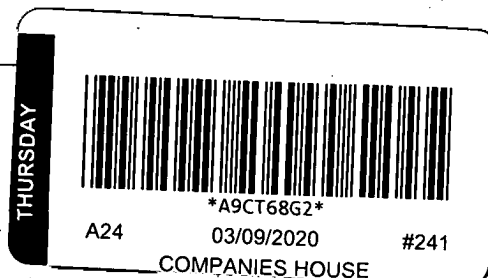


AM03

Notice of administrator's proposals



Companies House



1 Company details

Company number 0 5 9 4 4 7 5 8

Company name in full Mucho Mas Limited

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

2 Administrator's name

Full forename(s) Gordon

Surname Thomson

3 Administrator's address

Building name/number 25 Farringdon Street

Street

Post town London

County/Region

Postcode E C 4 A 4 A B

Country

4 Administrator's name ①

Full forename(s) Matthew

Surname Haw

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 25 Farringdon Street

Street

Post town London

County/Region

Postcode E C 4 A 4 A B

Country

② Other administrator
Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

6

Statement of proposals



I attach a copy of the statement of proposals


7

Sign and date

Administrator's
Signature

Signature

✕



✕

Signature date

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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	James Parkinson
Company name	RSM Restructuring Advisory LLP
Address	25 Farringdon Street
Post town	London
County/Region	
Postcode	E C 4 A 4 A B
Country	
DX	
Telephone	0203 201 8000



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:

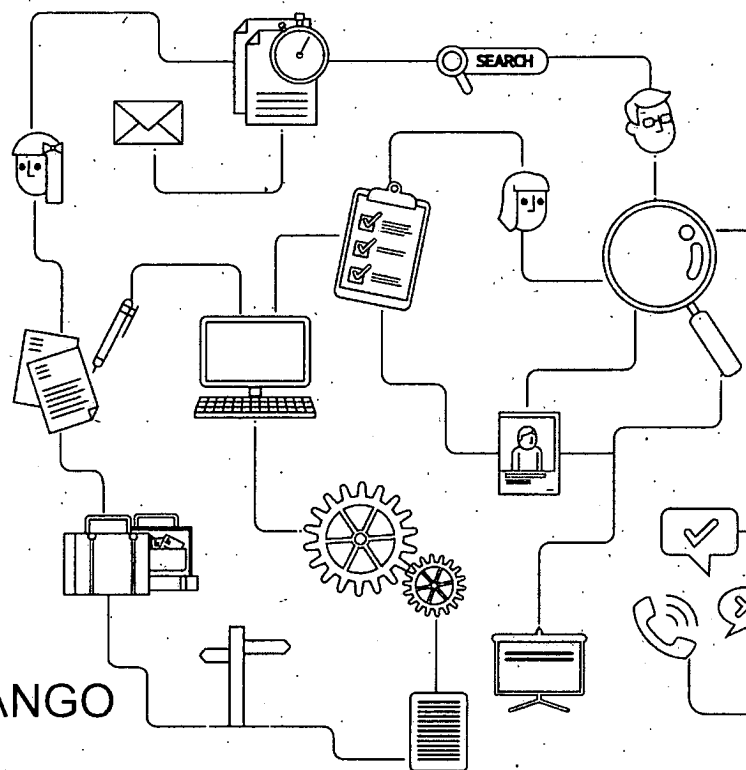
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



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



MUCHO MAS LIMITED T/A CHILANGO - IN ADMINISTRATION

JOINT ADMINISTRATORS' PROPOSALS
3 SEPTEMBER 2020

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

INTRODUCTION

Contact details

The key contacts at RSM in connection with this report are:

Primary office holder

Gordon Thomson
RSM Restructuring Advisory LLP
25 Farringdon Street, London, EC4A 4AB
Tel: 0203 201 8000

Case manager

James Parkinson
RSM Restructuring Advisory LLP
25 Farringdon Street, London, EC4A 4AB
Tel: 0203 201 8000

Basis of preparation

This document forms the basis of the Joint Administrators' Proposals ('Proposals').

They have been prepared solely to comply with the statutory requirements of the relevant legislation. They have not been prepared for use in respect of any other purpose, or to inform any investment decision in relation to any debt or financial interest in the Company. Any estimated outcomes for creditors are illustrative and may be subject to revision and additional costs. They should not be used as the basis for any bad debt provision or any other purpose. Neither the Joint Administrators nor RSM Restructuring Advisory LLP accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in these Proposals. The Joint Administrators act as agents of the Company and without personal liability.

EC regulations

The EC regulations will apply. As the Company's centre of main interest is in the UK, these proceedings will be main proceedings as defined in Article 3 of the EC Regulations.

General guidance on the Administration process

You may also wish to note that profession's trade body, R3, have also produced general guidance on the different insolvency processes, which can be located at their website www.R3.org.uk

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KEY ACTIONS AND DECISIONS REQUIRED FROM CREDITORS

Decisions required from creditors

Approval of the Proposals is being sought by deemed consent.

Deemed consent of the Joint Administrators' Proposals and discharge from liability

The Proposals will be automatically approved on 18 September 2020 unless either:

- sufficient creditors object to the deemed consent process by 17 September 2020; or,
- a physical meeting is requested by 10 September.

This will also mean that a creditors' committee will NOT be established, and that the Joint Administrators will be discharged from liability following release from office.

If creditors request a decision, the Joint Administrators may require creditor(s) to lodge a deposit, at an amount to be determined by the Joint Administrators, as security for expenses.

Please read the attached notice at Appendix E for further information.

Creditors' committee

Establishment and guidance

It is proposed that a creditors' committee will not be appointed. However we are required to invite creditors to decide whether to establish a committee because a decision is being sought.

If you want a creditors' committee, sufficient creditors will need to both object to the decision process and consent to act as a representative on the committee. At least three creditors must consent to act before a committee can be formed; a maximum of five can be represented. If you do want a committee, please contact this office as soon as possible.

If you wish to form a committee and to act on same, please complete the consent to act form at Appendix G.

If a committee is formed, it would be their responsibility to approve the Joint Administrators'

fees, costs, expenses and discharge from liability. They would also be responsible for approving any outstanding pre-Administration fees, costs and expenses.

Guidance on acting as a committee member can be found at the R3 website.

Proof of debt

If you have not already done so, please provide us with a Proof of Debt Form, attached at Appendix F, together with any backing documentation.

BACKGROUND AND FINANCIAL INFORMATION

1 - Background

The Company was founded in 2007 by the two directors (Eric Partaker and Daniel Houghton ('the Directors')). In the following years, they opened seven restaurants, primarily in densely populated areas such as the City of London.

In 2014, to support its growth, the Company raised mini-bond debt via a crowd-funding platform. The debts were raised in a wholly owned subsidiary (Chilango Bonds plc ('CBP')) and the associated monies were lent to the Company via a formal inter-company loan agreement.

The Company continued to expand with five new site openings and acquired several additional leases in regional locations, to support forecast future growth and a 'dark kitchen' was trialled in Limehouse.

In 2017, the Company lost an ongoing VAT appeal with HMRC and raised money via shareholder loans and loan notes to cover the associated £1.3m liability and to support further growth. At this time, the Directors looked to streamline the operation to ensure all sites were profitable.

In 2018, the Company sought to raise £1m via a second mini-bond raise within CBP to both refinance debt and support its growth strategy, which included opening additional new restaurants, strengthening the support team and developing its online and delivery presence. The bond was over-subscribed and c£3m was raised.

The funds raised were used to service existing debts including a mixture of interest (£0.1m) and capital repayments (£0.5m) from the previous bond and loan notes (those monies were paid in September 2019), to cover some exceptional costs and pay various aged creditors, to open the Company's restaurant in Birmingham (in July 2019) and to invest in digital initiatives.

2 - Financial position

Initial financial problems and Company Voluntary Arrangements ("CVA")

Since the close of the bond raising in 2019, various additional factors aligned to significantly weaken the Company's cash position and while it remained broadly profitable at restaurant level, it needed to restructure its debt structure, operational cost base and historical creditor position in order to smooth significant cashflow challenges.

The Company approached RSM Restructuring Advisory LLP ("RSM") in October 2019, to assist the Company in proposing interlocking CVAs of the Company and CBP. RSM were formally

instructed by the Company on 18 October 2019. The CVAs included creating a separate class of preferred shares in the Company, which were offered to the loan note holders in the Company and to the bond holders in CBP.

The CVA proposals were approved by creditors on 6 January 2020 and generally enabled the Company to rationalise its leasehold obligations, materially improve its balance sheet, enhance the profitability of the business and to permit capital investment into the sites, thereby maximising the return to creditors and securing the employment of the majority of its workforce.

Following approval of the proposals, the Company continued to trade well with positive like-for-like sales and significant growth in its delivery channel.

Impact of the pandemic and associated lockdown

The Covid-19 pandemic and the subsequent lockdown dramatically impacted the casual dining sector and in March 2020 the Company shut all its restaurants and furloughed 98% of its staff.

Since the lockdown, the Company re-opened six restaurants for delivery and opened their first dark kitchen in partnership with Deliveroo. However, despite reopening these sites, the Directors concluded that the Company would not be able to recover from the losses attributed to the lockdown period.

The most recent management accounts showed an operating loss of c£700k for the three months ended 28 June 2020. The EBITDA loss for the same period was c£550k.

The Company engaged Harper Dennis Hobbs ("HDH") to liaise with landlords in an attempt to consensually negotiate a reduction in the current CVA rent levels and associated arrears. However, they were unable to gain the required traction.

