were valued by Eddisons as having an in-situ value of £29,100.00 and an ex-situ value of £13,500.00. These assets were sold to WDP on 26 October 2020 for £19,000.00
- **Raw materials / Stock:** The Company's stock was valued by Eddisons as having an in-situ value of £3,000.00 and an ex-situ value of £1,000.00. The stock was sold to WDP on 26 October 2020 for £1,000.00.



- **Motor Vehicles:** The Company's two vehicles comprised an unencumbered Mercedes Sprinter 313 Van (LO13 ZXJ) and a Nissan NV400 (B10 WPC). These were valued by Eddisons as having an in-situ value of £7,500.00 and an ex-situ value of £5,250.00 and were sold to WDP on 26 October 2020 for £6,000.00.

We have latterly been advised that outstanding finance remains on this vehicle of £403.55 owed to LNC in respect of the Nissan (first registered as WF66 OVX) which will be settled by WDP.

- **Cash at Bank:** There was no cash at bank as at the date of appointment.
- **Alternative Currency Account:** The Company's August management accounts refer to a 'Bartercard' card account with a value of £7,687.14. We have since reviewed this matter and it has been confirmed that the credit in the account can only be used to purchase services provided by other members and, as such, it has no realisable value.
- **Other Debtors:** Post-appointment remittances to the Company's bank account includes £12,621.00 in respect of the Government's initiatives for COVID19 relief, known as the furlough and / or Job Retention Scheme ("JRS"). Once we have received up to date bank statements and have conducted our review of recent management information, we will be able to better determine whether there is a further claim to be made by the Administrators in respect of Furlough / JRS and any other debtor balances that may be owing.

However, for the purposes of the Statement of Affairs, the estimated to realise value is uncertain.

- **Investments:** The most recent statutory accounts show an asset of £576,096.00 in respect of "Investments". The Director advises that this related to property improvements but that they should not have been reflected in the Company's accounts. For that reason, they are not reflected in the Statement of Affairs. However, the Administrators will review this matter further to establish if there is a transferable or realisable value to be obtained.

#### PREFERENTIAL CREDITORS

A total of 10 employees have been made redundant as part of the Administration process. It is understood that the Company's pension contributions were paid up to date and that the only preferential claims will be in respect of holiday pay. These claims are estimated to total £8,648.10.

#### PRESCRIBED PART PROVISIONS

Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "Net property" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The prescribed part is 50% of the first £10,000.00 and 20% of the remaining net property (up to a maximum of £600,000.00).

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

- a. The net property is less than £10,000.00 and we think that the cost of distributing the prescribed part would be disproportionate to the benefit;
- b. Or if the net property is more than £10,000.00, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds.

To the best of our knowledge, there are no charges created on or after 15 September 2003 and, consequently, Section 176A will not apply. As such, no prescribed part of net property is available for distribution to the unsecured creditors.

## UNSECURED CREDITORS

Unsecured creditors are confirmed to total £520,072.10 comprising the following:

• Natwest Shortfall (estimated)	£ 50,626.15
• Close Shortfall	£ 88,074.31
• LNC Shortfall	£ 1,000.00
• LTS Shortfall	£ 9,557.51
• Trade Creditors	£ 62,205.09
• Employees	£113,441.74
• Director	£105,081.30
• Banks/Institutions	£ 5,086.00
• HMRC	£ 85,000.00

These claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.

The estimated total deficiency, including the calculation of the prescribed part of the Company's net property (where applicable), is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

## Notes

1. The indebtedness to Natwest and RBSCS is supported by a personal guarantee from the Company's Director;
2. Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.
3. The estimated total deficiency is subject to the costs of Administration for which no provision is made in the Statement of Affairs.
4. Transactions with Directors and Associates: The business and assets were sold to WDP on 26 October 2020. WDP is a connected party by virtue of its common Director and Shareholder Stephen Taylor who is also the sole Director and Shareholder of WDP. WDP was incorporated by the Director in July 2020 on the expectation that the Company would face a formal insolvency procedure.

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## REMUNERATION AND EXPENSES

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

- ❑ Begbies Traynor (Central) LLP's charging policy
- ❑ Pre-administration Time Costs Summary with Pre-Administration Time Costs Analysis
- ❑ Details of how the Administrators are proposing to be remunerated and details of the work that the Administrators consider that they will need to undertake to administer the administration
- ❑ Details of the expenses that the Administrators consider will be, or are likely to be, incurred

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2017' which provides guidance on creditors' rights can be obtained online at [www.begbies-traynor.com/creditorsguides](http://www.begbies-traynor.com/creditorsguides). Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

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

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## BEGBIES TRAYNOR CHARGING POLICY

### INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance<sup>2</sup> requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance<sup>3</sup> indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

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

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

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

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

Best practice guidance classifies expenses into two broad categories:

- Category 1 disbursements (approval not required) - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- Category 2 disbursements (approval required) - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a Category 1 disbursement) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates.

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<sup>2</sup> Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

<sup>3</sup> Ibid 1

Expenses which should be treated as Category 2 disbursements (approval required) –

in addition to the two categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements.

#### Services provided by other entities within the Begbies Traynor group

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

- Instruction of Eddisons Commercial Ltd in respect of reviewing the Company's assets at the trading premises, providing a valuation of the assets, liaising with the Company's Directors to prepare a Sales Pack for distribution to interested parties, marketing the assets on the open market and liaising and negotiating with interested parties. This fee will be charged on the basis of a fixed fee of £1,000.00 plus VAT in addition to a sales commission charged at 10% plus VAT of the sale proceeds.

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

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

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

- Telephone and facsimile
- Printing and photocopying
- Stationery

Additional payments received by Eddisons Commercial Limited from purchasers where assets are disposed of by way of auction

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property) are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600.00. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

## BEGBIES TRAYNOR CHARGE-OUT RATES

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

Grade of staff	Charge-out rate (£ per hour)
	1 May 2011 – until further notice
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	60 – 110

## PRE-ADMINISTRATION COSTS SUMMARY

CASE NAME: Wincanton Print Company Limited

CASE TYPE: Administration

OFFICE HOLDERS: Marco Piacquadio and Julie Anne Palmer

DATE OF APPOINTMENT: 26 October 2020

### 1 CASE OVERVIEW

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

#### 1.2 Costs information

Full details of the work undertaken by the administrators and their staff prior to appointment are set out below and in the Administrators' Statement of Proposals.

