In accordance with Rule 3.35 of the Insolvency (England & Wales) Rules 2016 & Paragraph 49(4) of Schedule B1 to the Insolvency Act 1986

AM03
Notice of administrator's proposals

Companies House

FRIDAY

A6DL75M1
A22 25/08/2017 #374
COMPANIES HOUSE

1 Company details

Company number	0 4 9 1 3 2 2 2
Company name in full	Excel Automotive Group Limited

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

2 Administrator's name

Full forename(s)	Philip Edward
Surname	Pierce

3 Administrator's address

Building name/number	Pinnacle
Street	5th Floor
Post town	67 Albion Street
County/Region	Leeds
Postcode	L S 1 5 A A
Country	

4 Administrator's name ❶

Full forename(s)	Paul Andrew
Surname	Whitwam

❶ **Other administrator**
Use this section to tell us about another administrator.

5 Administrator's address ❷

Building name/number	Pinnacle
Street	5th Floor
Post town	67 Albion Street
County/Region	Leeds
Postcode	L S 1 5 A A
Country	

❷ **Other administrator**
Use this section to tell us about another administrator.

6 Statement of proposals

☑ I attach a copy of the statement of proposals

7 Sign and date

Administrator's Signature	Signature ✕ ✕
Signature date	d2 d3 m0 m8 y2 y0 y1 y7

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	Caraline Bytheway
Company name	FRP Advisory LLP
Address	Pinnacle
	5th Floor
Post town	67 Albion Street
County/Region	Leeds
Postcode	L S 1 5 A A
Country	
DX	
Telephone	0113 831 3555

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

Important information

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

Where to send

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

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

Further information

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

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

FRP
Advisory

Excel Automotive Group Limited (In Administration)

The Administrators' Proposals

23 August 2017

Contents and abbreviations

FRP
Advisory

Section	Content
1.	Introduction
2.	Conduct of the administration
3.	The Administrators' remuneration, disbursements and pre-administration costs
4.	Estimated outcome for the creditors

Appendix	Content
A.	Statutory information about the Company and the administration
B.	Administrators' Receipts & Payments Account
C.	Explanation of the pre-packaged sale in accordance with Statement of Insolvency Practice 16
D	The Administrators' remuneration, disbursements and costs information ▪ Estimated Outcome Statement / Financial position of the Company and list of creditors ▪ Schedule of work ▪ FRP disbursement policy
E.	Schedule of pre-administration costs

The following abbreviations may be used in this report:

FRP	FRP Advisory LLP
The Company	Excel Automotive Group Limited (In Administration)
The Administrators	Philip Edward Pierce and Paul Andrew Whitwam of FRP Advisory LLP
The Insolvency Rules	The Insolvency (England and Wales) Rules 2016
ABN	ABN Amro Commercial Finance plc
CVL	Creditors' Voluntary Liquidation
CVA	Company Voluntary Arrangement
SIP	Statement of Insolvency Practice
QFCH	Qualifying floating charge holder
HMRC	HM Revenue & Customs
Purchaser	Universal Components UK Limited
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
Shulmans	Shulmans LLP
Richmond	Richmond Advisory Limited

1. Introduction

On 17 August 2017, the Company entered administration and Philip Edward Pierce and Paul Andrew Whitwam were appointed as Administrators.

This document, together with its appendices, forms the Administrators' statement of proposals to creditors in accordance with Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and the Insolvency Rules. The proposals are deemed delivered four business days after they are dated.

Certain statutory information about the Company and the administration is provided at **Appendix A**.

A sale of all of the business and assets of the Company was effected on 17 August 2017 by the Administrators. Background information regarding the Company together with full details of the events that resulted in the appointment of the Administrators and this transaction taking place and why it was considered to be in the overall best interest of the creditors of the Company as a whole are set out in the statement attached at **Appendix C** in accordance with SIP 16.

2. Conduct of the administration

The objective of the administration

The Administrators think that objective (a) of the administration, as detailed in Paragraph 3(1) of Schedule B1 to the Insolvency Act 1986, being to rescue the Company as a going concern, will not be achieved because sufficient investment was not available to enable the Company to continue to trade. As such, it is envisaged that objective (b) will be achieved, a better result for the Company's creditors as a whole than would be likely if the Company had been wound-up (without first being in administration).

I can confirm that the transaction detailed in **Appendix C** will enable the statutory purpose identified above to be achieved and that the sale price was the best reasonably obtainable in all the circumstances and was considered to be in the overall best interests of all creditors of the Company.

The Administrators' actions

The Administrators' actions to the date of the sale of all of the business and assets is set out in detail in the SIP16 statement set out at **Appendix C**

Details of work already undertaken or anticipated will be undertaken is set out in the schedule of work attached at **Appendix D.**

Assets Excluded from the Sale

Debtor Ledger

The debtor ledger was excluded from the sale agreement and is subject to a charge in favour of ABN, who have provided a confidential invoice finance facility since April 2015.

The Purchaser has agreed to assist with the collection of the ledger. Immediately following appointment, the Joint Administrators have obtained details of all outstanding debts and the relevant supporting documentation.

The book value of trade debtors on the date of appointment was £446k and the principal debt was £425k excluding interest and charges. Debtor realisations will be paid to ABN under the terms of its security.

The Joint Administrators, with the assistance of the Purchaser, will continue to collect the monies outstanding and a further update will be provided to creditors in subsequent reports.

Action Following Approval of the Administrators' Proposals

Following approval of the Administrators' proposals, the Administrators will continue to manage the affairs and business of the Company and conduct the Administration to achieve the purpose of the administration. Key matters to be undertaken include:

- Realise the debtor ledger working alongside the Purchaser and ABN;
- Collection and onward payment of monies due under the licences to occupy;
- Investigate and, if appropriate, pursue any claims that the Company may have against any person, firms or company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company;
- Distribute realisations to the secured creditors where applicable;
- Seek an extension of the Administration if required;
- Ensure all statutory and compliance matters are attended to; and
- Pay all Administration expenses and bring the Administration to an end when deemed appropriate by the Joint Administrators

Receipts and Payments Account

A copy of the Administrators' receipts and payment account to date is attached as **Appendix B**.

2. Conduct of the administration

The directors' Statement of Affairs

The directors of the Company have been asked to submit a Statement of Affairs under paragraph 47 of Schedule B1 of the Insolvency Act 1986 and this is awaited. As a sale of the business has already occurred, we have included details of the financial position of the Company within the Estimated Outcome Statement at **Appendix D**, which includes a list of creditors' names and addresses. As and when the directors' Statement of Affairs is received it will be filed with the Registrar of Companies.

Matters requiring investigation

I am required as part of my duties to establish what assets the Company owns and to consider the way in which the Company's business has been conducted, and am required under the provisions of the Company Directors Disqualification Act 1986 to report to the Secretary of State for Business Energy and Industrial Strategy on the conduct of the directors. If you have any information or concerns regarding the way in which the Company's business has been conducted, or have information regarding potential recoveries for the estate please contact me as soon as possible.

The end of the administration

The administration will end automatically after 12 months from the date of appointment of the Administrators. This period can be extended with consent of the creditors for up to 12 months or longer by application to the Court as required.

If the Administrators think the Company has no property which might permit a distribution to its unsecured creditors, or if they also consider that an exit from the administration into liquidation is not appropriate they will send a notice to the Registrar of Companies in accordance with Paragraph 84 of Schedule B1 to the Insolvency Act 1986 to bring the administration to an end and three months after the filing of the notice the Company will be deemed to be dissolved.