The Directors were of the opinion that they would not be able to trade out of this situation and a further restructuring was required. This was due to levels of debt which were considered unsustainable. Management reported the following debts:

- HMRC £1.6m;
- Landlords to Sep 20 £579k; and
- Other unsecured creditors c£6.4m.

These numbers include the pre-CVA debts which are reinstated via the failure of the CVA.

The Directors anticipated that once the current Government protection / moratorium ended, the Company would have been subject to creditor action from which it could not recover – i.e. it would be unable to pay its debts as they fall due. The Company would most likely have been placed in Liquidation, meaning the employees would have been made redundant and trading would have ceased, significantly reducing the value of the business and associated return to creditors.

As a result, the Directors did not want to worsen the position for creditors and sought advice relating to the Company's current position.

Given the financial difficulties the Company faced as a result of the lockdown, The Directors approached RSM on 13 May 2020 to consider its options. The Directors had attempted to drive trading to a sustainable level but faced significant losses which required resources above those of the Company. They explored additional finance and consensual rent negotiations in the interim but were unable to achieve the requisite funding or cost reductions.

The Directors concluded on 3 June 2020 that should the Company continue to trade without a restructuring plan, it would worsen the position for creditors. As the Company was insolvent (it couldn't pay its debts as they fell due), the Directors agreed that an Accelerated Merger & Acquisition process ("AMA") and Administration was the best option available. Accordingly, the Directors and RSM commenced the collation of the information required to begin the AMA process.

Company's trading history

Relevant extracts from the company's audited and financial statements and management accounts are summarised below

	£'000		
Period ending	Audited Accounts YE 25 March 2018	Draft Accounts YE 25 March 2019	Draft Accounts YE 29 March 2020
Turnover	10,280	11,225	11,194
EBITDA	338	206	(274)
Restaurant EBITDA	1,640	1,972	1,583

Appointment of Joint Administrators

Gordon Thomson and Matthew Haw were appointed as Joint Administrators by the directors on 27 August 2020.

Estimated statement of financial outcome

A Statement of Affairs has not yet been provided. An Estimated Statement of the Financial Position of the Company as at 27 August 2020 is therefore attached. This details the estimated book value of the Company's assets and liabilities, and information about its creditors at the date the Company entered administration.

PURPOSE, STRATEGY AND CONDUCT OF THE ADMINISTRATION

Purpose of the Administration

Insolvency legislation sets out the statutory purposes of an Administration. The Joint Administrators must perform their functions with the objective of either:-

- 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.

It was not possible to achieve statutory purpose (a) because sufficient investment was not achievable to allow the Company to continue to trade. Therefore, statutory purpose (b) was pursued and has since been achieved as the Administration facilitated the sale of the business and certain assets of the Company, thereby reducing secured creditor, landlord and employee claims and increasing the level of funds available to distribute to creditors.

Strategy to achieve purpose of the Administration

Subject to the approval of the Joint Administrators' proposals, the Joint Administrators propose to continue to realise the remaining assets of the Company and where relevant, to distribute funds to the creditors of the Company. The Administrators will also conduct investigations into the Directors' conduct and bring claims against third parties if they are deemed appropriate.

The Joint Administrators completed a pre-packaged sale of the business and certain assets of the Company on 27 August 2020, immediately following their appointment. Detailed information in respect of the transaction is outlined later in this report and in Appendix D, in brief terms this transaction had the following benefits to creditors:

- The sale ensured the ongoing trade of the business and maximised the value in the goodwill which would have had little if any value in the event of the business ceasing to trade.
- Our agents and valuer advised that the physical assets would have realised significantly less on a forced sale basis, adversely impacting the return to all classes of creditors.
- Claims from employees are minimised as all 130 staff as at the date of sale have transferred under the Transfer of Undertakings (Protection of Employment) Regulations ("TUPE").

- The landlords' claims have been significantly reduced, compared to a shutdown position.
- The purchaser assumed a portion of the Company's secured liabilities.

Statement of Insolvency ('SIP') 16 statement

A pre-packaged sale of the Company's business and certain assets was completed on 27 August 2020, as set out in the notification to creditors dated 2 September 2020.

Details of the sale and the circumstances surrounding it is attached at Appendix D.

The Joint Administrators' role in the pre-Administration period, in relation to the pre-packaged sale, was to advise the Company in connection with the transaction and not the Directors in their personal capacity, or any other parties connected with the purchaser.

When considering any sale or disposal of the Company, its business and/or assets, the Joint Administrators must perform their functions in the interests of the Company's creditors as a whole.

However, where the objective is to realise property in order to make a distribution to secured or preferential creditors, the Joint Administrators have a duty to avoid unnecessarily harming the interests of creditors as a whole.

Asset realisations

Sale of business

The Joint Administrators completed a sale of the business and certain assets of the Company to RDCP Investments 4 Limited ("the Purchaser") on a going concern basis on 27 August 2020.

The combined sale price was £1,000,000 and included the following assets:

- Goodwill - £829,991
- Plant & Machinery / Fixtures & Fittings - £148,000
- Seller's Records - £1
- Stock - £22,000
- Properties - £6
- Business Contracts - £1
- Intellectual Property Rights - £1

Of the £829,991 apportioned to Goodwill, the cash consideration totalled £402,407. The remaining £427,584 related to the novation of part of the three secured lenders' debts to the Purchaser and so has not been received in cash.

£296,916 was received upon completion, with the balance of £275,500 deferred over five monthly payments. The Joint Administrators have retained security over the assets sold.

The Joint Administrators obtained a valuation from independent agents who provided a specific recommendation of the sale on the basis it generated a higher net recovery when compared to a breakup sale of the assets.

The Joint Administrators granted a licence to occupy for a number of sites previously occupied by the Company, for which they have paid a licence fee. The Purchaser is responsible for all costs of occupation under the terms of the licence to occupy agreements.

Whilst certain sites have not formed part of any sale and the Joint Administrators are not in beneficial occupation of these sites or have any interest in the assets on site, it is understood the Purchaser is intending to approach the landlords of the majority of these sites directly, in order to negotiate new leases.

Investigations

The Joint Administrators are required to investigate the Company's business affairs and make a report on the Directors' conduct within three months of appointment. If you have any information or concerns regarding the manner in which the Company's business affairs have been conducted, or information regarding the potential recoveries or assets, please contact this office as soon as possible.

Statutory and case management matters

The following work does not usually result in a financial return to creditors but is required by legislation, best practice and to ensure that the case is managed efficiently and effectively. The work done since appointment included:

- compliance with ethical and anti-money laundering regulations;
- arranging insurance of assets;
- correspondence with pre-appointment third party advisors;
- consideration of health & safety and environmental matters;
- preparation of an estimated financial position;
- Collecting and scheduling of books and records;
- periodic case reviews, ongoing case planning and strategy;
- maintaining and updating computerised case management records;
- maintenance of cashing records and preparation of receipts and payments accounts;
- filing of statutory documentation at Companies House and Court, and with other relevant parties;
- general taxation matters;
- dealing with routine correspondence not attributable to other categories of work, including customer telephone calls and emails; and
- dealing with pension schemes, liaising with the PPF / Pensions Regulator / Trustees.

Receipts and payments

A summary of receipts and payments is attached. The receipts and payments are shown net, with VAT shown separately. Any amounts due to or from HM Revenue and Customs are shown separately.

OUTSTANDING MATTERS

Assets remaining to be realised

The following assets remain to be realised:

Cash at bank

The Company's banking facilities had a balance of £179,490 as at the date of the Joint Administrators' appointment. The Joint Administrators have written to the Company's bankers to arrange this to be paid to the Administration estate.

Debtors

The Joint Administrators are evaluating the trade debtors listed on the Company's books at £28,000 and shall report on the associated realisations in due course.

Other outstanding matters

Deferred consideration

As noted above, the Purchaser is due to pay deferred consideration of £275,500. This is to be paid in five equal monthly instalments of £55,100, commencing 30 days after completion and on the 26th of each month, thereafter.

The Joint Administrators have retained security over the assets sold and will take recovery action if the deferred consideration is not received in accordance with the terms of the associated Sale & Purchase Agreement.

Former trading sites

As previously advised, the Joint Administrators have granted the Purchaser licences to occupy in respect of a number of the Company's former trading sites, for which a licence fee has been paid (including VAT).

The Joint Administrators have and will continue to liaise with both the landlords and the Purchaser in respect of repayment of rent and finalising the position regarding the Company's leases at the other sites.

Tax

The Joint Administrators will continue to assess the Company's tax position to understand whether any tax refunds are due to the Company.

End of the Administration

Automatic end

The Administration will automatically end 12 months from the date the Joint Administrators' appointment took effect, unless an extension is sought. An extension can be sought from the creditors for up to 12 months, or by application to the Court for a longer period.

It is proposed that the Company will exit Administration by way of Creditors' Voluntary Liquidation.

Exit by Creditors' Voluntary Liquidation

As it is intended that the Company will exit Administration by moving into a Creditors' Voluntary Liquidation, it is proposed that the Joint Administrators or any successor(s), will be appointed Joint Liquidators of the Company.

The Liquidators will have the power to act jointly and severally and may act required or authorised to be done by the Liquidators may be done by all or any one more of the persons holding the office in question.

Exit by dissolution

At any point in the Administration should the Joint Administrators reach the conclusion that the property is insufficient to permit a distribution then they shall (unless the court orders otherwise) file a notice pursuant to paragraph 84 of Schedule B1 to the Insolvency Act 1986 seeking that the company be dissolved.