#### 1.3 Overview of work undertaken prior to appointment

The following work was carried out in the pre-appointment period:

- Carrying out internal ethics and conflict checks;
- Carrying out searches at Companies House and Land Registry
- Setting up case files;
- Advising the Company in the lead up to the Administration;
- Liaising with Natwest and RBSCS as the secured creditors and major creditors to include Close;
- Dealing with and assisting with employee queries;
- Dealing with the marketing and proposed sale of the Company's business and assets as part of the Administration process;
- Liaising with the instructed agents;
- Liaising with the instructed solicitors;
- Assisting with negotiations with interested parties;
- Assisting with the provision of information as part of the due diligence process in an attempt to help the sale process;
- Liaising with the Board;
- Collecting and reviewing the Company's books and records and overseeing / reviewing day to day financial information in the lead up to Administration to understand any funding requirements of the Company.

This work was carried out before the Company entered Administration because we considered that it would further the achievement of the objective of Administration being pursued, namely realising property in order to make a distribution to one or more secured or preferential creditors.

Full details of this work and the reasons why it was required are included in Section 9 of the Proposals and Appendix 4 of the Proposals.

#### 1.4 Complexity of work undertaken prior to appointment

The work carried out in the pre-appointment period was not overly complex. However, it should be noted that the work was time critical given the growing pressure from some of the Company's key creditors.

#### 1.5 Exceptional responsibilities

There were no unusual responsibilities in relation to our pre-appointment work.

##### 1.5.1 The proposed Administrators' effectiveness

The work undertaken by the Proposed Administrators enabled the Administrators to secure and value the Company's assets on the date of their appointment and has avoided the dissipation of any assets.

#### 1.6 The views of the creditors

Throughout the pre-appointment period we were in regular communication with the Company's secured creditors Natwest and RBSCS to confirm the proposed strategy for dealing with the Company's assets. The secured creditors have confirmed that they were in agreement with the proposed strategy.

#### 1.7 Approval of fees, expenses and disbursements incurred in the period prior to appointment

The following resolution is being put forward for creditors to approve:

1. That the unpaid pre-administration costs as detailed in the Joint Administrators' Statement of Proposals for achieving the purpose of the Administration be approved for payment.

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

##### Category 1 Disbursements

Type and purpose	Amount £
<u>Legal fees:</u> Preparing the relevant appointment documentation, filing the relevant notices of intention to appoint on various parties, preparing the sale and purchase agreement, liaising with the purchasers' solicitors with regards to proposed changes to the sale agreements and preparing the relevant deed of release in respect of Natwest and RBSCS's charges.	5,000.00 plus VAT
<u>Legal Disbursements:</u> Costs incurred in the preparation of the Notice of Intention to Appoint Administrators, the Notice of Appointment and the Sale and Purchase Agreement, to include: <ul style="list-style-type: none"><li>• £50.00: Court fee;</li><li>• £42.16: winding up searches; and</li><li>• £3.00: Land registry fee.</li></ul>	95.16 plus VAT
<b>TOTAL</b>	<b>5,095.16 plus VAT</b>



## Category 2 Disbursements

Pursuant to the resolution being sought in relation to the unpaid pre-administration costs, the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements are proposed to be charged in relation to the period prior to appointment:

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
None	

## Disbursements treated as Category 2 disbursements

Other amounts paid or payable to any party in which the office holder or his firm or any associate has an interest	
Type and purpose	Amount £
<u>Agent's Fee:</u>  Reviewing the Company's assets at the trading premises, providing a valuation of the assets, liaising with the Company's Director to prepare a Sales Pack for distribution to interested parties, marketing the assets on the open market, liaising and negotiating with interested parties and liaising with finance providers.	1,000.00 plus VAT
<u>Agent's Disbursements</u>  Agent's disbursements incurred in travelling to the trading premises and marketing the business and assets for sale: <ul style="list-style-type: none"> <li>• Mileage / Travel: £200.00 (Estimated)</li> <li>• IP Bid £245.00</li> </ul>	445.00 plus VAT
<b>TOTAL</b>	<b>1,445.00 plus VAT</b>

### 1.9 Other professionals employed & their costs

Knights LLP were instructed to assist in preparing the relevant appointment documentation, filing the relevant notices of intention to appoint on various parties, preparing the sale and purchase agreement, liaising with the purchasers' solicitors with regards to proposed changes to the sale agreements and preparing the relevant deed of release in respect of Natwest and RBSCS's charges.

Their fee has been agreed on a fixed fee basis and is considered to be reasonable in the context of the case.

Eddisons Commercial Limited were instructed to assist in reviewing the Company's assets at the trading premises, providing a valuation of the assets, liaising with the Company's Director to prepare a Sales Pack for distribution to interested parties, marketing the assets on the open market, liaising and negotiating with interested parties and liaising with finance providers.

Their fee has been agreed on a fixed fee basis of £1,000.00 and is considered to be reasonable in the context of the case.

1.10 Staffing and management

The staff used on this assignment were chosen based on their level of experience of insolvency procedures, specifically Administrations. Primarily the work was carried out by Managers and a Licensed Insolvency Practitioner.

2 **EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES**

2.1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 3

DETAILS OF DETAILS OF HOW THE ADMINISTRATORS ARE SEEKING TO BE REMUNERATED  
AND THE WORK THAT THEY CONSIDER THAT THEY WILL NEED TO UNDERTAKE TO  
ADMINISTER THE ADMINISTRATION

Further to our appointment, we are seeking creditors approval to be remunerated on one, or a mixture of the bases allowed under the Insolvency (England and Wales) Rules 2016. These are as a set amount and as a percentage of the value of the assets realised.

In this case, we are seeking that our remuneration be agreed on the on the following bases:

(a) Fixed Fee

The Joint Administrators propose to draw a fixed fee of £30,000.00 for undertaking the following categories of work, during their time in office. A description of the type of work which falls under these categories is detailed below.

1. General case administration and planning
2. Compliance with the Insolvency Act, Rules and best practice
3. Investigations
4. Realisation of assets
5. Dealing with all creditors claims (including employees), correspondence and distributions
6. Other matters which include seeking decisions from creditors via Deemed Consent Procedures (where applicable), finalising the Company's tax matters and dealing with any pension matters.

Full details of the work that is intended to be carried out in this regard is set out below.

(b) Percentage Basis

We are also seeking to be remunerated on a percentage basis of asset realisations as follows: -

Nature of asset	Percentage being sought (%)
Any asset realisations from claims brought against third parties.	25% + VAT

Summary of the work to be undertaken in the Administration

The following work category descriptions are provided in order for creditors to understand the statutory and general duties involved during the course of the administration. This will also help creditors to understand how we have arrived at our fees estimate in this pre appointment period.