If the Administrators are of the view that a dividend will become available to the unsecured creditors (other than by virtue of the prescribed part) it is appropriate for the Company to move from administration into CVL pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986. If applicable the Administrators will take steps to place the Company into CVL.

Should a dividend not become available to the unsecured creditors but it is still appropriate for the Company to enter liquidation, the Administrators will petition the Court pursuant to Paragraph 79 of Schedule B1 to the Insolvency Act 1986 for an order to bring the administration to an end with a consequential order for the compulsory winding up of the Company.

Pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986, should the creditors not nominate a Liquidator, the proposed Liquidators in a CVL are to be the Administrators or any successor office holders. Any act to be done by the Liquidators may be done by all or any one of them. Pursuant to Paragraph 83(7)(a) of Schedule B1 to the Insolvency Act 1986 and the Insolvency Rules, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of these proposals and before these proposals are approved.

The Liquidators in a compulsory winding up will be appointed by the Court and may be the Administrators, or any successor office holders.

If the Administrators are of the view that it is appropriate for the creditors to consider the approval of a CVA the proposed supervisors are to be the Administrators or any successor office holders. Creditors may nominate different supervisors when considering whether to approve the CVA proposals.

Decision of creditors

Based on information currently available, the Administrators think that the Company has insufficient property to enable a distribution to be made to unsecured creditors, except from the prescribed part if applicable. They are therefore not required to seek a decision from creditors as to whether they approve the Administrators' proposals pursuant to Paragraph 51 of Schedule B1 to the Insolvency Act 1986. The

2. Conduct of the administration

Administrators must, however, seek a decision from the creditors if requested to do so by a single or group of creditors whose debts amount to at least 10% of the total debts of the Company. The request must contain the particulars prescribed by rule 15.18 of the Insolvency Rules and be made within eight business days of the date of delivery of this report, in accordance with the Insolvency Rules.

The expenses of seeking the decision shall be paid by the creditor or creditors requesting the decision, who will be required to lodge a deposit with the Administrators security for their payment. The creditors may decide that the expenses of seeking the decision should be paid as an expense of the Administration payable from the assets of the Company.

In accordance with the Insolvency Rules where the Administrators have not sought a decision of the creditors, the proposals set out below will be deemed to have been approved by the creditors unless at least 10% by value of the creditors requisition a decision of creditors within eight business days of the date of delivery of this report.

3. The Administrators' remuneration, disbursements and pre-appointment costs

FRP Advisory

Administrators' remuneration

A schedule of the work to be undertaken during the administration is set out at **Appendix D** together with an estimated outcome statement, which includes an estimate of the expenses likely to be incurred by the Administrators. Assumptions made in preparing the summary of work, estimated expenses and the fees estimate are set out in the schedule of work.

The Administrators' remuneration will be drawn from the Company's assets and it is proposed that it will be charged as a set amount. Further details of how this will be calculated is set out below. The basis of the Administrators' remuneration has not yet been approved by creditors (which in this case will be ABN) and the Administrators have accordingly not drawn any remuneration in this case.

Should the Company subsequently be placed into liquidation and the Administrators appointed as Liquidators, the basis agreed for the drawing of the Administrators' remuneration will also be that utilised in determining the basis of the Liquidators' remuneration, in accordance with the Insolvency Rules.

Remuneration charged as a set amount

It is proposed that the Administrators will charge a fixed fee of £20,000 in respect of the categories of work set out in the schedule of work attached at **Appendix D**. We anticipate that requesting the approval of all of our remuneration as a set amount will give certainty to creditors over the sum to be charged, reduces the administrative burden to provide detailed time recording information to creditors and represents a represents a fair and reasonable reflection of the work it is anticipated will be undertaken by the Administrators.

Administrators' disbursements

The Administrators' disbursements are a recharge of actual costs incurred by the Administrators on behalf of the Company. Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the administration of the Company, are paid by FRP at the HMRC approved mileage rate. It is proposed mileage is recharged and drawn at the HMRC approved mileage rate prevailing at the time the mileage was incurred.

Pre-administration costs charged or incurred by the Administrators

The Company resolved to pay FRP Advisory LLP the sum of £20,000 plus VAT for assisting with the placing of the Company into administration.

Attached at **Appendix E** is a statement of pre-administration costs charged or incurred by the Administrators.

I am seeking to obtain approval from creditors (which in this case will be ABN) in accordance with the Insolvency Rules.

Creditors' ability to challenge the Administrators' remuneration and expenses

Creditors have a right to request further information from the Administrators and further have a right to challenge the Administrators' remuneration and other expenses under the Insolvency Rules following receipt of a progress report. Further details of these rights can be found in the Creditors' Guide to Fees which you can access by using the following link http://creditors.frpadvisory.com/feesguide.htm and select the one for administrations in England. Alternatively, a hard copy of the relevant guide will be sent to you on request.

4. Estimated outcome for the creditors

Estimated Outcome Statement

We attach at **Appendix D** an estimated outcome statement which has been prepared from the information provided by the directors, the proceeds from the sale of the business and assets, estimated sums due to creditors and an estimate of our remuneration and other expenses that may be incurred during the course of this administration. The assumptions made in preparing the estimated outcome statement are set out in the schedule of work.

Based on the information available to date and the assumptions made I set out below the anticipated the outcome for creditors:

Outcome for Secured Creditor

At the date of Administration, ABN was owed £425k. The outcome for ABN is dependent on the collection of the Company's debtor ledger.

Outcome for Preferential Creditors

The Company's business and assets were sold on a going concern basis; as such the Company's employees transferred to the Purchaser on completion under TUPE and we currently do not expect there to be any preferential creditors in this case.

Outcome for Unsecured Creditors

Based on the assumptions made in the estimated outcome statement it is currently estimated that there will not be sufficient funds available to make a distribution to unsecured creditors.

Prescribed Part

The prescribed part is a carve out of funds available to the holder of a floating charge which is set aside for the unsecured creditors in accordance with Section 176A of the Insolvency Act 1986. The prescribed part only applies where the floating charge was created after 15 September 2003 and the net property available to the floating charge holder exceeds £10,000 and the cost of making a distribution to unsecured creditors would not be disproportionate to the benefits.

We are unsure at this stage whether there will be a Prescribed Part in this case. This will be dependent on whether ABN have to rely on their floating charge or will recover their lending in full under their fixed charge.

Appendix A

Statutory information about the Company and the administration

COMPANY INFORMATION:

Other trading names:	**EAG**
Date of incorporation:	26 September 2003
Company number:	04913222
Registered office:	5th Floor 67 Albion Street Leeds West Yorkshire LS1 5AA
Previous registered office:	
Business address:	Unit 2-4 New Court, Mildred Sylvester Way, Normanton, WF6 1TA
Directors:	Martin Butterworth Adrian Philip Lamb
Company secretary:	None

The Company's shareholder is:

Name	Shares	Type	%
Excel Component (Holdings) Limited	800	Ordinary	100

ADMINISTRATION DETAILS:

Names of Administrators:	Philip Edward Pierce and Paul Andrew Whitwam
Address of Administrators:	FRP Advisory LLP Pinnacle 5th Floor 67 Albion Street Leeds LS1 5AA
Date of appointment of Administrators:	17 August 2017
Court in which administration proceedings were brought:	High Court of Justice, Chancery Division, Leeds District Registry
Court reference number:	725 of 2017
Date of notice of intention to appoint Administrators presented to Court:	10 August 2017
Administration appointment made by:	Directors

Consent to the notice to appoint an Administrator provided by the qualifying charge holder as follows:

Holder of Qualifying Floating Charge	Date of consent
1. ABN Amro Commercial Finance plc	14 August 2017

The appointment of the Administrators included a declaration that they are acting jointly and severally as administrators of the Company in accordance with Paragraph 100 of Schedule B1 to the Insolvency Act 1986.