Joint Administrators' discharge from liability

In the event that a creditors' committee is not established, the Joint Administrators will be discharged from liability in respect of any action of theirs as Joint Administrators immediately following their cessation to act as Joint Administrators.

CREDITORS' CLAIMS AND DIVIDEND PROSPECTS

Dividend prospects

	Owed (£'000)	Estimated future prospects
Secured Creditor- Tom Spathis	535	Payment in full (£200,000 debt novated to the Purchaser)
Secured Creditor – Chris Moore	396	Payment in full (£200,000 debt novated to the Purchaser)
Secured Creditor – Sue Houghton	27	Debt fully novated to the Purchaser
Preferential creditors	NIL	N/A
Unsecured creditors	8,693	c.1p the £, subject to the costs of the Administration
Estimated Net Property	422	This is subject to the costs of the Administration
Estimated 'Prescribed Part' available for creditors	91	

Please refer to the Estimated Financial Position at Appendix B for further details into the full creditor position. Please note that the figures in the Estimated Financial Position do not take into account the costs of the Administration.

Prescribed Part

The 'Prescribed Part' is a statutory amount set aside for unsecured creditors from funds ('Net Property') available to a Qualifying Floating Charge Holder ('QFCH'). The amount of Net Property is calculated on a sliding scale up to maximum £800,000 before costs depending on when the floating charge was created and whether or not it is a first ranking floating charge.

An estimate of the amounts available under the Net Property and Prescribed Part, if any, are detailed above.

Based on current information, it is not proposed that that an application will be made to court under Section 176A(5) of the Insolvency Act 1986 for an order disapplying the Prescribed Part provisions.

Agreement of claims

Creditors' claims are usually only agreed if there is a likelihood of a dividend being made to that particular class of creditor.

The anticipated dividends set out are subject to future realisations and no work has therefore been done as yet to agree unsecured claims.

If you have not already submitted a Proof of Debt a copy of the form can be obtained at <https://rsmuk.ips-docs.com> or by request to this office or from Appendix F.

Creditors whose debts are treated as a small debt in accordance with Rule 14.31(1), of the Insolvency (England and Wales) Rules 2016 must still deliver a proof of debt if they wish to vote. Rule 14.31(1) states that Office Holders may treat a debt, which is a small debt according to the accounting records or the statement of affairs of the company, as if it were proved for the purposes of paying a dividend. Small debts are defined in Rule 14.1(3) as a debt (being the total amount owed to a creditor) which does not exceed £1,000.

Dividend payments

The estimated timing of future dividends is currently unknown and is dependent upon future realisations. Please note these may be subject to change and are an estimate only

Creditor communication

The following work was done in the period to comply with legislation, best practice and to ensure creditors were kept informed. It is also necessary to enable a dividend to be paid

- Maintenance of schedules of preferential and unsecured creditors' claims
- Dealing with correspondence and telephone calls
- Liaising with, and reporting to, the secured creditor(s);
- Consideration of creditors' claims; acceptance or rejection of claims and complying with the legislative obligations in relation to adjudication of creditors' claims generally.

Creditors will only derive an indirect financial return from this work on cases where a dividend has been paid.

JOINT ADMINISTRATORS' FEES, COSTS AND EXPENSES

Guide to Administrator's fees and expenses

A Guide to Administrator's Fees, which provides information for creditors in relation to the fees and expenses of an Administrator, can be accessed at <https://rsmuk.ips-docs.com> under 'general information for creditors'. A hard copy can be requested from this office by telephone, email or in writing. All fees, costs and expenses are subject to VAT.

Relevant Approving Body

The unsecured creditors will be the Relevant Approving Body responsible for approving the Joint Administrators' post appointment fee basis and, where applicable, 'Category 2' expenses and any outstanding pre-Administration costs. However, if a creditors' committee is established, this will be its responsibility and it will be the Relevant Approving Body.

Pre-Administration costs

The payment of any unpaid pre-Administration costs as an expense of the Administration is subject to specific approval under the relevant legislation. They do not form part of the Joint Administrators' Proposals subject to approval under paragraph 53 of Schedule B1 to the Insolvency Act 1986.

Pre-appointment costs of £28,870 in respect of the Joint Administrators' pre-appointment time costs and circa £30,000 in respect of legal fees incurred by Locke Lord remain unpaid. Approval for their payment will therefore be sought in due course from the Relevant Approving Body. Pre-Administration fees were incurred to assist with a sale of the Company's business and assets, together with placing the Company into Administration. This work included:

- Liaising with the secured and other major creditors concerning the proposed Administration;
- Obtaining valuations of the assets to be sold;
- Assisting the Company identifying parties who were interested in purchasing the business and assets of the Company;
- Reviewing the marketing and sale process undertaken;
- Negotiating a sale of the business and assets;
- Reviewing the sale and purchase agreement; and
- Taking steps to place the Company in Administration.

The work further achieved the purpose of the Administration by resulting in a sale of certain of the Company's assets, therefore reducing creditor claims and increasing the level of realisations. Thus, 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).

It was done under an agreement dated 13 May 2020 between RSM Restructuring Advisory LLP and Mucho Mas Limited. Additional fees were agreed on 10 August 2020 and 26 August 2020.

In respect of those pre-Administration costs that have already been paid, best practice requires that the following information is provided.

To whom due / paid	By whom paid	Relationship to company	Date paid	Amount (£)
Joint Administrators' pre-Administration fees	Mucho Mas Limited	Advisory work in respect of the AMA	3 June, 12 July, 22 July 2020.	110,000
Joint Administrators' pre-Administration costs (legal fees and agent fees)	Mucho Mas Limited	Legal Fees & Agents Fees in respect of advisory work	17 July & 12 July 2020	31,962
Total				141,962

Post-appointment costs

Basis of fees

Insolvency legislation allows an Administrator to charge fees on one of, or a combination of, the following bases:

- as a percentage of the value of the property the Administrator has to deal with (percentage basis);
- to the time spent by the Administrator or their staff on the Administration of the case (time cost basis);
- as a set amount (fixed fee basis); or
- a combination of the above (mixed fee basis).

In this case, approval for post-appointment fees will be sought from the Relevant Approving Body in due course.

Further fee approval

The amount of fee that can be drawn, whether calculated on the basis of time in accordance with a fee estimate, or for a fixed amount or a percentage rate will be limited to that approved by the Relevant Approving Body. It cannot be either increased or the percentage rate changed, without the further approval of the Relevant Approving Body.

Expenses and professional costs

Details of the costs and expenses the Joint Administrators anticipate will be incurred are set out below. The following expenses may include estimated amounts where actual invoices have not been received. Amounts paid to date, if any, are shown in the attached receipts and payments account.

Category 1 expenses

These comprise external supplies of incidental services specifically identifiable to the insolvency estate. They do not require approval of the Relevant Approving Body prior to being paid.

Type of expense	Total estimated (£)	Incurred in period (£)
Bond	82	NIL
Statutory advertising	100	NIL
Website fee	8	NIL
Pensions advice	250	NIL
Books & records collection & storage	300	NIL
Total	740	NIL

Category 2 expenses

These are costs which are not capable of precise identification or calculation, or that may include an element of shared or allocated costs. Payments to outside parties that the Office Holder, firm, or any associate has an interest, are also treated as 'Category 2' expenses. These expenses require the specific approval of the Relevant Approving Body before being paid from the insolvency estate.

Approval for the payment of the 'Category 2' expenses, at the rates prevailing at the date they are incurred will be sought from the Relevant Approving Body prior to their payment. Details of the current rates are set out below.

Type of expense	Total estimated (£)	Incurred in period (£)
Room hire (Dependent on location)	NIL	NIL
Mileage (42.5p per mile)	NIL	NIL
Tracker reports (£10 per report)	NIL	NIL
Subsistence (£25 per night)	NIL	NIL
Total	NIL	NIL

Other professional costs

The office holders retained the following advisers based on their experience and expertise. These costs are not subject to approval by the Relevant Approving Body. However, they are subject to review and approval by the Joint Administrators.

Party	Nature of advice	Total estimated (£)	Incurred in period* (£)
Locke Lord	General legal advice (including that relating to Company property)	20,000	0
GCS Solicitors	Legal advice – validity advice	3,000	3,000
Total		23,000	3,000

* 27 August 2020 – 3 September 2020

Creditors' right to information and ability to challenge fees, costs and expenses

Creditors have a right to request further information about fees or expenses (other than pre-Administration costs) and to challenge such fees or expenses. Any such challenge must be made no later than eight weeks after receipt of the report which first discloses the charging of fees or incurring of the expenses in question.

If you wish to make a request for further information it must be made in writing within 21 days of receipt of this report either by (i) any secured creditor or (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question).

Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to court that the fees charged, the basis fixed or expenses incurred by the Administrator are in all the circumstances excessive.