General case administration and planning

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

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

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

Specific work includes:

- Preparing and collating a case strategy with regards to administration and maintenance of the case.
- Undertaking conference calls and internal communications with regards to the full implementation of the proposed strategy and ongoing actions.
- Maintaining the case strategy plan.
- Filing.
- Dealing with general calls.
- Dealing with routine correspondence and emails.
- Opening and maintaining the Administrators' bank account.
- Requesting initial information from the Company's bank and accountant.
- Traveling to and from the Premises.
- Opening physical case files and electronic records.

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

#### Compliance with the Insolvency Act, Rules and best practice

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

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

Specific work includes:

- Undertaking the initial appointment tasks including notifications to Companies House, the Company, shareholders and creditors.
- Calculating, arranging and monitoring a statutory insurance bond.
- Advertising appointment and ensuring notification in the London Gazette.
- Reviewing documents in relation to the Company's affairs.
- Preparing and circulating the Proposals and Progress Reports to creditors and other stakeholders.
- Preparing and circulating a Final Report to creditors and stakeholders.
- Requesting Statement of Affairs from Directors and liaising with them in relation to the preparation and completion of the same.

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

#### Investigations

Within three months of our appointment, we are required to submit an online conduct report in accordance with the Company Directors Disqualification Act. In order to fulfil this duty, we will seek to recover the Company books and records, both hard copy and electronic, from the directors in order to carry out our initial investigations. An initial investigation is carried out in all cases to determine whether there are potential recovery actions for the benefit of creditors. Such investigations include analysis of the Company's bank statements, reviewing information provided by third parties and an analysis of the

Company's management accounting records/systems. Any person who is or has been a director, or is considered as a de facto or shadow director of the Company in the three years prior to the insolvency event are also asked to complete a questionnaire to assist with our investigations.

Specific work includes:

- Writing to the Director and requesting completed questionnaires and additional information regarding the Company's trading history;
- Continuing investigation of the Company's affairs.
- Requesting the Company's bank statements and financial records.
- Undertaking preliminary investigations and recording points to note for DCAS reporting on Directors' conduct.
- Carrying out a bank analysis of transactions with various third parties.
- Reviewing the Company's books and records to identify whether there are any claims that may be brought against third parties.
- Discussing issues for investigation with key stakeholders (where appropriate).
- Instructing solicitors to assist with identification of claims against third parties that may be brought for the benefit of creditors (where appropriate).
- Reviewing accounts, advice and reports provided by professional advisors prior to the commencement of the Administration.
- Writing to HMRC to request copies of pre-appointment returns.
- Writing to creditors to request further information regarding the Company.

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

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

As you can see above, the costs of my initial investigations have been reflected in my proposed fixed fee. However, should those initial investigations reveal potential undisclosed assets, claims against directors and/or any other parties or any other matters which require further detailed investigation work in order to seek to recover funds for the benefit of creditors, I will need to propose an increase in my remuneration to cover the work necessary to pursue those investigations and relevant claims. I am unable to seek approval to fix my remuneration for such work unless and until the nature of any such claims has been identified and the work involved can be quantified. This also applies in the event of tax and pensions matters arising, not originally anticipated and included in proposed fee estimates. I will therefore circulate to creditors as necessary, if such claims or further works are identified, to seek a further resolution to fix my fees for this additional work. Details of the nature of the potential claims identified and any further work to be undertaken will be included in the report accompanying the resolution request. Such recovery actions would be for the benefit of the creditors and the office holder will provide an estimate of that benefit if an increase in fees is necessary.

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

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

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

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

Should there be funds available to make a distribution to the unsecured creditors, it is usual practice for a succeeding liquidator to deal with the claims of the unsecured creditors.

Where the Company has employees who have claims in the Administration, it will be the role of appointed Administrator to liaise with the Redundancy Payments Service ("RPS") and collate employment records in order to submit information concerning sums potentially due in respect of outstanding salaries, holiday pay, pay in lieu of notice and redundancy.

The government will initially review and make payment of the claims of the employees, (up to their maximum allowances), and any shortfall on those claims will be a claim in the insolvency proceedings.

Specific work includes:

- Dealing with ad hoc creditor correspondence, emails and telephone conversations.
- Liaising with creditors who have retention of title claims and assisting them with the collection of goods where the claim is deemed to be valid.
- Taking receipt, reviewing and recording creditor claims.
- Maintenance of creditor records with regards to existing and newly identified creditors.
- Liaising with utility providers with regards to relevant information to calculate and process claim.
- Liaising with pension scheme regarding the processing of pension contribution arrears (if applicable).
- Adjudication of preferential unsecured claims and issuing a dividend to creditors.

We are under a statutory duty to maintain creditor information and assist with the collation of employee claims. This work will ultimately provide the information necessary to enable dividends to be calculated and paid.

#### Realisation of assets

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

Specific work includes:

- Liaising with instructed solicitors and the prospective purchasers regarding the completion of the sale of the business and assets.
- Liaising with Eddisons and the prospective purchasers regarding the sale of the completion of the sale of the business and assets.
- Liaising with RBSCS and an instructed debt collection agent in respect of the realisation of the Company's book debt ledger.
- Liaising with Close and other finance providers regarding the assignment and novation of the Company's assets subject to finance agreements.
- Liaising with the Company's Director regarding the collection of the deferred consideration payments due following the sale of the business and assets.
- Taking any action necessary in relation to realising additional funds following conclusion of our investigations (where applicable).

This work has and will result in the sale of the Company's business and assets which will provide a payment in full of RBSCS's debt and the reduction of Natwest's liability. It will also result in a reduction of the Company's overall deficiency (by way of the mitigation of employee claims and finance providers' claims) and is likely to facilitate a payment in full of Barclays' debt under their fixed charge and sufficient realisations to enable a distribution to the Company's preferential and non-preferential unsecured creditors.

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

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

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

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

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

Specific work includes:

- Notification of appointment to HMRC.
- Calculating and submitting PAYE, VAT and Corporation Tax returns for the period of the Administration.
- Notification of appointment to S120 pension searches.
- Obtaining HMRC clearance before conclusion of the case.

This work is required to finalise the Administration.