Appendix A

Statutory information about the Company and the administration

The EC Regulation on Insolvency Proceedings will apply in this matter and accordingly the administration will constitute main proceedings.

Extracts from the financial statements available are summarised below:

Profit & Loss Account £'000	Jun-17 Mgt Accs	Mar-17 Draft Accs	Mar-16 Stat Accs	Mar-15 Stat Accs
Turnover	614	3,600	3,391	2,622
Cost of sales	(573)	(3,064)	(2,720)	(2,070)
Gross profit	41	536	671	552
Administrative expense:	(183)	(807)	(933)	(349)
Operating profit	(142)	(271)	(262)	203
Interest payable	(21)	(77)	(29)	-
Profit before tax	(163)	(348)	(291)	203
Corporation tax			(29)	41
Dividends paid			-	(106)
Profit after tax	(163)	(348)	(262)	56

Balance Sheet £'000	Jun-17	Mar-17	Mar-16	Mar-15
Tangible Fixed Assets	**47**	**51**	**75**	**24**
Current Assets				
Stock	258	296	287	286
Trade Debtors	617	904	1,037	669
Other Debtors	960	927	843	
Cash at Bank & in Hand	8	33	22	195
	1,843	**2,160**	**2,189**	**1,150**
Creditors < 1 Year				
Trade Creditors	1,132	1,192	775	312
Bank loans and overdraft	-	-	75	-
ID Facility	457	584	612	-
Other Creditors	125	121	155	89
HP	79	81	3	1
PAYE & VAT	120	78	41	83
	1,913	**2,056**	**1,661**	**485**
Net Current Assets	**(70)**	**104**	**528**	**665**
Creditors > 1 Year	(63)	(81)	(167)	-
Provisions for liabilites			(14)	(5)
Net Assets	**(86)**	**74**	**422**	**684**
Capital and Reserves				
Share Capital	1	1	1	1
Profit & Loss Account	(87)	73	421	683
Shareholders Funds	**(86)**	**74**	**422**	**684**

Appendix B

Administrators' Receipts & Payments Account

Excel Automotive Group Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 17/08/2017 To 23/08/2017 £	From 17/08/2017 To 23/08/2017 £
	ASSET REALISATIONS		
	Cash at Bank	330.49	330.49
		330.49	330.49
		330.49	**330.49**
	REPRESENTED BY		
	IB Current Floating		330.49
			330.49

Philip Edward Pierce
Joint Administrator

Appendix C

Explanation of the pre-packaged sale in accordance with Statement of Insolvency Practice 16

FRP Advisory

Excel Automotive Group Limited (In Administration)

Disclosure to creditors in accordance with Statement of Insolvency Practice 16

23 August 2017

Contents and abbreviations

FRP Advisory

Sections

This document is split into the following sections:

1. Introduction
2. Statement of Insolvency Practice 16 – Pre-packaged sales in administrations: An overview for creditors
3. Background information and events leading to the appointment of the Administrators, including pre-appointment considerations

Abbreviations

The following abbreviations are used in this document:

FRP	FRP Advisory LLP
The Company	Excel Automotive Group Limited (In Administration)
The Administrators	Philip Edward Pierce and Paul Andrew Whitwam of FRP Advisory LLP
SIP	Statement of Insolvency Practice
CVA	Company Voluntary Arrangement
IA86	The Insolvency Act 1986
IR16	The Insolvency (England and Wales) Rules 2016
CDDA86	The Company Directors Disqualification Act 1986
IP	Insolvency Practitioner
NDA	Non-Disclosure Agreement

1. Introduction

To all known creditors

Following the appointment of the Administrators on 17 August 2017 we are required to provide the creditors with a detailed narrative explanation of the justification of the pre-pack sale within seven days of completion in accordance with SIP 16.

I set out in this document full details of the sale and reasons behind the decision for this sale and why it was considered to be in the overall best interests of all creditors of the Company as a whole.

I can confirm that the transaction will enable the statutory purpose of the administration to be achieved, namely a better result for the Company's creditors as a whole than would be likely if the Company had been wound-up (without first being in administration) and that the sale price realised was the best reasonably obtainable in all the circumstances.

Should you require any further information regarding this report or the administration in general please contact Caraline Bytheway of my staff.

Yours faithfully
For and on behalf of
Excel Automotive Group Limited

Philip Pierce
Joint Administrator
Licensed in the United Kingdom by the Institute of Chartered Accountants in England & Wales and bound by the Insolvency Code of Ethics

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

The affairs, business and property of the Company are being managed by Philip Edward Pierce and Paul Andrew Whitwam who were appointed Joint Administrators on 17 August 2017.

2. Statement of Insolvency Practice 16 – Pre-packaged sales in administrations

An overview for creditors

FRP Advisory

What is a SIP?

The purpose of SIPs is to promote and maintain high standards by setting out required practice and harmonising the approach of IPs to particular aspects of insolvency practice. They apply in parallel to the prevailing statutory framework.

SIPs set principles and key compliance standards with which IPs are required to comply. Failure to observe the principles and/or maintain the standards set out in a SIP is a matter that may be considered by an IP's regulatory authority for the purposes of disciplinary or regulatory action in accordance with that authority's membership and disciplinary rules.

SIPs set out required practice, but they are not statements of the law or the obligations imposed by insolvency legislation itself.

What is a pre-packaged sale?

The term 'pre-packaged sale' refers to an arrangement under which the sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an administrator and the administrator effects the sale immediately on, or shortly after, appointment.

The particular nature of an IP's position in these circumstances renders transparency in all dealings of primary importance. Creditors and other interested parties should be confident that the IP has acted professionally and with objectivity; failure to demonstrate this clearly may bring the practitioner and the profession into disrepute.

What are the principles of SIP 16?

The IP should differentiate the roles that are associated with an administration involving a pre-packaged sale.

Creditors should be provided with sufficient information such that a reasonable and informed third party would conclude that the pre-pack was appropriate and that the administrator has acted with due regard for the creditors' interests.

Key Compliance Standards

Preparatory work – the IP should be clear about the nature and extent of the role of adviser in the pre-appointment period. The IP should bear in mind the duties and obligations owed to both the company and the creditors in the pre-appointment period. The IP should keep a detailed record of the reasoning behind the decision to undertake a pre-packaged sale and all alternatives considered.

After appointment – the administrator should be able to demonstrate that the duties of an administrator have been considered.

Disclosure – the administrator should provide creditors with a detailed narrative explanation of the justification of the pre-pack sale within seven days of completion. The following information should be included:

- Source of the initial introduction to the IP;
- Pre-appointment considerations;
- Marketing of the business and assets;
- Valuation of the business and assets; and
- Details of the transaction including the assets sold and the consideration received.

The SIP does not restrict an administrator from not disclosing information in certain limited circumstances in accordance with the IA86.