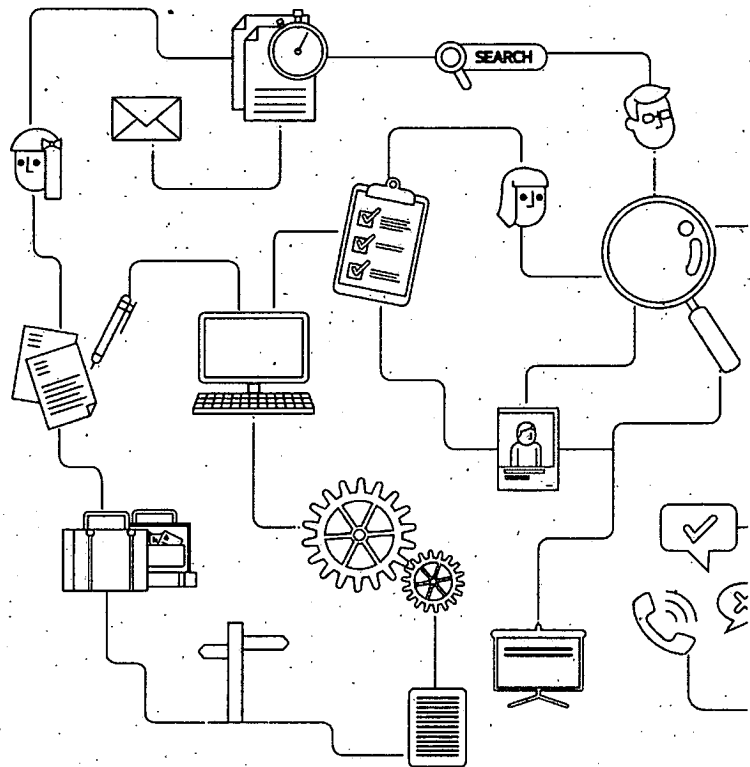


Gordon Thomson
RSM Restructuring Advisory LLP
Joint Administrator

Gordon Thomson & Matthew Haw are licensed to act as Insolvency Practitioners in the UK by the Institute of Chartered Accountants in England and Wales
Insolvency Practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment

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

APPENDICES



A. STATUTORY INFORMATION

Company information

Company name:	Mucho Mas Limited
Company number:	05944758
Date of incorporation:	25 September 2006
Trading name:	Chilangos
Trading addresses:	<ul style="list-style-type: none"> • 24 Brewer Street London W1F 0SN \ • Unit 2, 30-36 Brushfield Street, London E1 6AT • 76 Chancery Lane, London WC2A 1AA • Boxes R53, R54, R55, R67 and R57, Boxpark, Croydon • 142 Fleet Street, London, EC4A 2BP • 27 Upper Street, London, N1 • 12 Leather Lane, London, EC1 • 64 London Wall, London EC2M 5TP • Unit 3, 44 Oxford Street, Manchester • Unit 1A, 18 King William Street, London, EC4N 7BP • 90 Tooley Street, London, SE1 • 46A Gresham Street, London, EC2V 7AT
Principal activity:	Restaurants and mobile food service activities
Registered office:	Chilango Head Office, 27 Upper Street, London, N1 0PN
Previous company names:	N/A
Directors:	Daniel Houghton & Eric Partaker
Secretary:	Dan Houghton
Authorised share capital:	£6,753.65 Ordinary shares
Nominal & issued share capital:	Issued: 675,364,687 Ordinary shares at a par value of £0.00

Administration information

Court reference:	In the High Court of Justice, Business and Property Courts of England and Wales No 3485 of 2020	
Joint Administrators:	Gordon Thomson and Matthew Haw	
Date of appointment:	27 August 2020	
Appointor:	The Directors of the Company	
Functions of Administrator(s):	The Joint Administrators' have exercised, and will continue to exercise, all of their functions jointly and severally as stated in the notice of appointment.	
Joint Administrators:	Primary office holder Gordon Thomson RSM Restructuring Advisory LLP 25 Farringdon Street, London, EC4A 4AB 020 3201 8000 IP Number: 24974	Joint office holder Matthew Haw RSM Restructuring Advisory LLP 25 Farringdon Street, London, EC4A 4AB 0203 201 8000 IP Number: 9627

**Shareholders
& Shares
Held:**

The Sheermans Ltd -	7,302,096	Christian Van Zijl -	4,099,000	Leon Rodrigo Morales -	5,000,000	Saul Klein -	670,000
Aston Industrial Limited -	3,307,000	Curtis Charles -	2,500,000	Louis Greig -	16,175,000	Shannon Mckenzie -	980,000
Pembroke Vcl PLC -	19,399,810	Daniel Houghton -	52,610,000	Luay Toma -	4,405,667	Shiva Bernheim -	2,500,000
Ahmad Assad -	2,500,000	David Haimes -	2,929,000	M J Houghton -	19,715,000	Simon Hade -	3,536,000
Alexander Trojanow -	2,500,000	Dean Tyler -	4,960,000	Malcolm Beckett -	1,176,000	Simon Prideaux -	3,810,000
Alexis Richardson -	2,778,000	Desai Ujjavel -	7,500,000	Mark Burslem -	3,473,000	Stephen Barker -	2,500,000
Allaf Kassam -	3,307,000	Eric Partaker -	50,000,000	Mark Cameron -	2,500,000	Stephen Lindemann -	3,447,000
Amit Varma -	436,000	Faisal Galariae -	7,794,000	Martin Devenish -	2,449,000	Steve Lane -	4,762,000
Amit Varma -	552,000	Frank Bandura -	2,837,524	Matthew Sawyer -	2,500,000	Tim Cocker -	1,653,000
Andrew Gray -	3,307,000	Hillary Russell -	3,634,286	Melina Kossoff -	2,988,000	Tim Rigby -	2,500,000
Angus Hume -	3,307,000	Hugo Eddis -	3,919,000	Mike Baglieri -	1,078,000	Toby Chapman -	5,555,000
Anil Sofat -	1,447,000	Intiaz Arian -	1,176,000	Mike Dowell -	2,218,810	Tom Milligan -	661,000
Anthony Lewis -	4,958,000	Jake Rudman -	2,500,000	Nick Williams -	4,059,000	Tom Spathis -	17,521,667
Anton Wellenreiter -	3,085,000	James Wills -	1,017,000	Nils Hammar -	2,201,000	Tom Watson -	330,000
April Galda -	1,653,000	Jeffrey Smith -	599,000	Oliver Whitten -	376,000	Tomasi Jeffrey -	12,500,000
Ashok Verma -	1,103,000	Joanna Ramsdale -	310,000	Padideh Trojanow -	5,000,000	Trent Brewer -	4,898,000
Ben Rana -	1,250,000	John Gayner -	3,307,000	Paul Besignano -	1,250,000	Ulrich Kratz -	3,750,000
Blackwood Phillip -	6,667,000	Kadagathur Neil -	5,555,000	Paul Facella -	2,025,524	Vince O'Brien -	3,307,000
Bryan Sivak -	526,000	Kate Opekar -	272,000	Paul Read -	4,915,000	Worth Marc -	8,267,000
Cannell Tavis -	11,109,000	Keith Whitten -	422,000	Peter Dubens -	331,000	Adam Shalaby And Nimesh Sodha -	5,000,000
Cebrian Manual Diaz -	2,186,000	Kevin Bacon -	2,256,429	Philip Donald -	3,612,000	Ambient Sound Investments -	20,827,000
Charles Grant -	3,802,000	Kingshuk Bhattacharya -	3,375,000	Richard Breton -	4,510,000	Startive Ventures Inc -	7,738,096
Charlie Mcveign -	544,000	Kossoff Simon -	5,741,286	Richard Ramsdale -	3,031,000	Venrex Ltd -	14,364,000
Chris Evans -	2,722,000	Kunal Shah -	34,287,000	Robert Diamond -	3,690,477	WCS Nominees Ltd -	72,838,287
Chris Moore -	9,867,477	Laurie Morgan -	663,048	Rupert Whitten -	376,000		

B. ESTIMATED FINANCIAL POSITION

Estimated financial position as at 27 August 2020	Book Values	Pre-Pack Sale
Assets subject to fixed charge	£'000	£'000
Intangible IP / Goodwill	23	402
Patents	22	0
Website development	267	0
Leasehold improvements	316	0
Investments	50	0
Total Assets	678	402
Available to fixed charge holders		402
Less: due to fixed chargeholder	(958)	(958)
Rollover of debt		428
Surplus/(Deficit) to fixed charge holders		(128)
Assets subject to floating charge		
Stock	37	22
Fixtures & Fittings	550	148
Trade Debtors	28	28
Other Debtors	11	0
Prepayments & accrued income	237	0
Bidfood Bond	63	63
Cash at bank and in hand	179	179
Total assets	1,105	440
Available for preferential creditors		440
Less: estimated preferential creditor claims		0
Net property		440
Prescribed Part		(91)
Funds available to floating charge holders		349
Less: due to floating chargeholders		(128)
Surplus/(Deficit) to floating charge holders		221
Floating charge funds available to unsecured creditors		221
Prescribed Part available to unsecured creditors		91
Total available to unsecured creditors		312
Less: Unsecured creditors		
Landlord arrears		(612)
Unsecured creditors		(678)
HMRC		(1,540)
Loan note holders		(1,715)
Due to Chilango Bonds Plc		(4,180)
Employee unsecured claims		0
Total unsecured creditors		(8,726)
Total deficit to creditors (inc floating charge deficiency)		(8,414)