There are certain other matters which we may have to deal with which are not evident or foreseeable at the outset of the Administration. I am unable to seek approval to fix remuneration for any work unless and until the nature of any such work has been identified and the work involved can be quantified. If this scenario should occur, I will revert to creditors, providing full details of the circumstances at the time, to seek creditor approval of a further fees estimate.

Instances and explanations of the such work that might fall under this category are provided on our website at <http://www.begbies-traynorgroup.com/work-details>.

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

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

Estimate of future expenses

Description	Name of Recipient	Category	Net Amount £	VAT £	Gross Amount £
Statutory insurance bond (estimated)	Marsh	Category 1	500.00	100.00	600.00
Advertising costs in respect of any subsequent appointment of Liquidators and any Notice of Intended Dividend (where applicable).	Courts Advertising	Category 1	171.70	34.34	206.04
Legal advice in respect of confirming the validity of charges (estimated)	Knights PLC	Category 1	1,500.00	300.00	1,800.00
Storage costs incurred in respect of the Company's books and records.	Restore	Category 1	100.00	20.00	120.00
Book debt collection agents' costs (charged at 5% + VAT of realisations). This has been calculated on the basis of the debtor balance of £114,751.80 as at 17 November 2020.	Hilton-Baird	Category 1	5,737.59	1,147.52	6,885.11
Postage costs	Post Works	Category 1	500.00	100.00	600.00
TOTAL			8,509.29	1,701.86	10,211.15



Expenditure incurred to date

Description	Name of Recipient	Category	Net Amount £	VAT £	Gross Amount £
Statutory insurance bond (estimated)	Marsh	Category 1	110.00	22.00	132.00
Advertising costs in respect of the appointment of the Administrators, any subsequent appointment of Liquidators and any Notice of Intended Dividend (where applicable).	Courts Advertising	Category 1	94.50	18.90	113.40
Legal advice in respect of the completion of the sale, finalising the sale agreement, negotiating and preparing a deed of variation and providing further advice on various other matters.	Knights PLC	Category 1	2,500.00	500.00	3,000.00
Postage costs	Post Works	Category 1	88.32	17.66	105.98
Agent's sale commission fee for the sale of the Company's business and assets. (Charged at 10% + VAT of realisations).	Eddisons	Category 2	5,000.00	1,000.00	6,000.00
TOTAL			7,792.82	1,558.56	9,351.38

## SIP 16 STATEMENT

## SIP 16 Statement

WINCANTON PRINT COMPANY LIMITED – IN ADMINISTRATION (“the Company”)

**INFORMATION ABOUT THE COMPANY AND THE PRE-PACKAGED SALE OF THE COMPANY’S ASSETS AND UNDERTAKING ON 26 OCTOBER 2020**

Our proposals for achieving the purpose of the Administration, which will be sent to creditors as soon as practicable, will provide detailed information in relation to the Company. Our proposals are not included at this stage as we continue to ascertain the correct liabilities of the Company and await the Director’s Statement of Affairs and full details of creditors’ claims.

The following background information is provided to assist creditors who may have limited knowledge of the Company and its affairs to better understand the reasons for the pre-packaged sale.

Background Information

Somerset based “Wincanton Litho” initially traded as a partnership from 1980 to 1994, providing printing services throughout the local area, until the partners decided to incorporate as a limited company on 12 January 1994. Stephen Taylor was appointed as the Company’s sole Director.

The Company’s main business activity was the provision of printing services. It offered a broad product range which included brochures, business cards, exhibition stands, banners for buildings and car-wraps. The Company traded from premises at 26 Wessex Way, Wincanton, BA9 9RR (“the Premises”) which were owned by the Director personally.

The initial trading period was funded by way of a mortgage provided by Natwest Bank PLC (“Natwest”) which was created on 25 August 1994 and registered at Companies House on 06 September 1994. In addition to this, from 1997 to 2016, the Company entered into a number of finance agreements, primarily with Close Brothers Asset Management Limited (“Close”), which enabled the purchase of various printing machines. The addition of these machines increased the Company’s ability to fulfil larger contracts and resulted in an increase in revenue and, ultimately, profits.

As the Company’s costs began to increase, the Company also entered into an invoice factoring agreement with Royal Bank of Scotland Commercial Services Limited (“RBSCS”) to assist with its cashflow position which would enable it to continue to meet the costs of expansion. A fixed and floating charge was granted in favour of RBSCS on 06 July 2001 and this was registered at Companies House on 10 July 2001.

With the exception of a loss incurred in the year ending 31 May 2002 of £177,846.00, the Company has traded profitably since incorporation and up until 2018, with the most successful year being 2000 where it generated profits of £577,267.00. During the period from 2001 to 2017, the Company’s performance has remained constant, generating turnover of £3,509,304.00 and £3,551,826.00 in 2016 and 2017 respectively.

However, ever increasing administrative expenses, and a slight drop in turnover from £3,436,586 and £3,478,692 in 2018 and 2019 respectively, resulted in a loss before tax of £16,930.00 being incurred in the year ending 31 May 2018. In addition to this, profit margins were further affected as the industry moved more towards digital technology which carried less of a requirement for labour.

Efforts were made to reduce distribution costs and administrative expenses over time which resulted in losses of only £3,924.00 being incurred in the year ending 31 May 2019 and it was expected that these cost-cutting measures would enable the Company to return to a profitable position in the upcoming year.

### **The reasons for the Company's insolvency**

In spite of the above cost-cutting exercise, the Company experienced further financial difficulties in April 2020 as a result of Government-imposed restrictions following the Covid-19 pandemic that came into force at the end of March 2020. These restrictions effectively prevented the Company from being able to trade and the Company's employees were placed on furlough in an effort to further reduce expenditure. However, as Government restrictions were extended, and trade therefore did not improve, the Company began to receive final demands for payment from its creditors.

Following the relaxing of the Government's restrictions, it was noted that the demand for marketing materials had significantly reduced as customers themselves prepared for an economic decline and that previous efforts to reduce distribution costs and administrative expenses were not sufficient to mitigate the impact of Covid-19.

As a result, the Company experienced increasing creditor pressure as it was unable to meet liabilities as and when they fell due.