Further information

A copy of SIP 16 can be found from the following link http://creditors.frpadvisory.com/feesguide.htm.

3. Background information and events leading to the appointment of the Administrators, including pre-appointment considerations

Background information regarding the Company

- Excel Components Limited was incorporated on 26 September 2003. In April 2015 the current Directors Martin Butterworth and Adrian Lamb purchased the company via an MBO and changed the name of the Company to Excel Automotive Group Limited.
- The Company provided steering and suspension products within the UK Aftermarket, offering an affordable but quality brand. In addition the business supplied shock absorbers and brake discs/pads from two leading proprietary brands.
- The majority of products were imported from suppliers in Turkey and other EU countries.
- Trading from Units 2-4, New Court, Mildred Sylvester Way, Normanton, West Yorkshire WF6 1TA, the Company had a team of 16 employees comprising sales, purchasing, warehouse and administrative staff.
- The Company is 100% owned by Excel Components (Holdings) Limited. Excel Components (Holdings) Limited has common directors who are the two major shareholders each owning 45% of the issued share capital.
- ABN provided an invoice discounting facility (current advance approximately £300k) along with an EFG loan (£125k outstanding). They have been aware of the Company's position for some time but maintained facilities. We were advised the Directors had personally guaranteed the ABN borrowing up to £100k.

Events leading to the appointment of the Joint Administrators

- The business has struggled over the past two years with the FY16 statutory accounts and FY17 management accounts reflecting losses of £291k and £348k respectively.
- A dispute with a former shareholder resulted in costs estimated by the Directors of approximately £300k.
- Working capital shortages had an increasing impact on trading with stock holdings below the optimum level and lost sales as a result. The insolvency of a major customer (Andrew Page) in October 2016 resulted in a bad debt (after partial insurance cover) of £35k and considerable lost sales.
- The impact of adverse exchange rate movements post the Brexit referendum put further pressure on margins given the majority of products were imported.
- The Directors had been seeking investment to stabilise the cash position, help open new sales avenues and allow an increase in stock levels. They had been in discussions with Universal Components UK Ltd ("UCUK") for 2 months regarding investment in the Company. However, UCUK concluded that in view of the losses incurred and the build-up of creditor arrears and associated pressure they would not invest in the Company. They were, however, interested in acquiring the business and assets.
- The poor trading performance had placed increasing pressure on the cash position. Trade creditors totalled approximately £1.4m and substantial arrears had built up to trade suppliers with increasing pressure for payment and disruption to supply. Stock levels were low and the Company was increasingly unable to fulfil sales orders.
- A major supplier owed £212k threatened to issue a Winding up Petition.
- The Company had fallen behind with its rent obligations with payments due at the start of July and August outstanding.
- Time to Pay arrangements were in place with HM Revenue and Customs in respect of VAT and PAYE liabilities were 3-4 months in arrears. Liabilities totalled approximately £95k.
- As a result of the cash flow position and creditor pressure the Directors reached the conclusion that the Company could not continue to trade.

3. Background information and events leading to the appointment of the Administrators, including pre-appointment considerations

FRP Advisory

Appointment of the Joint Administrators

- Following the agreement of the terms of sale, Notice of Appointment of Administrators was filed at court by the Company's directors on 17 August 2017
- Phil Pierce and Paul Whitwam of FRP Advisory LLP were appointed as Joint Administrators of the Company.

Administrators' initial introduction and pre-appointment involvement

- FRP Advisory LLP ("FRP") were first introduced to the directors of the Company by Finance Directors Yorkshire Limited ("FDYL") at the end of July 2017. FDYL provided financial advice to the Company.
- FRP met with the Directors and FDYL on 3 August 2017 to discuss the position.
- During and following this meeting financial information was provided to FRP and advice was given to the Directors in relation to the options available to them given the Company's financial position.
- FRP were formally engaged on 3 August 2017.

Purpose of the administration

In accordance with Paragraph 3 of Schedule B1 to the IA86 an 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 have been 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 of the secured or preferential creditors.

Based on current information the purpose of the administration will be to achieve objective b) by securing a sale of the Company's business as a going concern, maximising the achievable value for the Company's assets and mitigating any potential claims from Company's employees.

Alternative courses of action considered, including post appointment trading considerations

Company Voluntary Arrangement ("CVA")

This was not considered viable as:

- The Company was loss making and customer relationships had suffered from recent failure to supply.
- Supplier relationships had deteriorated due to a build-up of arrears and further credit was unlikely to be forthcoming in a CVA.
- It is considered unlikely that the Company would generate significant profit / cash to underpin a proposal to creditors.
- The Company would require significant investment to justify a proposal to creditors. This was not available. One external investor had expressed an appetite in investing in the Company, however, the investor was not deemed to be credible.

Trading in Administration

This was not considered feasible as:

- The secured creditor was not prepared to fund ongoing trading costs and underwrite losses.
- The significant costs associated with trading the business in administration would have eroded the return to creditors.

3. Background information and events leading to the appointment of the Administrators, including pre-appointment considerations

- Any administration appointment may have resulted in the loss of key customer and supplier relationships. This would significantly reduce the value of the business and the potential recoverability of the debtor ledger.

Creditors' Voluntary Liquidation

This was not considered suitable as:

- Placing the Company into liquidation would necessitate a break in trade, devaluing the business.
- Without continuity of trade, the realisable value of the Company's book debts would be eroded, worsening the overall asset realisation position.
- Plant & machinery and stock realisations would likely be lower in a break up scenario.
- Placing the Company into Liquidation would result in redundancies for the Company's employees, increasing the deficiency to creditors due to claims for arrears of wages, notice, holiday and redundancy pay.

Consultation with major creditors

Secured creditors

- As noted above, ABN Amro Commercial Finance plc ("ABN") provided an invoice discounting facility to the Company (current advance approximately £300k) and an EFG loan (£125k outstanding).
- ABN held an All Assets Debenture dated 17 April 2015.
- We were advised the Directors had personally guaranteed the ABN borrowing up to £100k (joint and several).
- ABN had been aware of the Company's position for some time but maintained facilities.
- FRP contacted ABN on 8 August 2017 to update them on the position and discuss the proposed pre-pack administration and were supportive of the proposed strategy.
- A NOI was served on ABN on 10 August 2017 and consent was received on 14 August 2017.
- There are no other secured creditors.

Unsecured creditors

The Company had notified several unsecured creditors that a sales process was underway and that a NoI had been filed.

- Our solicitors, Shulmans, gave a copy of the NoI to Ward Hadaway who act for Suzhou Aopec Import & Export Co (£212k) as they had issued a draft winding up petition.

We also contacted the following unsecured creditors:

- Form Port Otomotiv (£383k)
- A.R.M Otomotiv Dis Tickaret Pazarlama Ltd (£183k)
- Brembo S.P.A. (£116k)
- Tenneco Automotive (£34k)

Discussions took place with the Company's landlord who was aware that a licence to occupy has been agreed with UCUK.

I can advise that there were no objections to the proposed Administration of the Company.

Previous acquisitions from an IP

- The business or assets have not been acquired previously from an Insolvency practitioner.

