

AM03

Notice of administrator's proposals



Companies House

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20/06/2020

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COMPANIES HOUSE

, please
at
house

1 Company details

Company number 0 6 2 9 0 9 7 9

Company name in full Morgan Pryce Ltd

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

2 Administrator's name

Full forename(s) Christopher Benjamin

Surname Barrett

3 Administrator's address

Building name/number 7400 Daresbury Park

Street Daresbury

Post town Cheshire

County/Region

Postcode W A 4 4 B S

Country

4 Administrator's name ①

Full forename(s) John Allan

Surname Carpenter

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

5 Administrator's address ②

Building name/number 7400 Daresbury Park

Street Daresbury

Post town Cheshire

County/Region

Postcode W A 4 4 B S

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

^d1

^d9

^m0

^m6

^y2

^y0

^y2

^y0

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	Alex Trust
Company name	Dow Schofield Watts Business Recovery LLP
Address	7400 Daresbury Park
	Daresbury
Post town	Cheshire
County/Region	
Postcode	W A 4 4 B S
Country	
DX	
Telephone	0844 7762740



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

Joint Administrators' Proposals Relating To

Morgan Pryce Ltd ("the Company") – In Administration

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

Date of delivery to creditors: 23 June 2020

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Christopher Benjamin Barrett and John Allan Carpenter of Dow Schofield Watts Business Recovery LLP are the Joint Administrators of the Company and these are the Joint Administrators' statutory proposals ("the Proposals") relating to the Company.

We consider that the EU Regulation on Insolvency Proceedings applies and that these are "main" proceedings as defined in Article 3 of the EU Regulation as the centre of main interests of the Company is in the United Kingdom.

1. Background and Events Leading to Appointment

The Company was incorporated on 25 June 2007 with Coddan Managers Service Limited ("CMSL") appointed as nominee director of the Company. The Company's issued share capital consisted of 1 ordinary share, which was held by CMSL.

On 30 September 2008 Iran Arauz De Leon was appointed as director of the Company.

On 1 October 2009 there was an allotment of 1,000 ordinary shares with a nominal value of £0.01. These shares were held by Caroline Vilgrain (855 ordinary shares), Bianca Faber (95 ordinary shares) and David Perrins (50 ordinary shares).

There were a number of further changes in the shareholders and directors of the Company in the subsequent years, until 1 August 2015, when the Company's shares were transferred to The Coveyduck Group Limited ("TCGL") holding 800 ordinary shares, Eugene O'Sullivan holding 50 ordinary shares, Jimmy Tran holding 50 ordinary shares, Fraser Williams holding 50 ordinary shares and Rhodri Mason holding 50 ordinary shares. The directors of the Company are Richard Kopman and Eugene O'Sullivan.

The Company traded as a commercial property agency in central London, trading from rented premises at 11 Argyll Street, London, W1F 7TH. The Company provided a range of services including buying and renting offices, and completing building surveys.

On 26 January 2016, the 50 shares held by Rhodri Mason were purchased back by the Company for nil consideration, with the revised share capital consisting of 950 ordinary shares with a nominal value of £0.01.

The Company made substantial loans to a connected company HU2 Ltd ("HU2L"), its majority shareholder, The Coveyduck Group Ltd ("TCGL") and to James Coveyduck who is a director and shareholder of the parent company. As a result, the Company relied on financial support provided by a connected company, CSK Projects Limited ("CSKPL").

During 2019 there was a decline in the Company's trading performance as a direct result of Brexit and uncertainty in the London property market.

The Company also suffered from the impact of the COVID-19 pandemic, which caused a delay in projects with less companies looking to move premises. This had a substantial adverse effect on the Company's trading and financial position which was exacerbated by the high level of loans owed by connected entities that were not in a position to repay them. By 31 March 2020 the Company was owed £143,265 by HU2L; £96,809 by TCGL; and £338,045 by James Coveyduck.

As a result of these issues the Company had experienced cash flow difficulties and had fallen into substantial arrears with HM Revenue & Customs ("HMRC") and the landlord of the trading premises. In addition, the connected company CSKPL was owed approximately £650,000.

A summary of the Company's recent trading performance is shown below.