Extracts from the Company's accounts for the previous four years are set out below:

Profit & loss	2015	2016	2017	2018	2019
	£	£	£	£	£
Turnover	3,509,304	3,678,887	3,551,826	3,436,586	3,478,692
Cost of sales	(2,121,866)	(2,112,061)	(2,160,127)	(2,223,478)	(2,245,733)
Gross profit	1,387,438	1,566,871	1,391,699	1,213,108	1,232,959
Distribution costs	(153,102)	(244,601)	(181,767)	(165,968)	(171,905)
Administrative expenses	(1,154,682)	(1,198,248)	(943,297)	(946,247)	(941,356)
Other operating income	5,119	0	15,355	15,335	15,355
Operating profit	84,773	124,022	281,990	116,248	135,053
Interest receivable and similar income	1,512	49	27	12	1
Interest payable and similar charges	(39,233)	(56,041)	(144,053)	(133,190)	(135,595)
Profit before tax	47,052	68,030	137,964	(16,930)	(551)
Tax on loss on ordinary activities	(1,832)	(51,802)	(23,241)	41,474	(3,383)
Profit for financial year	45,220	16,228	114,723	24,544	(3,924)

Balance sheet	2015	2016	2017	2018	2019
	£	£	£	£	£
Tangible fixed assets	1,362,813	1,682,330	1,612,929	1,531,788	1,573,983
Stocks	101,172	87,331	87,311	97,178	97,551
Debtors	766,727	835,496	748,807	930,837	697,704
Investments	683,185	684,896	576,096	576,096	576,096
Cash at bank	90,675	101,193	61,130	14,032	5,848
Amounts falling due within one year	(1,559,897)	(1,882,507)	(1,633,992)	(1,676,367)	(1,445,712)
Total assets less current liabilities	1,444,675	1,508,719	1,452,281	(58,224)	(68,513)
Amounts falling due after one year	(813,901)	(858,725)	(708,004)	(1,019,889)	(1,052,335)
Provisions for liabilities	(180,033)	(180,033)	(178,592)	(183,825)	(187,209)
Net assets	450,741	469,961	565,685	269,850	265,926
Called up share capital	100	100	100	100	100
Profit and loss account	450,641	469,861	565,585	269,750	265,826
<b>Shareholders' funds</b>	<b>450,741</b>	<b>469,961</b>	<b>565,685</b>	<b>269,850</b>	<b>265,926</b>

With growing pressure from some of the Company's key creditors, the Director, having already discussed a potential refinance with Close, was referred to Begbies Traynor for insolvency advice (and specifically for advice on a potential pre-packaged Administration) in July 2020. An initial meeting was held with the Company's Director, Stephen Taylor, and Graeme Lipman and Julie Anne Palmer of Begbies Traynor on 11 August 2020.

At the meeting on 11 August 2020 it was confirmed that, as per the Company's management accounts, the Company had been rendered insolvent on a balance sheet and cash flow basis due to its inability to meet its liabilities as and when they fell due. There was also a risk that one of the Company's creditors, specifically Close, may look to issue a winding up petition. However, it was the Board's opinion that the business could become profitable (albeit not in the Company's current business format) and various options were discussed:

#### Do Nothing

This was not a recommended course of action as it was noted that creditors were likely to issue winding up petitions against the Company given the recently issued correspondence.

#### Refinance / Alternative Investors

Refinance would ordinarily provide sufficient funds to discharge the Company's unsecured creditors as well as providing sufficient working capital to facilitate new orders, however, it was noted that the existing level of debt (comprising secured and unsecured creditors) would likely put off investors. Furthermore, we were advised that discussions had already taken place with Close as to whether they would be prepared to refinance the Company's assets and it had been concluded that this was not a viable option.

### Company Voluntary Arrangement ("CVA")

A CVA would facilitate a formal restructuring of the Company under a binding agreement between the Company and its creditors. Whilst it was noted that this route did have benefits, namely achieving a potential write off part of the existing debt, it was also noted that:

1. A CVA would typically need to offer a certain acceptable return to unsecured creditors and that, due to the ongoing uncertainty surrounding Covid-19 and the effect this had on customer confidence and spending, the Company was likely to have insufficient trading profits which could be made available to creditors; and
2. A proposal would require the Nominee to conclude that there was a reasonable likelihood that the arrangement would complete successfully. Given the impact Covid-19 had on the Company's ongoing trade, and in light of potential further Government imposed restrictions, the appointed Nominee could not feasibly recommend a CVA as a viable option to creditors.

### Creditors' Voluntary Liquidation ("CVL")

A CVL, being a terminal procedure, would result in all of the Company's employees being made redundant and the likely termination of the Company's contracts with Close, thereby increasing creditor claims against the Company. Furthermore, realisations (specifically in relation to the Company's debtor ledger and goodwill) were likely to be far less in a CVL scenario compared to that of a pre-packaged Administration as it was considered that debtors may attempt to avoid payment and the value of the Company's goodwill would be adversely affected following a CVL procedure.

### Pre-Pack Administration

The process would facilitate the purchase of the Company's business and assets whilst the collection of the Company's debtor ledger would remain with RBSCS, the value of which would likely be maximised compared to that of a CVL scenario. It was also noted that a pre-packaged Administration would help to mitigate creditor claims by facilitating the transfer of employees to the purchaser under TUPE and enabling the novation of contracts. Furthermore, it would provide the necessary protection of a moratorium meaning that the Company's creditors would be unable to take enforcement action against the Company whilst the business and assets were marketed for sale.

The Board considered the advice provided and formally instructed Begbies Traynor to assist them with a pre-packaged Administration sale of the Company's business and assets on 15 September 2020.

### The reasons for the pre-packaged sale

A pre-packaged sale via Administration would allow the insolvent but potentially profit-making business to escape the burden of historic debts as to give third parties the opportunity to consider a business and or asset purchase and to maximise the value for creditors.

A review of the Company's list of creditors indicated that it was likely valueless within its present corporate structure given its level of debt which totalled £1,641,446.96, comprising secured debt of approximately £340,000.00 owed to Natwest and RBSCS, £1,028,692.00 owed to Close in respect of amounts outstanding under hire purchase agreements and unsecured debts (excluding employee entitlements) of approximately £272,754.96. The Company's unsecured creditors are as follows:

Category	Amount £
Trade Creditors	187,754.96
HMRC	85,000.00

A pre-packaged Administration appeared to benefit the Company's creditors as the in-situ asset valuation was greater than the ex-situ valuation and therefore it was anticipated that this would maximise asset realisations compared to that of a CVL scenario. The marketing strategy detailed below demonstrates that we have consequently maximised the Company's asset realisations on behalf of creditors as a result of the pre-packaged Administration procedure.

Furthermore, it was noted that the sale needed to be concluded quickly to protect the Company's assets and preserve the goodwill as there was a risk of a winding up petition being issued by a number of trade creditors. Accordingly, the Administration process offered protection from the commencement of insolvency action whilst a sale was agreed.