3. Background information and events leading to the appointment of the Administrators, including pre-appointment considerations

FRP Advisory

Marketing activities undertaken

- FRP commenced marketing the business and assets of the Company on 10 August 2017.
- A Dataroom was created containing relevant information about the business and assets. Interested parties could sign up and gain access to this information after agreeing a non-disclosure agreement.
- Given the short timescale necessitated by the Company's cash position and inability to trade normally, marketing communications were electronic and via the internet.
- FRP issued a teaser document to 218 potential interested parties from an existing nationwide database of interested parties who have previously expressed interest in the sector and business size.
- Richmond also sent a teaser document to a list of potential interested parties identified by the Directors and a database of 1,800 industry contacts and 150 interested parties previously active in the sector.
- They also listed the opportunity on their own website.
- The business was also listed on the Deal Opportunities online marketplace.

- As a result of the above, 15 non-disclosure agreements were signed via the Dataroom.
- At the end of the sale process, the Dataroom had 225 users.
- Three interested parties, in addition to UCUK, requested further information and of these, two held discussions with the Directors.

Valuation of assets

- A valuation of the Company's fixed assets and stock was undertaken by specialist agents Richmond who have confirmed their independence.

Richmond Asset Advisory's qualifications

- The valuation was prepared by Sam Clark who is a suitably qualified valuer who possesses knowledge of the particular market for this stock and plant and machinery. He has the required skills and understanding necessary to undertake the valuation competently.
- The valuation was also reviewed by Stephen Jones who has over 30 years' experience in the valuation and disposal of machinery and business assets. All reports are reviewed by James Coleman, ARICS, membership number, 11JJ288.
- Richmond's Professional Indemnity insurance cover is for £5m and the insurance certificate expires on 31 August 2017.
- Richmond reviewed the proposed transaction with UCUK (see below) and recommended its acceptance.
- Richmond also commented that the transaction ensures employment for 16 members of staff, thereby limiting preferential claims and the continuity of trade protects the book debts.
- The analysis below is presented prior to the costs of realisation:

Asset category	In-situ (£)	Ex-situ (90 days) (£)
Plant & Machinery	19,000	7,000
Stock	30,000	20,000
Total	49,000	27,000

Offers received and further negotiations

- Best and final offers were requested for 14 August 2017 with a view to completing a transaction by 16-18 August 2017.
- The timescale was reduced due to the Company's cash position and inability to trade due to being on stop with most suppliers.

3. Background information and events leading to the appointment of the Administrators, including pre-appointment considerations

FRP Advisory

- Contact was made by FRP with UCUK on 4 August 2017 to discuss their interest. This resulted in an initial offer of £32,501 for the business and assets (excluding book debts) on 8 August 2017. Negotiations continued and an increased offer of £50,000 was received on 9 August 2017.
- A further interested party who are involved in the sector were approached. They reviewed the information and submitted an offer of £44,200 on 16 August. This offer was not accepted because it was lower than the UCUK offer and during our discussions with this party, it was clear they were not intending to carry on the business, which would prevent ongoing employment for all staff. We were also concerned that, without the continuity of trade, the ability to collect the debtors' ledger could be affected.

The transaction

- The transaction took place on 17 August.

Purchaser and related parties

- The purchaser is Universal Components UK Ltd ("UCUK").
- We are not aware of any connection between UCUK and the Company nor of any prior relationship before the consideration of investment.
- The Company's Directors have not had any prior involvement (as employees, directors or shareholders) with UCUK.
- As such no application was made to the pre-pack pool.
- The Directors had given personal guarantees to ABN in respect of the Company's debt, but ABN are not involved in funding UCUK.

Sale consideration

- The consideration for the transaction was £50,000 and this was paid in full on completion.
- This has been allocated as follows:
    - Stock - £39,996
    - P&M / F&F - £10,000
    - Goodwill - £1
    - Intellectual Property - £1
    - Customer Contracts -£1
    - Sellers Records - £1
- There are no options, buy-back agreements, deferred consideration or other conditions attached to the transaction.
- The purchaser was independently advised by its solicitors, Schofield Sweeney.

Appendix D

The Administrators' remuneration, disbursements and costs information

Excel Automotive Group Limited Estimated Outcome Statement	Net Book Value	Proposed Sale	Close Down
£'000s			
Assets specifically pledged			
Trade Debtor realisations	446	401	268
Less: due ABN invoice finance	(300)	(300)	(300)
Less: due ABN EFG Loan	(125)	(125)	(125)
Surplus / (shortfall) as regards ABN		(24)	(157)
Financed Assets			
Less: related finance			
		nil	nil
Assets subject to floating charge			
Surplus as regards ABN brought down		0	0
Surplus as regards financed assets brought down		nil	nil
Plant & Machinery, Fixtures &F ittings, Office Equipment	47	10	7
Stock	200	40	20
Autodotcom	22	2	2
Excel Components (Holdings) Ltd	888	0	0
Cash at Bank		0	0
Less:			
Joint Administrators' fees - pre appointment		(20)	
Legal fees and disbursements - pre appointment		(7)	
Agents fees and disbursements - pre appointment		(4)	
Joint Administrators' fees - post appointment		(20)	(20)
Legal fees and disbursements - post appointment		(1)	(2)
Agents fees and disbursements - post appointment			(7)
Amount available for Preferential Creditors		(0)	0
Preferential creditors		nil	(18)
Net property		(0)	(18)
Prescribed part		0	0
Available for floating charge holders		(0)	(18)
Deficit as regards ABN brought down			(157)
Total shortfall as regards floating charge holders		(0)	(175)
Amount available to unsecured creditors		(0)	(175)
Unsecured creditors			
Trade creditors		(1,415)	(1,415)
HMRC		(114)	(114)
Employee claims		0	(33)
		(1,529)	(1,562)
Estimated deficiency as regards unsecured creditors		(1,529)	(1,737)