**Please note that the above position does not consider costs of the Administration.*

Creditor Name	Creditor Address	Balance
ADT FIRE & SECURITY	PO Box 69, M40 4BH,	0.01
Airship Services LTD	16 South Street, Park Hill, Sheffield S2 5QX	753.95
AMAZON.CO.UK	1 Principal Place, Worship Street, London, EC2A 2FA	2.21
BIDFOOD	Black Moss, Lane Scarisbrick, L40 9rw	79,821.06
BIRMINGHAM CITY COUNCIL	1st Floor, Waterloo House, B2 5TB	10,224.59
BIRMINGHAM COUNCIL TAX	1st Floor, Waterloo House, Birmingham, W Midlands, B1 1TU	820.00
BOXPARK CROYDON LTD	Unit 4, 20 Regent Street, BN1 1UX	7,920.00
BRISTOL CITY COUNCIL	local taxation (100TS), PO Box 3176, Bristol, BS3 9FS	47,563.50
CASTLE WATER (THAMES WATER)	1BOAT BRAE, Ratray, PH10 7JB	13,578.22
CBRE	St Martin's Court, 10 Paternoster Row, London, EC4M 7HP	76,200.00
CENTEGRA DIRECT DEBITS	Weston Centre, Weston Road, CW1 6FL	7,265.68
Chilanges Bonds Plc	27 Upper Street, Islington, London, N1 0PN	4,180,000.00
Chris Moore (Secured Creditor)	Strada Dello Spinale 8, Ponte Pattoli, Perugia 06134, Italy	395,657.13
CITY BUILDING COMPANY LTD	Global House, 303 Ballard Lane, N12 8NP	54,300.00
CITY OF LONDON	Markets and Consumer Protection, PO Box 270, EC2P 2EJ	41,181.00
City of London Rent	The Mayor & Commonalty & Citizens of the City of London as Trustees of The Bridge House Estates of PO Box 270 Guildhall London EC2P 2EJ	49,500.00
CITY OF WESTMINSTER	PO BOX 270, Guildhall London, EC2P 2EJ	5,324.84
CLUBWZARD LTD	26 Fitzroy Square, Fitzrovia, London, W1T 6ES	0.00
CROYDON COUNCIL	Income & Benefits, Chief Executive's Department 5th Floor, Bernard Weatherill House, CR9 1BQ	8,163.00
Dartford Catering Installations Limited	Longfield Kent, DA3 8NJ	0.00
DCI Maintenance Ltd	94 Fulham Palace Road, London, Essex, W69PL	0.00
DEPHNA	2 Portal Way, London, W3 6RT	900.00
DOMO, INC.	772 East Utah, Valley Drive, American Fork, UT 84003, United States	0.00
DUNEDIN PROPERTY	Chaucer House 1st Floor, 14 Cork St Mews, W1S 3NS	73,419.44
DWF Law LLP	5 St Paul's Square, Old Hall Street, Liverpool, L3 9AE	822.00
E.ON ENERGY LIMITED	WESTWOOD BUSINESS PARK, Coventry, CV4 7LG	27.91
ECOLAB LTD - PEST CONTROL	PO Box 11, Wnnington Avenue, Northwich, CW8 4DX	321.60
Ecotricity	Unicom House, Russell Street, Stroud, Gloucs, GL5 3AX	1,651.58
EUREKA	Westpoint house, 5 Redwood Place, East Kilbride, G74 5PB	240.00
EUROFFICE	Dome House, 48 Artillery Lane, E1 7LS	451.97
FIRST CHARTERHOUSE INVESTMENTS LTD	PO BOX 3061, BRIGHTON, BN1 6ZL	32,375.01
FIRST INVESTMENT LTD (FI)	Canal Mill, Botany Brow, PR6 9AF	57,037.68
First Mile Limited	22 Highbury Grove, London, N5 2ER	1,080.00
FOOD HORIZON LTD	PO Box 411, Brockham, RH3 7WR	25.40
FOURTH HOSPITALITY	Beechfield House, Winterton Way, SK11 0LP	3,714.80
FULWOOD INVEST SARL	Fulwood Invest Sarl, Luxemburg	0.00
GLOBAL FIRE SYSTEMS LTD	Global House, 15 The Triangle, NG2 1AE	0.00
GMS ESTATES LTD	32 Great James Street, London, WC1N 3HB	25,500.00
GRANT THORNTON	300 Pavilion Drive, Northampton, NN47YE	30,600.00
HM Revenues & Customs	NATIONAL INSOLVENCY UNIT, 5TH FLOOR, REGIAN HOUSE, JAMES STREET, LIVERPOOL, L75 1AD	1,540,000.00
Island Drinks Limited	32 Gemini Court, 852 Brighton Road, CR8 2FD	0.00
INGLETON COUNCIL	Revenues and Benefits, PO Box 34750, London, N7 9WF	71,476.00
JLL BRISTOL	Austin House Stannard Place, St Crispins Road, Norwich, NR3 1YF	42,184.65
JOELSON JD LLP	30 Portland Place, W1B 1LZ	919.35
LANE IP LTD	2 Throgmorton Avenue, London, EC2N 2DG	0.00
LEECH MECHANICAL SRVCS LTD	Unit 17, Mapledean Works, Maldon Road, CM3 6LG	0.00
LEEDS CITY COUNCIL	Business Rates Dept, Leeds, LS2 8JR	320.00
Loan Note Holders (204)	Various	1,715,001.00
LONDON BOROUGH OF SOUTHWARK	Business Rates, 1st Floor, Print Hub 3 London SE1P 5LX	4,494.00
LONDON BOROUGH OF TOWER HAMLETS	Town Hall, Mulberry Place, London, E14 2BG	7,437.00
MAJESTIC CONSTRUCTION LIMITED	1000 Lakeside, North Harbour, Portsmouth, PO6 3EZ	0.00
MANCHESTER CITY COUNCIL	Business Rates Dept, PO Box 3, Manchester, M15 5BA	8,241.00
MATTHEW THE PRINTERS	5 Cork Tree way, E4 8JA	0.00
METRUS PROPERTY ADVISORS LTD	8/10 Hallam Street, London, W1W 6NS	56,475.00
MOOREPAY COMPLIANCE LTD	Warwick House, Hollins Brook Way, Bury, BL9 8RR	1,734.00
NELLA CUTLERY	Murray House, Murray Road, BR5 3QY	0.00
NEW LOOK WASTE DISPOSAL	30 Chancel Avenue, Salford, M5 3SJ	0.00
NPOWER BUSINESS SERVICES	Birch House, Joseph Street, Oldbury, B69 2AQ	6,438.75
NPower Business Solutions-Birmingham	Birch House, Joseph Street, Oldbury, B69 2AQ	8,138.14
Orade	Orade Parkway, Thames Valley Park, Reading, Berkshire, RG6 1RA	0.00
ORKESTRO LTD	6 Yorkton Street, London, Essex, E2 8NH	0.00
PEP General Maintenance LTD	2 No Place, London, N19 4BG	0.00
PHOTOLEASE	10B Printing House Yard, Hackney Road, E2 7PR	2,448.47
PREODAY LIMITED	Salisbury House, Station Road, Cambridge, CB1 2LA	0.00
PRINT COURT LTD	392-394 Seven Sisters Road, Finsbury Park, N4 2PQ	48,750.00
PROPERTY BEST LIMITED	115 Tickenhall drive, Church Langley, Essex, CM17 9PP	0.00
PRS - PERFORMING RIGHT SOCIETY	PO Box 4575, BN11 9AR...	718.17
R&S SERVICES (YORKSHIRE) LTD	Unit 2 Enterprise Court, Mickelfield, Leeds, LS25 4BU	0.00
React Main UK Ltd	1 Hind Hill Street, Heywood, OL10 1JZ	408.89
ST JAMES CORPORATION LTD	62 Piccadilly, Mayfair, London, W1V 9HL	22,416.67
Sue Houghton (Secured Creditor)	89A Thurlow Park Road, London, SE21 8JL	27,584.31
SUPARALTD	17 Imperial Square, Cheltenham, GL50 1QZ	25,500.00
SUPER CLEAN PLUS LTD	Imperial House, 64 Willoughby Lane, N170SP	0.00
TEAMTAILOR AB	Östgötagatan 16, 116 25 Stockholm, Sweden	0.00
TELECOMS CONSORTIUM	The Old Mill, Blisworth Hill Farm, Northampton, NN7 3DB	344.23
THE ACCESS GROUP	Instone House, Instone Road, Dartford, DA1 2AG	1,713.36
Think Reactive Limited	41 Micheldave Road, London, England, SE12 8LU	250,000.00
Tom Spathis (Secured Creditor)	1056 Lindenleaf Drive, Glenview, IL 60025, USA	534,750.00
VTA MOJO INTERNATIONAL LTD	60 Cheapside, London, EC2V 6AX	12,500.00
WHITE DRUCE & BROWN	Elliott House, 28a Devonshire Street, W1G 6PS	56,000.00
WOODSIDE CORPORATE SERVICES LTD	4th Floor, 50 Mark Lane, EC3R 7QR	0.00
YATE SUPPLIES	26 North Road, Yate, BS37 7PA	0.00
Total		9,652,435.37

C. RECEIPTS AND PAYMENTS SUMMARY

	From 27/08/2020 To 03/09/2020 £	From 27/08/2020 To 03/09/2020 £
SECURED ASSETS		
Goodwill	126,907.00	126,907.00
Intellectual Property Rights	1.00	1.00
	<u>126,908.00</u>	<u>126,908.00</u>
ASSET REALISATIONS		
Business contracts	1.00	1.00
Fixtures & Fittings	148,000.00	148,000.00
Properties	6.00	6.00
Purchaser Licence Fee Contributions	50,180.00	50,180.00
Sellers' Records	1.00	1.00
Stock	22,000.00	22,000.00
	<u>220,188.00</u>	<u>220,188.00</u>
	<u>347,096.00</u>	<u>347,096.00</u>
REPRESENTED BY		
Bank 1 Current		357,132.00
Vat Payable		(10,036.00)
		<u>347,096.00</u>

D. SIP 16 STATEMENT

MUCHO MAS LIMITED – IN ADMINISTRATION ("THE COMPANY")

Statement of Insolvency Practice (SIP) 16 STATEMENT

Rationale for a Pre-Pack sale

In accordance with Paragraph 2 of Schedule B1 of the Insolvency Act 1986 (as amended), the Administrators intend to pursue the statutory objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in administration).