We also considered other options available to the Company such as a trading Administration, CVA and CVL as detailed below. However, neither of these options would have maximised the asset realisations for creditors, been guaranteed to have been approved (i.e. in a CVA scenario) or would have been guaranteed the financial support of the secured creditors. It was noted that there were likely insufficient funds available to enable the Company to trade in Administration or under a CVA, given its key liabilities such as on-going payroll, administrative costs and finance repayments. For these reasons, the Director proceeded with instructing Begbies Traynor to assist them with a pre-packaged Administration on 15 September 2020. It was anticipated that there would be a good level of interest in the purchase of the business and assets via a pre-pack Administration process, and this was subsequently proven to be the case.

As a result of the pre-packaged Administration sale a total of 24 employees automatically transferred to Wincanton Digital Print Limited ("WDP"), the purchaser, under TUPE. This resulted in the mitigation of additional claims against the Company in relation employees' payment in lieu of notice, redundancy pay and holiday pay which are estimated to total £240,000.00.

The statutory purpose of administration that was pursued

It was not reasonably practical to achieve the first objective specified in sub-paragraph 3(1)(a), namely to rescue the Company as a going concern, as the Company's secured and unsecured creditors totalled approximately £1,641,446.96 (excluding employees) but its assets were only estimated to realise £85,463.00 in a best case scenario. In addition to this, the Company had been making a loss for the previous two years and it seemed unlikely that any offer would be received to rescue the business as a going concern.

Furthermore, it seemed unlikely that the second objective specified in sub-paragraph 3(1)(b), namely to realise that of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), would be achieved. This was because Natwest and RBSCS were owed approximately £340,000.00 and it was anticipated that the sale of the Company's assets would be insufficient to discharge the costs of the Administration and the Company's secured debts in full, resulting in there being insufficient funds available to distribute to the Company's unsecured creditors.

Therefore, the most appropriate objective to pursue in this case was that specified in sub-paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors. In this case, a distribution to Natwest and RBSCS in respect of their fixed charges. It should be noted that the majority of the Company's employees have transferred to WDP under TUPE and that, of the remaining 10 members of staff who were made redundant following our appointment on 26 October 2020, there are no outstanding wage arrears. Accordingly, preferential claims are expected to relate to accrued holiday pay entitlements which are estimated to total £10,000.00.

This purpose has already been achieved by virtue of the sale that completed to WDP on 26 October 2020 which has maximised the value of the Company's assets and is anticipated to result in the repayment in full of RBSCS' debt from the collection of the Company's book debt ledger.

WDP is a connected party, by virtue of its common Director and Shareholder Stephen Taylor. WDP was incorporated by the Director in July 2020 on the expectation that the Company would face a formal insolvency procedure.

#### FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE

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

Shortly following the Government-imposed lockdown, Stephen Taylor, in his capacity as Director of the Company, and on the understanding that the Company would ultimately need some form of financial assistance following the effects of Covid-19 restrictions, commenced discussions with Close to establish if refinance was a viable option.

As at that time, the Company had two large pieces of machinery on finance with Close and it was anticipated that refinance may provide sufficient breathing space to enable the Company to continue to trade until customer confidence resumed. However, it was noted that Close's indebtedness was estimated to total £1,028,692.00 whereas the machines were worth approximately £974,000.00 on a best-case scenario. Accordingly, it was concluded that refinance was not a viable option.

Mark Nelson of Compass Business Finance, who act as finance brokers, had previously worked alongside Graeme Lipman, a Director at Begbies Traynor, on various refinance deals and it was noted that he had significant experience working with companies in the print industry.

For that reason, and on the basis that refinance was not considered to be a viable solution, Mark Nelson recommended that the Director contact Graeme Lipman for insolvency advice. An initial meeting was held between the Director and Julie Anne Palmer and Graeme Lipman of Begbies Traynor on 11 August 2020 and the Director was subsequently introduced to Marco Piacquadio of Begbies Traynor, who is also a Licensed Insolvency Practitioner, on 09 September 2020.

From 09 September 2020, correspondence primarily took place between the Director and Marco Piacquadio and Begbies Traynor were then formally instructed on 15 September 2020.



What was the extent of Marco Piacquadio and Julie Anne Palmer, their associates and Begbies Traynor (Central) LLP's **involvement with the** Company before appointment?

As above, the Director was referred to Begbies Traynor in July 2020 by Close. An initial meeting was held between the Director and Begbies Traynor on 11 August 2020. A review of the financial information provided by the Director indicated that the Company only had sufficient cash-flow to enable it to continue to trade for a further few weeks and that the most appropriate option available for the Company was that of a pre-packaged Administration sale.

Kevin McAndrew of Eddisons Commercial Limited ("Eddisons"), who are a member of the Begbies Traynor Group, conducted a site visit on 25 August 2020 to carry out an inventory of the Company's assets and to prepare a valuation. This was subsequently completed and provided to the proposed Administrators on 08 September 2020.

A subsequent telephone conference was held between the Director and Marco Piacquadio on 09 September 2020 so as to obtain additional information regarding the Company and its assets and liabilities. The various options regarding the Company were again discussed and it was confirmed that a pre-packaged Administration appeared to be the most appropriate option available for the Company.

Having formally been instructed on 15 September 2020, Marco Piacquadio contacted Natwest and RBSCS on the same day 18 September 2020 to set out the proposed strategy for dealing with the Company's assets and a strategy memo was also sent. It was essential to ensure that both Natwest and RBSCS supported the proposed strategy as their consent to release security following the proposed sale of any assets would be key.

Key documentation required for the marketing of the Company's business and assets was also received on 18 September 2020 and this was reviewed to establish what (if any) key payments would be required to be made by the Company prior to the appointment of Administrators.

A further strategy email was prepared and circulated to Natwest and RBSCS on 23 September 2020 who confirmed that they had no objection to the proposed strategy.

A slight delay in the provision of remaining information meant that Eddisons were not able to commence the marketing of the business and assets until 09 October 2020, however, this has been conducted in line with Statement of Insolvency Practice 16. Also on the same day, Knights PLC were instructed to file a Notice of Intention to Appoint an Administrator at Court which would trigger an interim moratorium, providing the Company with the necessary legal protection whilst the formalities of marketing the business and assets for sale could be carried out. The Notice was duly filed and served upon the Company and the Company's secured creditors.