FRP Advisory LLP
Excel Automotive Group Limited
B - Company Creditors

Key	Name	Address	£
C000	A to Z Motor Spares Stafford	Unit 9, Island Garage, Lichfield Road, Stafford, ST17 4JU	15.49
C001	Car User Ltd	Unit 1, Eastboro Way, Nuneaton, Warwickshire, CV11 6SQ	38.00
C002	Cheadle Motor Parts	59 Chapel Street, Cheadle, Staffs, ST10 1DU	16.98
C003	City Motor Factors Ltd	346 Brightside Lane, Sheffield, S9 2SP	38.36
C004	Cleveland Sales Motor Factors	92-98 Newton Road, Bedworth, CV12 8QS	28.19
C005	Dearne Motor Spares Ltd	16-20 Barnsley Road, Wath upon Dearne, Rotherham, S63 6PY	31.32
C006	Energised Customs Ltd	Unit 4b Oak Court, Patshull Road, Albrighton, West Midlands, WV7 3BH	114.09
C007	Ford Retail Ltd, T/a Trust First Parts	Ripley Drive, Normanton, WF6 1QT	24.28
C008	Dingbro Ltd	Unit 7-8 White Myers Avenue, Mastrick Ind Est, Aberdeen, AB16 6HQ	131.64
C009	C & A Motor Factors	37 Farrer Road, Bangor, Gwynedd, LL57 1LJ	14.99
C00A	Partservice Ltd	156 Grace Road, Marsh Barton, Exeter, Devon, EX2 8QA	40.67
C00B	E & M Motor Factors Ltd	Unit 60A Glanyrafon, Aberystwyth, Ceredigion, Dyfed, SY23 3JQ	9,691.73
C00C	Bargain Auto Spares	359 Pollockshaw Road, Glasgow, Larnakshire, G41 1QT	90.13
C00D	Clive Woodhouse T/a CAW Motor Factors	227 Chester Road, Helsby, Frodsham, WA6 0AD	40.94
C00E	Givran Autoparts Ltd	Unit 2 H & P Business Park, 75 Belfast Road, Newry, BT34 1QH	18.24
C00F	Mardi Gras Motorsport Ltd	Unit 45 & 46, Silverstone Circuit, Silverstone, Northants, NN12 8TL	71.66
C00G	Havant Motor Factors	6 Solent Road, Havant, Hants, PO9 1JH	904.65
C00H	K & R Spares	192 Laughton Road, Dinnington, S25 2PT	110.45
C00I	Langold Motor Spares	Doncaster Road, Langold, Nr Worksop, Nottingham, S81 9QH	126.72
C00J	P & G Motor Accessories Ltd	45 Liverpool Road South, Maghull, Liverpool, L31 7BN	23.48
C00K	Palmar Ltd T/a Express Factors Sevenoaks	Block 3, Unit 4, Vestry Trading Estate, Sevenoaks, TN14 5EL	44.28
C00L	Priorslee Motor Spares Ltd	Priorslee Road, Snedsill, St Georges, Telford, TF2 9EA	350.38
C00M	Rick Charnock (Components)	Unit 1, Adswood Road Ind Est, Stockport, Cheshire, SK3 8LF	49.50
C00N	Rochdale Motor Factors	280 Entwistle Road, Rochdale, Lancs, OL16 2LH	37.36
C00O	Shepard & Wilson Ltd	195a Ashburton Road, Hugglescote, Coalville, Leicester, LE67 2HE	47.72
C00P	Smiths Auto Parts Ltd	Unit 4 Baronway Park, Beam Heath Way, Cheshire, CW5 6PQ	51.90
C00Q	Steering Rack Services Ltd	Unit 19 Ranken House, 100 Borron Street, Port Dundas, Glasgow, G4 9XE	133.12
C00R	Stechford Auto Spares	219 Station Road, Stechford, Birmingham, B33 8BB	116.48
C00S	The Car Shop Middleton	9 Townley Street, Middleton, Manchester, M24 1AT	19.91
C00T	Thetford Auto Parts	Unit 1 Rutherford Way, Thetford, Norfolk, IP24 1HA	128.88

Signature ______________________

FRP Advisory LLP
Excel Automotive Group Limited
B - Company Creditors

Key	Name	Address	£
C00U	Total Motor Factors Ltd	105-109 Albert Road, Southsea, Hants, PO5 2SQ	44.00
C00V	Warren's Auto Parts	61 Elmhurst Avenue, Mapperley, Nottingham, NG3 6GF	6.00
C00W	Woodlesford Motor Spares	110 Aberford Road, Woodlesford, LS26 8SN	3.25
C00X	A.P.D Ltd	3 Spar Road, Norwich, NR6 6BZ	90.14
CA00	A1 Components Ltd	No 15 Boyton Hall Farm, Boyton Cross, Chelmsford, CM1 4LN	37,421.86
CA01	AB Components Ltd	274 Long Lane, Finchley, London, N3 2RN	1,641.60
CA02	Alliance Automotive UK Ltd	Roydsdale House, Roydsdale Way, Euroway Ind. Est., Bradford, BD4 6SE	17,599.00
CA03	Altodigital Networks Ltd	Summit House, Cherrycourt Way, Leighton Buzzard, Beds, LU7 4UH	214.27
CA04	Suzhou Aopec Import & Export Co Ltd	No 2165 Huanquig Road, Yushan Town, Kunshan, Suzhou City, CHINA	212,043.10
CA05	A.R.M Otomotiv Dis Tickaret Pazarlama Ltd	Dermitas Organize Sanayi Bolge 3, Bolge, Muge SK No 17, Bursa, TURKEY	183,936.90
CA06	Alliance Automotive Procurement	Roydsdale House, Roydsdale Way, Euroway Trading Estate, Bradford, BD4 6SE	300.00
CA07	Aquaaid (West Yorkshire)	3rd Floor, Southern Block, Solpro Business Park, Windsor Street, Sheffield, S4 7WB	0.00
CB00	Bailcast Ltd	Unit 8, Chorley North Ind. Park, Chorley, Lancs, PR6 7B	753.27
CB01	Berkley Business Forms Ltd	Pendle Court, Evans Way, Rowleys Park, Shotton, Filintshire, CH5 1QJ	686.40
CB02	B J Seals Ltd	Ty Dyffrun, Pentwyn Deintyr, Treharris, CF4 5EA	793.20
CB03	BNP Parabis Leasing Solutions Ltd	St James Court, St James Parade, Bristol, BS1 3LH	103.56
CB04	Brembo S.P.A	Via Brembo 25, Curon, 24035, Bergamo, ITALY	115,894.70
CB05	BW Solutions	55 Butt Lane, Hinckley, Leics, LE10 1LB	1,150.06
CC00	Cartridge Save Ltd	5-6 Gregson Road, Reddish, Stockport, SK5 7SS	201.95
CC01	Carr Ltd	West Garty Lodge, Loth, Helmsdale, KW8 6HP	7,613.80
CC02	Cathedral Hygiene/Leasing Ltd	300 Rlelay Point, Relay Drive, Tamworth, Staffs, B77 5PA	93.60
CC03	Chess Plc	Bridgford House, Heyes Lane, Alderley Edge, SK9 7JP	762.35
CC04	Countrywide	Kestrel Road, Off Guiness Road, Trafford Park, Manchester, M17 1SF	1,846.59
CD00	DJA Auto-International	Unit 1 Glover Street, Smallwood, Redditch, Worcs, B98 7BG	13,449.94
CD01	DSC Chartered Accountants	Tattersall House, East Parade, Harrogate, HG1 5LT	1,200.00
CE00	Euro Office	Dome House, 48 Artillery Lane, London, E1 7LS	202.92
CE01	Eddisons Commercial Ltd	Toronto Square, Toronto Street, LEeds, LS1 2HJ	0.00
CE02	Euler Hermes UK	1 Canada Square, London, E14 5DX	0.00
CE03	Eon Energy	Phoenix Park, Colliers Way, Nottingham, NG8 6AL	0.00
CF00	Financial Leadership for Business		1,560.00