It is the view of the Administrators that the transaction enables the statutory purpose to be achieved and that the sale price achieved provides the best result for the creditors of the Company as a whole.

Disclosure contents

- 1 Background**
- 2 Financial Position**
- 3 Pre-appointment considerations**
- 4 Alternative options**
- 5 Consultation with creditors**
- 6 Marketing of the business and assets**
- 7 Valuation of the assets**
- 8 Offer and acceptance process**

DISCLOSURES

1 - Background

The Company was founded in 2007 by the two directors (Eric Partaker and Daniel Houghton ('the Directors')). In the following years, they opened seven restaurants, primarily in densely populated areas such as the City of London.

In 2014, to support its growth, the Company raised mini-bond debt via a crowd-funding platform. The debts were raised in a wholly owned subsidiary (Chilango Bonds plc ('CBP')) and the associated monies were lent to the Company via a formal inter-company loan agreement.

The Company continued to expand with five new site openings and acquired several additional leases in regional locations, to support forecast future growth and a 'dark kitchen' was trialled in Limehouse.

In 2017, the Company lost an ongoing VAT appeal with HMRC and raised money via shareholder loans and loan notes to cover the associated £1.3m liability and to support further growth. At this time, the Directors looked to streamline the operation to ensure all sites were profitable.

In 2018, the Company sought to raise £1m via a second mini-bond raise within CBP to both refinance debt and support its growth strategy, which included opening additional new restaurants, strengthening the support team and developing its online and delivery presence. The bond was over-subscribed and c£3m was raised.

The funds raised were used to service existing debts including a mixture of interest (£0.1m) and capital repayments (£0.5m) from the previous bond and loan notes (those monies were paid in September 2019), to cover some exceptional costs and pay various aged creditors, to open the Company's restaurant in Birmingham (in July 2019) and to invest in digital initiatives.

2 - Financial position

Initial financial problems and Company Voluntary Arrangements ("CVA")

Since the close of the bond raising in 2019, various additional factors aligned to significantly weaken the Company's cash position and while it remained broadly profitable at restaurant level, it needed to restructure its debt structure, operational cost base and historical creditor position in order to smooth significant cashflow challenges.

The Company approached RSM Restructuring Advisory LLP ("RSM") in October 2019, to assist the Company in proposing interlocking CVAs of the Company and CBP. RSM were formally instructed by the Company to commence this engagement on 18 October 2019. The CVAs included creating a separate class of preferred shares in the Company, which were offered to the loan note holders in the Company and to the bond holders in CBP.

The CVA proposals were approved by creditors on 6 January 2020 and generally enabled the Company to rationalise the leasehold obligations, materially improve its balance sheet, enhance the profitability of the business, permit capital investment into the sites and thereby maximise the return to creditors and secure the employment of the majority of its workforce.

Following approval of the proposals, the Company continued to trade well with positive like-for-like sales and significant growth in its delivery channel.

Impact of the pandemic and associated lockdown

The Covid-19 pandemic and the subsequent lockdown dramatically impacted the casual dining sector and in March 2020 the Company shut all its restaurants and furloughed 98% of its staff.

Since the lockdown, the Company re-opened six restaurants for delivery and opened their first dark kitchen in partnership with Deliveroo. However, despite reopening these sites, the Directors concluded that the Company would not be able to recover from the losses attributed to the lockdown period.

The most recent management accounts showed an operating loss of c£700k for the three months ended 28 June 2020. The EBITDA loss for the same period was c£550k.

The Company engaged Harper Dennis Hobbs ("HDH") to liaise with landlords in an attempt to consensually negotiate a reduction in the current CVA rent levels and associated arrears. However, they were unable to gain the required traction.

The Directors were of the opinion that they would not be able to trade out of this situation and a further restructuring was required. This was due to levels of debt which were considered unsustainable. Management reported the following debts:

- HMRC £1.6m;
- Landlords to Sep 20 £579k; and
- Other unsecured creditors c£6.4m

These numbers include the pre-CVA debts which are reinstated via the failure of the CVA.

The Directors anticipated that once the current Government protection / moratorium ended, the Company would have been subject to creditor action from which it could not recover – i.e. it would be unable to pay its debts as they fall due. The Company would most likely have been placed in Liquidation, meaning the employees would have been made redundant and trading would have ceased, significantly reducing the value of the business and associated return to creditors.

As a result, the Directors did not want to worsen the position for creditors and sought advice relating to the Company's current position.

3 - Pre-appointment considerations

The extent of the administrators (and that of their firm, and/or any associates) involvement prior to appointment

Given the financial difficulties the Company faced as a result of the lockdown, The Directors approached RSM on 13 May 2020 to consider its options. The Directors had attempted to drive trading to a sustainable level but faced significant losses which required resources above those of the Company. They explored additional finance and consensual rent negotiations in the interim but were unable to achieve the requisite funding or cost reductions.

The Directors concluded on 3 June 2020 that should the Company continue to trade without a viable restructuring plan, it would worsen the position for creditors. As the Company was insolvent (it couldn't pay its debts as they fell due), the Directors agreed that an Accelerated Merger & Acquisition process ("AMA") and Administration was the best option available. Accordingly, the Directors and RSM commenced the collation of the information required to begin the AMA process.

Current CVAs

As noted above Damian Webb and Allan Kelly were previously engaged by the Company and were appointed Joint Supervisors of the Company (and of CBP) on 6 January 2020.

Gordon Thomson was appointed as replacement Supervisor on 6 July 2020 following Allan Kelly's departure from RSM.

Conflict considerations (RSM as creditor)

All fees in respect of the CVA have been written off, hence RSM has no outstanding fees in relation to the CVA of the Company, RSM is not a creditor of the Company and therefore has no influence on the objectivity of the Administrators.

The Administrators have considered this from an ethical perspective, and do not believe there is any conflict in taking the appointment, and in any event the Supervisors have written to the Company advising that they have written off all fees in respect of the CVA and no further time will be charged.

Following the above the Company will not treat RSM as a creditor or be required to include RSM in the Directors' Statement of Affairs.

Gordon Thomson does not consider that his appointment as replacement Supervisor of the Company's CVA on 6 July creates any bias, conflict or undue influence and related to Allan Kelly departing the firm rather than any other issue.

Damian Webb was made aware that a party, for whom he had previously acted in relation to a prior transaction, declared an interest in the opportunity set out later in this document. He considered that this may create a perceived conflict of interest and therefore decided that he should not be the proposed Administrator. He was replaced by Matt Haw.

This party was not the eventual purchaser of the business and assets.

Matt Haw has no prior professional relationship with the Company.

4 - Alternative options

The following alternative options were considered;

Company Voluntary Arrangement

A. A substantive modification to the existing CVA;

- We considered exploring implementing a modification which would further reduce ongoing rental costs, together with compromising the accrued arrears, but this process would not have permitted compromising the other significant debts that arose within the CVA period.
- In addition, the informal feedback provided by HDH suggested that the landlords were unlikely to support this.

B. Failing the current CVA and launching another.

- The Company would have been able to compromise a larger quantum of debts within a new CVA (including those incurred within the CVA period).
- However, given the perceived lack of support from landlords and other non-critical creditors, together with the costs associated with the process, this option was discounted.
- It should be noted that the Company was unable to pay the full level of fees associated with the current CVA.

Liquidation / shutdown insolvency

This process would have been to the detriment of creditors for the following reasons;

- The business would have closed, which would have led to a significant erosion in the value of the associated assets; – any brand value would have been irrevocably damaged and the staff would be made redundant;
- There would be increased claims from preferential creditors (i.e. employees) for wages and holiday payments, together with redundancy claims which would have worsened the position for creditors generally;
- Closure of the business would have resulted in no value attributable to the fixed charge assets (specially goodwill); and
- Landlord claims would have been significant given the forecast length of time taken to re-let the premises.

2. Administration

As a modification to the current CVA (or failure of same and launch of another) was not considered a viable option, we then considered Administration.

A. Trading Insolvency

- A trading Administration was not considered appropriate as the sites would likely trade at a significant loss (prior to including the Administrators' costs) particularly given the reduced footfall associated with lockdown.
- The associated funding required and risk attaching to this scenario would therefore have undermined realisations to creditors.
- There was no funding available to meet the costs of a trading Administration.
- The cost of trading in Administration would have been significantly greater than the costs associated with a pre-packaged sale of the business and assets.
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B. Pre-packaged Administration

- A pre-packaged sale was forecast to ensure the business would continue to trade prior to appointment of Administrators, maintaining the value of goodwill and staff employment.

We considered it likely that landlord claims would be reduced as a sale of the majority of the operations was anticipated. We therefore concluded that a pre-packaged sale via an AMA represented the most risk adverse way of maximising realisations and minimising creditor claims when compared to the alternatives of immediate shutdown or a trading Administration.

5 - Consultation with creditors

We consulted with the secured lenders during the AMA process regarding the appropriate strategy to ensure we continued to receive their support and we could deliver on any sale. The Secured Creditors considered a roll-over of a portion of their debt and the agreement of which ultimately resulted in the best pence in the £ return for all classes of creditors combined).