A conflict check was sent around the Begbies Traynor group to ascertain whether anyone within the group had a significant professional or personal relationship with the Company or the Board and there were no positive responses. Julie Palmer and Marco Piacquadio have had no prior involvement with the Company and there is no significant professional or personal relationship with anyone connected to the entity.

Therefore, both Julie Palmer and Marco Piacquadio are complying with their Recognised Professional Body's ethical code and in accordance with fundamental principles detailed in Statement of Insolvency Practice 1. Prior to their appointment the proposed Administrators advised the Company and not the Directors on their personal position. The Directors were encouraged to take their own independent advice.

The initial marketing material was circulated on 09 October 2020 and a deadline for best and final offers was set for 5:00pm on 19 October 2020.

It should be noted that negotiations with the purchasers in relation to the pre-packaged sale were conducted by Julie Palmer and Marco Piacquadio with the assistance of Kevin McAndrew (MNAVA) of Eddisons prior to their appointment as Administrators and not by the Directors of the Company.

Whilst it is noted that Eddisons are a member of Begbies Traynor Group, it is considered that the transaction has been conducted at arm's length for the following reasons:

- The marketing process was carried out by Eddisons over a period of more than 1 week which would enable any interested parties to sign and return Non-Disclosure Agreements ("NDAs"), review the Company's assets, gather additional information from the Director and make an offer for the purchase of those assets;
- Known investors and potential purchasers were approached with a view to the sale of the Company's business and assets;
- LinkedIn posts on a no names basis; and
- The business and assets were also advertised on IP Bid, a website and contact database which holds details over 20,000 individuals and companies looking for acquisition opportunities.

Following the initial marketing process, a total of 24 non-connected third parties, plus the Director, made contact with Eddisons for further information. Of these, a total of 18 returned signed NDAs.

This resulted in two offers being received as follows:

- Party 1: £20,000.00 from an unconnected third party. Interest had initially been received from this party having been introduced to the matter by Robert Insall, a Partner in Begbies Traynor's Exeter office. This party had previously purchased the business and assets of a Company in Administration from Begbies Traynor acting in their capacity as Administrators. This offer was in respect of the Company's business and assets as a whole.
- Party 2: £20,000.00 from the Company's Director. This offer was in respect of the Company's business and assets as a whole.

Having reviewed the value of the Company's assets on an in-situ and ex-situ basis, it was noted that the Director may be inclined to increase his offer as any such sale would need to be in line with the in-situ valuation, rather than a sale to Party 1 who would need to obtain new trading premises (given that the Premises were owned by the Director personally and it was unlikely he would grant a lease in this regard).

Accordingly, negotiations with both parties commenced and, whilst Party 1 was unwilling to increase their offer, the Director confirmed that he was prepared to offer £50,000.00. On 20 October 2020, and in the absence of any other offers, the Director's offer was duly accepted.

Julie Palmer and Marco Piacquadio's appointment as Administrators, and the subsequent sale that completed on 26 October 2020, was with the agreement of Natwest and RBSCS as the Company's fixed charge creditors who provided a partial deed of release of their security over assets that comprised the sale.

Please note that negotiations with the purchaser in relation to the pre-packaged sale were conducted by Julie Anne Palmer and Marco Piacquadio prior to their formal appointment as Administrators and not by the Director of the Company.

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

Was the business or were the assets of the Company acquired from an insolvency practitioner in the 24 months prior to this pre-packaged sale?

No

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

As detailed above, Eddisons were instructed on 25 August 2020 to carry out a site visit and to prepare an inventory and valuation of the Company's assets. This was provided on 08 September 2020. Eddisons were formally instructed to market the Company's business and assets in accordance with Statement of Insolvency Practice 16 on 09 October 2020.

I confirm that the following marketing activities were completed to ensure the business and assets were advertised to the widest possible parties in order to maximise asset realisations:

- Circulated a teaser document detailing key Company information to approximately 20,000 contacts of Eddisons. These contacts have experience in purchasing insolvent businesses and appreciate the speed at which they have to move to secure the purchase including limited due diligence;
- Circulated a teaser document to all Begbies Traynor Group (631 recipients) to determine whether any contacts know of anyone interested in purchasing the business;
- Advertised the business for sale on [www.ip-bid.com](http://www.ip-bid.com). This is a specialist website that has over 20,000 individuals and companies looking for acquisition opportunities.

The marketing process was carried out by Eddisons over a period of just over one week which would enable any interested parties to sign and return the NDAs, review the Company's assets and make an offer for the purchase of those assets. For this reason, we consider that the process was adequate and sufficiently independent to not require any additional means of marketing.

The above marketing activity resulted in interest being received from a total of 24 non-connected third parties, plus the Director, and a total of 18 returned signed NDAs. A total of 2 offers were received, one from a non-connected third party and one from the Director.

As above, both offers were reviewed and the Director's offer was subsequently increased to £50,000.00. I considered the revised offer received on its merits and it was noted that it would provide the best available outcome for creditors as a whole as:

- i) the total sale price was greater than the ex-situ value of the assets, particularly regarding the goodwill;
- ii) the sale price, along with the realisation of the Company's other assets not subject to an offer, was anticipated to facilitate the payment in full of RBSCS' secured debt;
- iii) the sale price was also sufficient to discharge the legal, Administrators' and agents' fees for both the pre-appointment and post-appointment periods;
- iv) The mitigation of employee claims in respect of redundancy, notice pay, wage arrears and holiday pay, estimated to total £240,000.00 as a result of employees transferring to the purchaser; and
- v) The sale would facilitate the assignment of Close's agreement to the purchasing entity which is anticipated to further mitigate creditor claims.

On this basis, and having received advice from Eddisons, the offer was accepted on 20 October 2020.

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

Eddisons, a division of Begbies Traynor Group, were instructed to value the Company's assets. This work was completed on 25 August 2020. Eddisons are a professional valuation firm and a member of the National Association of Valuers and Auctioneers (MNAVA). Eddisons have significant experience in dealing with insolvent assets and the appropriate level of professional indemnity insurance is held.

Eddisons valued the Company's assets on both a going concern basis and a break-up basis. The valuation was provided on 08 September 2020. The table below shows the total valuation attributable to the assets of the Company:

	Valuation (going concern basis) £	Valuation (break-up basis) £	Sum realised £	Category of Asset
Business Information, Contracts, Goodwill, Intellectual Property	40,000.00	Nil	24,000.00	Fixed
Fixtures, Fittings, Plant and Machinery	29,100.00	13,500.00	19,000.00	Floating
Motor Vehicles	7,500.00	5,250.00	6,000.00	Floating
Stock	3,000.00	1,000.00	1,000.00	Floating
	79,600.00	19,750.00	50,000.00	

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

The following security has been granted to the Company:

- Natwest Bank PLC: Mortgage containing a fixed and floating charge which created on 25 August 1994 and registered on 06 September 1994; and
- RBS Commercial Services Limited: Fixed and floating charge which was created on 06 July 2001 and registered on 10 July 2001.