Signature ______________________

FRP Advisory LLP
Excel Automotive Group Limited
B - Company Creditors

Key	Name	Address	£
CF01	Fedex UK Ltd	Parkhouse East Ind. Est., Newcastle Under Lyme, Staffs, ST5 7RB	15,265.66
CF02	Fistral Impex Limited	6 Taylors End, Long Border Road, Stansted Airport, Essex, CM24 1RL	41,091.47
CF03	Formpart Otomotiv Ic ve Dis Tic A.S	Serifali Mahallesi, Bayraktar Blv No 48, Kat 3, D.5, Umraniye, 34775 Istanbul, TURKEY	383,468.70
CF04	Foundation Packaging Ltd	Unit 8 Shaw Lane Ind. Est., Ogden Road, Wheatley, Doncaster, DN2 4SE	235.52
CF05	Freeths LLP	2nd Floor, Leopold Wing, Fountain Precinct, Balm Green, Sheffield, S1 2JA	4,875.96
CG00	GL Motor Factors	GL House, Lever Street, Bolton, Lancs, BL3 6BT	600.00
CG01	Group Auto Union	Roydsdale House, Roydsdale Way, Euroway Trading Estate, Bradford, BD4 6SE	379.99
CG02	Grosvenor Leasing	Balmoral House, Kettering Venture Park, Kettering, Northants, NN15 6XU	180.94
CH00	H M Revenue and Customs	Central Insolvency Sift Team, 3NW Queens Dock, Liverpool, L74 4AA	0.00
CH01	H M Revenue & Customs	Debt Management & Insolvency, Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE	0.00
CH02	Hugh J Boswell Ltd	Carrow Hill, Norwich, NR1 2AH	5,518.10
CI00	Industrial Metalcaucho s.l.	C/Potosi 4, 08030 Barcelona, SPAIN	31,127.39
CJ00	Japanparts srl-Soc	Via della Meccanica, 1/A 37139, Verona, ITALY	27,500.95
CK00	Kenneth Howley Transport Ltd	Green Lane, Off Wheldon Road, Castleford, WF10 2RY	3,545.71
CK01	Kite Packaging Limited	Unit 42 Aldwarke Wharf, Waddington Way, Rotherham, S65 3SH	13,726.56
CM00	MAM software Ltd	Maple Park, Maple Court, Tankersley, Barnsley, S75 3DP	2,428.94
CO00	Origin Software Solutions	Unit 5 Maple Park, Maple Court, Barnsley, S75 3DP	5,184.00
CO01	Orgin Automotive	Hasanaga Organize Sanayi, Bolgesi 3, Cadde No 9 Nilufer, Bursa, TURKEY	54,707.65
CO02	02	260 Bath Road, Slough, Berkshire, SL1 4DX	454.16
CP00	Powerdrive Europe Ltd	Units 7 & 8 Northway, Walworth Ind. Est., Andover, SP10 5AZ	68,696.66
CP01	PH Media Group	Oakland House, Talbot Road, Old Trafford, Manchester, M16 0PQ	0.00
CR00	RBS Credit Card Services	Commercial Card Division, P O Box 6050, Southend Card Centre, SS99 1WL	7,997.21
CR01	Road & Rally	524-526 Sheffield Road, Chesterfield, S41 8LP	33.60
CS00	Sales-i	Prologis House, 1 Monkspath Hall Road, SDolihull, B90 4FY	588.00
CS01	Societe General Equipment Finance Ltd	Parkshot House, 5 Kew Road, Richmond, Surrey, TW9 2PR	6,332.70
CS02	Standart Yay Sanayi ve Ticaret A.S.	Kavakli Mahallesi, Istanbul Caddesi, No 17, 34520 Beylikduzu, TURKEY	12,864.10
CS03	Super Components Ltd	Unit 23, Orbital 25 Buisness Park, Dwight Road, Watford, Herts, WD18 9DA	11,322.18
CS04	South Wales Propshafts Ltd	Unit 1 & 2 Edwin Street, Newport, NP20 5JJ	17,255.40
CS05	Stan Hadley		1,504.20

Signature ______________________

FRP Advisory LLP
Excel Automotive Group Limited
B - Company Creditors

Key	Name	Address	£
CT00	Technostart Ltd	1A Clifton Avenue, Walthamstow, London, E17 6HL	21,538.40
CT01	TecAlliance GmbH	Steinheilstr. 10, Ismaning, GERMANY, 85737	6,599.73
CT02	Tenneco Automotive	Wharfdale Road, Tyseley, Birmingham, B11 2DF	33,917.96
CT03	TNT International	P O Box 186, Ramsbottom, Bury, Lancs, BL0 9GR	1,080.72
CT04	Trupart Ltd	Decoy Bank North, White Rose Way, Doncaster, DN4 5JD	9,345.00
CU00	UAN Ltd	3A Belwell House, Belwell Lane, Sutton Coldfield, West Midlands, B74 4AA	3,892.64
CW00	Wakefield Council	County Hall, Bond Street, Wakefield, WF1 9AJ	17,964.00
CW01	Western Union	65 Kingsway, London, WC2B 6TD	0.00
CY00	Yoo Zoom Telecommunications & IT	Unit 8 Gemmini Bus. Park, Sheepscar Way, Leeds, LS7 3JB	72.06
ENE001	Energised Customs Ltd	Unit 4b Oak Court, Patshull Road, Albrighton, West Midlands, WV7 3BH	0.00
RIC001	Rick Charnock (Components)	Unit 1, Adswood Road Ind Est, Stockport, Cheshire, SK3 8LF	0.00
ROC001	Rochdale Motor Factors	280 Entwistle Road, Rochdale, Lancs, OL16 2LH	0.00
101 Entries Totalling			**1,423,460.26**

Signature ______________________

EXCEL AUTOMOTIVE GROUP LIMITED - IN ADMINISTRATION

Schedule of Work

The table below sets out a detailed summary of the work undertaken by the Joint Administrator to date and details of the work it is anticipated will be undertaken by the Joint Administrator throughout the duration of this assignment. Details of assumptions made in compiling this table are set out below. The fee basis for the different categories or work are set out in this table together with an estimate of the estimated fee for each category of work where this can be estimated. Where the fee basis proposed is on time costs further details of the estimated time costs to be incurred are set out in the fee estimate accompanying this schedule.

GENERAL ASSUMPTIONS IN COMPILING THIS SCHEDULE OF WORK
• The records received are complete and up to date • There are no matters to investigate or pursue • No financial irregularities are identified • A committee of creditors is not appointed • There are no exceptional queries from stakeholders • Full co-operation of the directors and other relevant parties is received as required by legislation • There are no health and safety or environmental issues to be dealt with • The case will be closed within 1 year

Note	**Category**			**Fee Basis**	**Estimated fee £**
1	**ADMINISTRATION AND PLANNING** **Work undertaken to date**		**ADMINISTRATION AND PLANNING** **Future work to be undertaken**	**Fixed Fee**	**Included in £20,000**
	Pre-appointment matters		**General matters**		
	As outlined in Appendix E, work included within this section included: <u>Administrative and Strategic Work</u> • Meetings with the Company's directors; • Consideration of all options and impact of each;		Regularly reviewing the conduct of the case and the case strategy and updating as required by the insolvency practitioners' regulatory professional body to ensure all statutory matters are attended to and to ensure the case is progressing. This aids efficient case management.		

	• Liaising with secured and other significant creditors; • Collating the required information to market the Company's business and assets for sale; • Marketing the Company's business and assets for sale; • Liaising with potential interested parties • Collation of information to provide advice/prepare for formal engagement • Assisting with preparation of pre-appointment documentation. Statutory Requirements • Completion of money laundering risk assessment procedures and Know your client checks in accordance with the Money Laundering Regulations. • Completion of take on procedures which include consideration of professional and ethical matters and other legislation such as the Bribery Act, Data Protection Act. • In addition to the above take on procedures to consider if there are any other case specific matters be aware of prior to or on appointment, for example health and safety; environmental concerns; particular licences or registrations; tax position; social media; profile of the client or its stakeholders.		Cancelling insurance cover over assets as they are realised to control insurance costs. Liaising with public relations agent to prepare and issue any press releases required.		
	Case Management Requirements				
	Determine case strategy.		Assisting the directors where needed in producing the Company's Statement of affairs.		