RSM did not consult with the body of trade creditors as this could have impacted significantly on the Company's trading and their ability to secure supplies. The Directors consider that the Company did not incur material credit in the period prior to appointment of Administrators.

6 - Marketing of the businesses and assets

Interest generation

The marketing campaign undertaken ensured that the opportunity reached a very wide audience within a short period of time.

As such, the campaign sought to bring the opportunities to the attention of all parties who may have had an interest in acquiring the businesses.

On 14 July 2020, we sent anonymised teaser documents to the following targets (the teasers invited interest in the opportunity).

- 69 parties: RSM's AMA marketing list
- 54 parties: international/European larger trade parties identified by RSM
- 14 parties: UK trade players/competitors identified by the Directors*

Given the interest received following the filing of the Notice of Intention to appoint Administrators ("NOI") and that generated by national media, we extended the period for offers of interest for a further week and it became apparent that a second NOI was going to be filed in order to permit conclusion of the best deal for creditors.

Other key points include:

- On the same day as the teasers were sent, we circulated the opportunity internally amongst all RSM UK Partners and Directors, across all disciplines. This resulted in a further four teasers being issued on request.
- Following the filing of the NOI, several national media organisations picked up on the proposed Administration of the Company, including the Guardian, City AM and The Financial Times.
- As a result, we were directly approached by several parties seeking further details of the opportunity. In the two days following the articles in the national media, a further 13 teasers were sent out, to parties including the Company's direct competitors.
- An additional 12 teasers were sent out to parties suggested by the Directors and so in total, we sought to engage with 169 parties
- Following the above, 33 parties expressed an interest or had further exploratory discussions with us. 33 NDAs were issued on request of which 26 were returned; all of which were sent an additional information pack.
- Several parties sought further detailed information, including discussions with management, being Richard Franks (MD) and Rosa Rinaldo (FD). In total, we facilitated a total of 8 conversations with management.

Reflection

The Administrators consider that compliance with the marketing essentials prescribed by SIP 16 can be summarised as follows:

- **Broadcast** – the opportunity was broadcast to a wide audience. As detailed above the opportunity was circulated internally and was sent to trade parties and financial investors/PE firms. There was significant media interest and reporting following filing of the NOI.
- **Justification of the marketing strategy** - the strategy undertaken had been tested on previous AMA's resulting in successful sales and in this case has resulted in very widespread interest and offers received.
- **Publicise rather than simply publish** – the AMA process was an open process which provided ample time for parties to review the information. This is reflected in the significant number of enquiries and NDA's signed and offers received. It was also publicised widely in the national press.
- **Connectivity** – given the restricted marketing period it was deemed inappropriate to use any other marketing method than email advertisement of the opportunity. However, a wide range of trade and investor parties were targeted.
- **Comply or explain** – the marketing strategy was designed to bring the opportunities to the attention of as wide a range of audience as possible within the timeframe. This is reflected in the offers tabled by ten unconnected parties.
- **Statutory purpose** – In view of the dividend expected to unsecured creditors, 3(1)(b) can be achieved. *'achieving a better result for the company's creditors as a whole than would be likely if the company was wound up (without first being in administration)'.*

7 - Valuation of the assets

SIA Group

- Matt Earl MRIS of SIA Group, was instructed on 12 June, visited all 11 sites and prepared an inventory of all floating charge assets in June/July 2020;
 - Fixture & Fittings ("F&F") valued at £170k, on an in-situ basis
 - Goodwill estimated between £400k-£600k
- An ex-situ valuation of the F&F was estimated at £68k.
- We refer you to Appendix 2 for a breakdown of these together with a summary of the assumptions used.
- We can confirm that we are not aware of any prior professional relationship between SIA Group and the Company and that SIA Group has adequate Professional Indemnity Insurance for the work they were engaged to undertake.

8 – Offer and acceptance process

Offer process

The deadline for expressions of interest was originally 9am on 21 July 2020.

Following filing of the NOI and given the involvement of several additional parties, this was then extended to 9am on 28 July 2020.

After expiry of the 28 July deadline, we continued to facilitate conversations between interested parties and management. Some additional parties approached us after this time, and we provided the information pack to them in quick order. Given the time passed since the teaser went out and the fact that the opportunity had been well covered in the media the week before, we did not see the benefit in extending this further.

Offers were initially requested by 5pm on Monday 3 August. This was communicated to all interested parties on 30/31 July 2020.

10 parties made an offer by this extended deadline. The offers were for a variety of structures and assets. We assessed the offers on two criteria:

1. The best result for creditors; and
2. Certainty to complete on the terms offered in the time available.

Low offers

- Following receipt of the above offers, we considered that there were several offers that were significantly behind those of other parties. It was therefore deemed that it was highly unlikely any increased offer would be competitive. These four offers were discounted from the process.

Highest offers

- We held follow-up conversations with each of the remaining six offers to better understand them.
- All parties were advised that a handful of comparable business and asset offers had been received and that we were in the process of comparing them to calculate which provided the best return for the individual sets of creditors.
- We then discussed these offers with the secured creditors, as their cooperation would be required with some of the offers.
- Following discussions, we concluded that the preferred bidder was RCDP Investments 4 Limited. It was subsequently confirmed by the secured creditors and as such they would only look to roll over their debt in respect of this offer.
- On 11 August we proceeded to issue contracts to the preferred bidder and move to completion as quickly as possible.

We were appointed on 27 August 2020 and immediately completed the deal with RCDP Investments 4 Limited on the following terms:

ASSET/PROPERTY	PRICE APPORTIONMENT (£)
Goodwill	£829,991 (£402,407 consideration, £427,584 secured debt rollover)
Plant and Machinery / fixtures & fittings	£148,000
Seller's Records	£1
Stock	£22,000
Properties	£6
Business Contracts	£1.00
Business Intellectual Property Rights	£1.00
TOTAL	1,000,000

Of the above, £263k is non contingent deferred consideration being paid over a six-month period, £55,100 due on the 26th of each month.

Of the £829,991 apportioned to Goodwill, the cash consideration totalled £402,407. The remaining £427,584 related to the novation of part of the three secured lenders' debts to the Purchaser and so has not been received in cash.

£296,916 was received upon completion, together with monies relating to a licence to occupy, discussed further below.

Security, in the form of a Debenture, was provided to the Administrators in order to protect the assets of the Company in the event of non-payment of the deferred consideration. In addition, an anti-embarrassment clause for additional consideration should a disposition be made within 12 months of the sale was agreed.

Furthermore, of the consideration of £1m, £441k secured debt has been settled in the transaction, with an equivalent loan being taken on by the purchaser and with security granted to the relevant secured lenders. This is a paper transaction only.

All other assets of the Company were excluded from the sale, including cash at bank and debtors

The potential purchaser has committed to a further £375,000 investment to assist with the business' working capital requirements following completion.

We are not aware of any prior connection between RCDP Investments 4 Limited and the Company, with the exception of the novation of an element of the secured debt.

Other key points

The Administrators provided a licence to occupy certain sites, the purchaser will be liable for the rental and other charges under the lease.

Appendix 1 of SIP16– Summary of the charges registers from Companies House

Creation	Registration	Charge holder	Type of charge	Amount due (£)
16/5/18	25/5/18	Tom Spathis –	Debenture dated 16 May 2019 containing fixed & floating charges	c.£535k
16/5/18	25/5/18	Chris Moore –	Debenture dated 15 May 2018 containing fixed & floating charges	c.£396k
07/6/18	12/6/18	Susan Houghton –	Debenture dated 7 June 2018 containing fixed & floating charges	c.£28k

Appendix 2 of SIP16 – Extract of independent valuation

1. Summary of Values



Mucho Mas Limited

	Market Value In-Situ £ (July 2020)	Market Value Ex-Situ (30 Days) £ (July 2020)
Retail & Catering Equipment - Chancery Lane	12,830	5,080
Retail & Catering Equipment - Fleet Street	13,595	5,865
Retail & Catering Equipment - London Wall	17,485	7,450
Retail & Catering Equipment - Upper Street	15,060	5,825
Retail & Catering Equipment - London Bridge	14,060	6,380
Retail & Catering Equipment - Brewer Street	12,645	5,715
Retail & Catering Equipment - Monument	10,420	4,755
Retail & Catering Equipment - Brushfield Street	10,575	4,910
Retail & Catering Equipment - Leather Lane	12,720	5,650
Retail & Catering Equipment - Manchester	13,385	4,760
Retail & Catering Equipment - Birmingham *Refer Report		
Retail & Catering Equipment - Croydon *Refer Report	13,000	5,000
Head Office *Refer Report	2,550	1,300
Stock *Refer Report	22,000	5,500
Total Owned Assets	170,325	68,190

- The reported Market Value In-Situ assumes:
 - A reasonable marketing period.
 - All the assets will be available for sale.
 - There will be sufficient prospective purchasers to generate competitive offers.
 - Tenure of the existing premises will be available at a commercial rate.
- The reported Benchmark Market Value (As Individual Assets) Ex-Situ assumes:
 - All costs of sale are excluded.
 - An orderly 30-day marketing, sales and asset removal period.
 - There will be sufficient prospective purchasers to generate competitive offers.
 - All the owned assets would be available for sale.
 - The disposal would benefit from an appropriate marketing budget.
 - The assets would be sold as Individual Items for removal at the expense of the purchaser.
 - All assets are sold in the time period stated.