What alternative courses of action were considered by Marco Piacquadio and Julie Anne Palmer?

#### Refinance / Alternative Investors

Refinance could ordinarily provide sufficient funds to discharge the Company's unsecured creditors as well as providing sufficient working capital to facilitate new orders, however, it was noted that the existing level of debt (comprising secured and unsecured creditors) would likely put off investors. Furthermore, it was noted that the Director had previously discussed a potential refinance with Close but it was considered that this was not a viable option.

#### Company Voluntary Arrangement ("CVA")

A CVA would facilitate a formal restructuring of the Company under a binding agreement between the Company and its creditors. Whilst it was noted that this route did have benefits, namely achieving a potential write off part of the existing debt, it was noted that:

1. A CVA would typically need to offer a certain acceptable return to unsecured creditors and that, due to the ongoing uncertainty surrounding Covid-19 and the affect this had on customer confidence and spending, the Company was likely to have insufficient trading profits which could be made available to creditors; and
2. A proposal would require the Nominee to conclude that there was a reasonable likelihood that the arrangement would complete successfully. Given the impact Covid-19 had on the Company's ongoing trade, and in light of potential further Government imposed restrictions, the appointed Nominee could not feasibly recommend a CVA as a viable option to creditors.

#### CVL

A CVL, being a terminal procedure, would result in all of the Company's employees being made redundant and the likely disclaiming of the various leasehold premises, thereby increasing creditor claims against the Company. Furthermore, realisations (specifically in relation to the Company's debtor ledger and goodwill) were likely to be far less in a CVL scenario compared to that of a pre-packaged Administration as it was considered that debtors may attempt to avoid payment and the value of the Company's goodwill would be adversely affected following a CVL procedure.

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

As detailed above, it was not possible to trade the business in Administration given the lack of funds available. Furthermore, the Administrators could not recommend to any potential funder that there would be a benefit in funding a trading Administration due to level of professional fees that would likely be incurred. There would also be no reasonable prospect of enhancing asset realisations given the level of interest shown in the business and assets and this was indicated by the fact that no offer has been received for the business.

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

No requests were made as the Administrators could not recommend to any potential funder that there would be a benefit in funding an Administration due to the level of professional fees that would be incurred. There would also be no reasonable prospect of enhancing asset realisations given Eddisons' asset valuation and comments.

What efforts were made to consult major creditors?

#### Natwest / RBSCS

An initial telephone conference call was held with Natwest and RBSCS on 18 September 2020 to advise them of our proposed instruction and the proposed pre-packaged Administration. Regular updates were provided to both secured creditors in the form of emails and telephone conversations which also included the provision of strategy notes and estimated to outcome statements.

It was important to ensure that the secured creditors were agreeable to the proposed strategy as their consent would be required to enable the sale of the business and assets.

Both Natwest and RBSCS as a result of being in agreement with the outlined strategy were also willing to provide partial release of their security over the assets subject to the sale.

What was the date of the transaction?

26 October 2020.

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

A breakdown of the sales is as follows:

	Valuation (going concern basis) £	Valuation (break-up basis) £	Sum realised £	Category of Asset
Business Information, Contracts, Goodwill, Intellectual Property	40,000.00	Nil	24,000.00	Fixed
Fixtures, Fittings, Plant and Machinery	29,100.00	13,500.00	19,000.00	Floating
Motor Vehicles	7,500.00	5,250.00	6,000.00	Floating
Stock	3,000.00	1,000.00	1,000.00	Floating
	79,600.00	19,750.00	50,000.00	

The terms of the sale are as follows:

- First payment of £12,500.00 due upon completion – this has been received in full;
- Second payment of £12,500.00 due by 30 November 2020; and
- 10 payments of £2,272.72 payable on the last day of each subsequent month commencing on 31 January 2021 and ending on 31 October 2021.

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

As above, the sale completed on 26 October 2020 to WDP, an entity incorporated on 31 July 2020 with the view of potentially purchasing the business and assets by way of a pre-packaged Administration process.

A breakdown of the sales is as follows:

	Valuation (going concern basis) £	Valuation (break-up basis) £	Sum realised £	Category of Asset
Business Information, Contracts, Goodwill, Intellectual Property	40,000.00	Nil	24,000.00	Fixed
Fixtures, Fittings, Plant and Machinery	29,100.00	13,500.00	19,000.00	Floating
Motor Vehicles	7,500.00	5,250.00	6,000.00	Floating
Stock	3,000.00	1,000.00	1,000.00	Floating
	79,600.00	19,750.00	50,000.00	

The terms of the sale are as follows:

- First payment of £12,500.00 due upon completion – this has been received in full;
- Second payment of £12,500.00 due by 30 November 2020; and
- 10 payments of £2,272.72 payable on the last day of each subsequent month commencing on 31 January 2021 and ending on 31 October 2021.

Given that part of the sale consideration was payable by way of deferred consideration, it was deemed appropriate to obtain additional security so as to protect the interests of the Company's creditors. Accordingly, a personal guarantee was obtained from the Company's Director, Stephen Taylor, who is also a Director and Shareholder of the purchasing entity.

A review of Stephen Taylor's ability to discharge any liability due under the personal guarantee has been carried out and, on the basis of the information provided (particularly given his ownership of the Premises) it was considered the most appropriate way to protect creditors' interests. The Director will not be released from his obligations under the guarantee until the purchaser has fulfilled the payments due under the sale agreement.

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

No

Who was the purchaser?

Wincanton Digital Print Limited



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

The Joint Administrators have been made aware that Stephen Taylor, the sole Director and Shareholder of the Company, is also a Joint Director of the purchasing entity and its sole shareholder.

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

From information obtained at Companies House and from information provided by the Director, the Joint Administrators understand that Stephen Taylor is involved in the management of both the Company and the purchaser.

The pre-pack pool

The pre-pack pool has not been approached by the purchaser.

**The purchaser's** viability statement

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

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

The Director has informed the Joint Administrators that guarantees have been provided to Natwest and RBSCS. It is confirmed that neither Natwest nor RBSCS are financing the purchasing entity.

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

None