FRP

	Obtaining legal advice on the validity of appointment to ensure all required documentation has been properly filed and submitted. In addition this would include a review of any security documentation to confirm the validity of any charges. Arrange for insurance for any potential exposure to the Administration estate. Setting up and administering insolvent estate bank accounts throughout the duration of the case. Compiling a forecast of the work that has been or is anticipated will be undertaken throughout the duration of the case, circulating this to creditors together with other such documentation as required to enable the relevant approving creditors to assess and vote on the fee bases proposed.		Correspondence with the Company's former advisors to the Company requesting third party information to assist in general enquiries.		
2	**ASSET REALISATION** **Work undertake to date**		**ASSET REALISATION** **Future work to be undertaken**	**Debtors**	**Fee to be agreed with ABN**
	As detailed in the Joint Administrators' Proposals, a sale of the Company's business and certain assets completed immediately following the Administrators' appointment in accordance with SIP16. The majority of the Company's assets were therefore transferred as part of this process.		The main asset is the debtor ledger, which is to be collected during the Administration. As part of this process, the Joint Administrators will assist the Purchaser with the collection of the ledger and provide regular updates to ABN on the progress of the ledger collection.		
3	**STATUTORY COMPLIANCE AND REPORTING** **Work undertaken to date**		**STATUTORY COMPLIANCE AND REPORTING** **Future work to be undertaken**	**Fixed Fee**	**Included in £20,000**

	The Joint Administrators are required to provide creditors with the Proposals for the conduct of the Administration for approval by creditors in accordance with legislation. To obtain creditor approval for the basis on which the Joint Administrator's fees will be calculated. To calculate and protect the value of assets that are not subject to a charge by obtaining a bond to the correct level. Advertising notice of the Joint Administrators' appointment as required by statute.		To provide statutory reports to various stakeholders at regular intervals and manage any queries which may arise. Copies of these reports are required to be filed with the Registrar of Companies. Dealing with post appointment VAT and or other tax returns as required. To deal with the statutory requirements in order to bring the case to a close and for the Joint Administrators to obtain their release from office; this includes preparing final reports for stakeholders and filing the relevant documentation with the Registrar of Companies The IP is required to establish the existence of any pension schemes and staging dates for auto-enrolment and take appropriate action to notify all relevant parties and appoint independent trustees if required		
4	**INVESTIGATIONS** **Work undertaken to date**		**INVESTIGATIONS** **Future work to be undertaken**	**Fixed Fee**	**Included in £20,000**
	The Joint Administrators have a duty to review the books and records and other information available to identify the assets that may be available to realise for the benefit of the insolvency estate. Furthermore there may be other antecedent or voidable transactions that are identified which if pursued could increase the funds available for the insolvency estate.		Requesting all directors who have held office within 3 years of the insolvency to complete a questionnaire in respect of their conduct. Preparing the statutory return to the Department of Business Energy and Industrial Strategy ("DBEIS") in accordance with the Company Directors Disqualification Act. Information provided to DBEIS is confidential but can be used to assist DBEIS in identifying conduct that should be investigated further and could result in		

			individuals being disqualified from acting as a director. Considering information provided all stakeholders that might identify further assets or lines or enquiry for the Joint Administrator to explore if benefit to the estate is possible.		
5	**CREDITORS** **Work undertaken to date**		**CREDITORS** **Future work to be undertaken**	**Fixed Fee**	**Included in £20,000**
	Serve notice on the Company's creditors of the Joint Administrators' appointment. Seek legal advice as to the validity of the charges held by the Company's secured creditors. Provide the relevant paperwork to creditors seeking to pursue Retention of Title claims against the Company.		Secured Creditors ABN hold a charge over the Company's debts and will receive the proceeds from the collection of the debtors' ledger. If there is a surplus this will be retained in the insolvent estate. If there is a shortfall, ABN can rely on its floating charge in satisfaction of its debts. Before making a payment to a secured creditor who holds a floating charge the Joint Administrator will need to ascertain if a prescribed part, (essentially a ring fenced sum of money) must first be set aside for the benefit of the unsecured creditors. Prior to making a distribution to secured creditors the Joint Administrator will obtain advice on the validity of security before making payment. Unsecured Creditors If sufficient funds are available to make a distribution to the unsecured creditors the Joint Administrator will		

			write to all known creditors to notify of the possibility of a distribution and requested submission of claims. To date the Joint Administrators is aware of 64 potential creditors according to the information currently available. As required the Joint Administrator will advertise for claims and adjudicate on them if there are sufficient funds to make a distribution, either agreeing or rejecting, in full or in part. There is a statutory time limit to enable creditors whose claims have been rejected to appeal, once this time limit has passed the Joint Administrator will make a distribution to creditors. <u>HMRC Claims</u> Liaising with HMRC to establish their claim and seeking tax advice to minimise claims and maximise returns to creditors where appropriate. <u>Retention of Title</u> Assisting the Purchaser, as required, in dealing with creditors or third parties claiming ownership or reservation of title to assets in the possession of the insolvent estate. <u>Assets on Finance</u> Establishing the position with regards assets on finance and arranging for assets to be returned to finance company as required.		

Schedule of Work

			<u>Leasehold Properties</u> Collecting any rents which may be due from the Purchaser and forwarding this to the landlord. Agreeing a surrender of the lease with the landlord / landlord's agents		
	TOTAL ESTIMATED FEES			**£20,000 Fixed Fee**	

FRP

FRP ADVISORY LLP ("FRP")

DISBURSEMENT POLICY

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

There are two types of disbursements; direct disbursements (known as Category 1) and indirect disbursements (known as Category 2).

Category 1 disbursements:

These are payments to independent third parties where there is specific expenditure directly referable to the appointment in question, these include but are not limited to such items as case advertising, storage, bonding, searches, insurance.

Category 1 disbursements can be drawn without prior approval

Category 2 disbursements

These are expenses that are directly referable to the appointment in question but not to a payment to an independent third party. With the exception of mileage FRP do not charge category 2 disbursements.

Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the insolvency estate, are paid by FRP at the HMRC approved mileage rate prevailing at the time the mileage was incurred, at the time of this report this is 45p per mile.

Category 2 disbursements require prior approval in the same manner as an office holder's remuneration.

Appendix E

Schedule of pre-administration costs

FRP Advisory

	Note	Fees Charged (£)	Expenses Incurred (£)
Pre-administration costs			
FRP	1	20,000	-
Shulmans	2	6,600	50
Richmond	2	4,000	422
Amounts paid	3	(Nil)	(Nil)
Unpaid pre-administration costs for which approval is being sought	4	30,600	472

Notes

1. FRP Advisory LLP were engaged on 3 August 2017 to review of the Company's financial position, market the Company's business and assets for sale, liaise with interested parties, negotiate offers received and a sale and purchase agreement. Fees were agreed as a fixed fee of £20,000 plus disbursements and VAT. These costs represent a fair and reasonable reflection of the work undertaken prior to the appointment of Administrators.

2. The costs of Shulmans were incurred in providing legal advice prior to appointment, the preparation of the sale and purchase agreements for the Company's business and assets, in addition to the preparation and filing of the required statutory documents to place the Company into Administration.

   The costs of Richmond were incurred in attending the Company's premises, providing a formal valuation of the Company's assets, in addition to reviewing the terms and recommending the transaction.

3. None of the pre-administration costs have been paid.

4. The payment of these unpaid costs as an expense of the administration is subject to approval in accordance with the Insolvency Act 1986 and is not part of the proposals subject to approval in accordance with Paragraph 53 of Schedule B1 to the Insolvency Act 1986.