Whilst there is not considered to be any value in the leasehold interests there may be the possibility of speculative premium offers for the leases as part as an overall sale of the business and to reflect the fact the properties are fitted out and ready to trade. This will be dependent on the flexibility of the current fit out/layout of the restaurants and whether this will suit the branding/concept of a purchaser.

E. NOTICE OF DEEMED CONSENT PROCEDURE

In the High Court of Justice, Business and Property Courts of England and Wales No 3485 of 2020

Mucho Mas Limited - In Administration ("the Company")

Company No: 05944758

Gordon Thomson and Matthew Haw appointed as Joint Administrators to the Company on 27 August 2020

Notice delivered to the creditors and members on: 3 September 2020

Decision Date: 18 September 2020

Notice of Seeking Decision by Deemed Consent Pursuant to Section 246ZF of the Insolvency Act 1986 and Rule of the Insolvency Act 1986 and Rule 3.38 of the Insolvency (England and Wales) Rules 2016

Insolvency (England and Wales) Rules 2016 on approval of the Joint Administrators Proposals

NOTICE IS HEREBY GIVEN to the creditors of the above named company that the Joint Administrator plan to seek a decision on the following matters by deemed consent:

- That the Joint Administrators proposals are approved

CREDITORS will have deemed to have consented to the Joint Administrators' decision by 23.59 hours on the decision date unless the threshold for objecting, or requisitioning a physical meeting, is met or exceeded within the requisite time scale.

A creditor who disagrees with the manner in which they are treated in relation to the above decision procedure may appeal to the Court within 21 days of the decision date.

Objection to Deemed Consent

CREDITORS may object to the proposed decision by sending notice of their objection in writing, together with a completed a proof of debt form, on or before the decision date above to the address below. At least 10% in value of creditors must object before the object is carried ('the requisition threshold').

CREDITORS who have OPTED OUT from receiving notices may nevertheless object if the creditor provides written objection along with a proof of debt in accordance with the above provisions.

CREDITORS whose debts are treated as a SMALL DEBT in accordance with Rule 14.31(1) of the Insolvency (England and Wales) Rules 2016 must still deliver a proof of debt if they wish to object. 14.31(1) states that Office Holders may treat a debt, which is a small debt according to the accounting records or the statement of affairs of the company, as if it were proved for the purposes of paying a dividend. Small debts are defined in Rule 14.1(3) as a debt (being the total amount owed to a creditor) which does not exceed £1,000.

Request for Physical Meeting

Creditors may request that a physical meeting of creditors be held to consider the proposed decision. Any such request must be made, in writing (together with a completed a proof of debt), to the address below, on or before the decision date.

At least 10% in value of the company's creditors, or 10% in number of the company's creditors or 10 of the company's creditors (collectively 'the requisition threshold') need to request a physical meeting before the request will be carried.

Requisition threshold

RSM Restructuring Advisory LLP is acting on behalf of the company's directors who are responsible for reviewing and aggregating any requisitions received to see if the threshold is met for the decision to be taken as not having been made. If the requisition threshold for either objecting to the deemed consent procedure, or requesting a physical meeting, is met or exceeded, the deemed consent procedure will be terminated and the proposed decisions will not be deemed to have been made. A physical meeting of creditors will then be held.

Manager contact details:

James Parkinson

RSM Restructuring Advisory LLP, 25 Farringdon Street, London, EC4A 4AB

Tel: 0203 201 8000

Email: mucho.restructuring@rsmuk.com

Name, address & contact details of Joint Administrators

Primary Office Holder

Gordon Thomson

RSM Restructuring Advisory LLP

25 Farringdon Street, London, EC4A 4AB

Tel: 020 3201 8000

Email: mucho.restructuring@rsmuk.com

IP Number: 24974

Joint Office Holder:

Matthew Haw

RSM Restructuring Advisory LLP

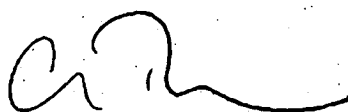
25 Farringdon Street, London, EC4A 4AB

Tel: 0203 201 8000

Email: mucho.restructuring@rsmuk.com

IP Number: 9627

Dated: 3 September 2020



Gordon Thomson

RSM Restructuring Advisory LLP

Joint Administrator

NOTE: Please complete the enclosed a proof of debt form and return it together with a detailed statement of your account, and any other relevant documentation to James Parkinson, at the address above

F. PROOF OF DEBT

Mucho Mas Limited In Administration		Company No: 05944758
Gordon Thomson and Matthew Haw were appointed as Joint Administrators to the above company on 27 August 2020		
Relevant date for creditors' claims:		
1	Name of creditor If a company please also give company registration number	
2	Address of creditor for correspondence.	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the relevant date. Less any payments made after that date in relation to the claim, any deduction in respect of discounts and any adjustment by way of mutual dealings and set off in accordance with relevant legislation	£
4	Details of any documents by reference to which the debt can be substantiated. There is no need to attach them now, but you should retain them safely as the may ask you at a future date to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the chairman or convenor of any qualifying decision procedure.	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount.	£
6	Particulars of how and when debt incurred If you need more space append a continuation sheet to this form	
7	Particulars of any security held, the value of the security, and the date it was given.	£ Date
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Date	
	Position with or in relation to creditor	
	Address of person signing (if different from 2 above)	

Notes: 1. This form can be authenticated for submission by email, to mucho.restructuring@rsmuk.com, by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office holder. If completing on behalf of a company, please state your relationship to the company.

G. INVITATION TO FORM A COMMITTEE AND CONSENT TO ACT

Rule 3.39 of the Insolvency (England and Wales) Rules 2016

In the High Court of Justice, Business and Property Courts of England and Wales No 3485 of 2020

Mucho Mas Limited In Administration

Company No: 05944758

Gordon Thomson and Matthew Haw appointed as Joint Administrators to the above company on 27 August 2020

Notice delivered to the creditors on: 3 September 2020

Notice to creditors inviting establishment of committee

Notice is hereby given that creditors are invited to decide whether a Creditors' committee ('committee') should be established, provided that there are no fewer than three and no more than five creditors wishing to be represented on the committee. Nominations are invited for membership of any committee so established, such nominations to be received at 25 Farringdon Street, London, EC4A 4AB no later than 11 September 2020. Nominations will only be accepted from creditors who have submitted a proof of debt which is not fully secured and has neither been disallowed for voting purposes nor wholly rejected for dividend purposes.

Please note that, in order for a creditors' committee to be formed, there must be at least three creditors wishing to be represented on the committee. There can be no more than five committee members.

Guidance on acting as a committee member can be found at the R3 website, www.R3.org.uk. A hard copy can be requested by telephone, email or in writing to this office.

You may also wish to note that R3 have also produced guidance on the different insolvency processes, which can again be located at their website.

Enclosed with this notice are a proof of debt form and a consent to act, both of which should be completed and returned to the above address by the date given above in order for your nomination to the committee to be considered further. If you have already submitted a proof of debt form you do not need to do so again.

Name, address & contact details of Joint Administrators

Primary Office Holder

Gordon Thomson
RSM Restructuring Advisory LLP
25 Farringdon Street, London, EC4A 4AB
Tel: 020 3201 8000

Email: mucho.restructuring@rsmuk.com

IP Number: 24974

Joint Office Holder:

Matthew Haw
RSM Restructuring Advisory LLP
25 Farringdon Street, London, EC4A 4AB
Tel: 020 3201 8000

Email: mucho.restructuring@rsmuk.com

IP Number: 9627

Dated: 3 September 2020



Gordon Thomson
RSM Restructuring Advisory LLP
Joint Administrator

NOTE: Please complete the enclosed proof of debt form and consent to act form and return them, to James Parkinson, RSM Restructuring Advisory LLP 25 Farringdon Street, London, EC4A 4AB

Rule 17.5 of the Insolvency (England and Wales) Rules 2016

In the High Court of Justice, Business and Property Courts of England and Wales No 3485 of 2020

Mucho Mas Limited - In Administration ("the Company")

Company No: 05944758

Gordon Thomson and Matthew Haw appointed as Joint Administrators to the Company on 27 August 2020

Creditors' committee consent to act

If you personally are a creditor, please complete only Part A of this form

If you represent a creditor (e.g. your employer), please complete only Part B

Part A

I hereby consent to act as a member of the Creditors' committee in respect of the Administration of the above-named. I also confirm my eligibility* to act.

Your name:

Your address:

Telephone:

E-mail:

Please sign here:

Dated:

Part B

I am duly authorised by proxy to act as a representative of the below named company as its representative on the Creditors' committee in respect of the ADM of the above-named, and hereby consent to do so. I also confirm my eligibility* to act.

Representative's name:

Creditor represented:

Representative's position in
relation to the creditor:

Representative's address:

Telephone:

E-mail:

Please sign here:

Dated:

* Eligibility for membership of the Creditors' committee

A creditor is eligible to be a member of the committee if:

- a) They have proved for a debt,
- b) The debt is not fully secured, and
- c) Their claim has neither been wholly disallowed for voting purposes nor wholly rejected for the purpose of distribution.

A committee member cannot be:

- a) An undischarged bankrupt (or, in Scotland, a person whose estate has been sequestrated and who has not been discharged),
- b) Subject to a full or interim Bankruptcy Restriction Order or Undertaking, or a Debt Relief Restrictions Order or Undertaking,
- c) Be a disqualified director
- d) A person to whom a moratorium period under a debt relief order applies.