	Management Accounts Year ended 31/03/2020 £	Financial Statements Year ended 31/03/2019 £	Financial Statements Year ended 31/03/2018 £
Profit and Loss Account			
Turnover	556,065	896,031	816,104
Staff costs	(145,407)	(526,157)	(561,667)
Depreciation		(1,013)	(975)
Other charges	(676,253)	(370,776)	(235,700)
Profit/(Loss) before taxation	(265,595)	(1,915)	17,762
Taxation	0	(1,401)	(4,674)
Profit For The Financial Year	(265,595)	(3,316)	13,088
Profit and loss account b/f	45,120	48,434	35,346
Dividends	0	0	0
Profit and loss account c/f	<u>(220,475)</u>	<u>45,118</u>	<u>48,434</u>

	Management Accounts Year ended 31/03/2020 £	Financial Statements Year ended 31/03/2019 £	Financial Statements Year ended 31/03/2018 £
Balance Sheet			
Fixed Assets	<u>4,050</u>	<u>4,051</u>	<u>3,904</u>
Current Assets*	(389,701)	687,507	580,715
Creditors (Due within 1 year)	<u>(148,352)</u>	<u>(644,430)</u>	<u>(532,556)</u>
Net Current Assets /(liabilities)	(538,053)	43,077	48,159
Creditors (Due after 1 year)	313,538	0	0
Accruals and deferred income	0	(2,000)	(3,619)
Net Assets/(liabilities)	<u>(220,465)</u>	<u>45,128</u>	<u>48,444</u>
Capital & Reserves			
Called-up equity share capital	10	10	10
Profit and Loss Account	(220,475)	45,118	48,434
Shareholders' Funds	<u>(220,465)</u>	<u>45,128</u>	<u>48,444</u>
*The current assets in the 2020 management accounts are negative due to the inclusion of intercompany balance owed to CSKPL			

Dow Schofield Watts Business Recovery LLP were introduced to the Company by a major creditor of a connected company, and following a meeting held on 12 May 2020, it was concluded that the Company could not continue to trade on.

It was agreed that the best option would be to market the business and/or its assets for sale with a view to a disposal via a formal insolvency procedure. Dow Schofield Watts Business Recovery LLP was formally instructed to assist on 26 May 2020.

A sales flyer setting out brief details of the business was circulated to potential interested parties on 2 June 2020 and an initial deadline for offers was set for 10 June 2020. This resulted in expressions of interest from 5 parties, 2 of which signed non-disclosure agreements ("NDAs") with the Company and were supplied with further information about the business and its assets.

Only offer was received for the business and certain assets of the Company on 10 June 2020 from The Commercial Letting Agency Limited, in the sum of £27,000. Following advice from JPS Chartered Surveyors ("JPS"), this offer was accepted subject to contract on 10 June 2020.

On 12 June 2020 Christopher Benjamin Barrett and John Allan Carpenter were appointed Joint Administrators of the Company by the board of directors.

Statutory information concerning the Company, its directors and shareholders and the administration is set out at **Appendix A**.

2. Objective of the Administration of the Company and the Joint Administrators' Strategy

The purpose of an administration is to achieve one of the three hierarchical objectives set out in the insolvency legislation, which are to:

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

Objective (a) could not be achieved as no purchaser could be found for the shares of the Company and the financial circumstances of the Company meant that a Company Voluntary Arrangement was not appropriate.

As a result, we are seeking to achieve objective (b) for the Company, and the strategy to do so involved a pre-pack sale of the business and assets of the Company as a going concern following a period of pre-appointment marketing of the business and assets.

3. Financial Position of the Company and Action Taken Since Appointment

The Joint Administrators decided that it was not appropriate to continue the business of the Company and that an immediate sale of the Company's business and assets was the best way to achieve the objective of the administration. As a result, following a period of marketing prior to our appointment as Joint Administrators, we sold the Company's business and certain assets to The Commercial Letting Agency Limited ("the Purchaser") on 15 June 2020. The Purchaser has changed its name to Morgan Pryce Partners Ltd on 18 June 2020. Full details of this transaction are attached at **Appendix F**.

The assets included in the transaction were as follows:

	£
Goodwill and Intellectual Property	5,000.00
Office Equipment	1,000.00
Work In Progress and Book Debt Ledger	21,000.00
Total	27,000.00

The consideration of £27,000 was paid in full on completion.

The Purchaser is connected to the Company by virtue of the common directorship of Richard Kopman and Eugene O'Sullivan and the common shareholdings of Eugene O'Sullivan, Fraser Williams and Doan Tran.

The going concern sale resulted in the 6 employees of the Company transferring to the Purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE Regulations"), therefore avoiding redundancies and the associated claims against the Company.

As part of the sale agreement, a short-term licence to occupy the Company's leasehold premises was granted to the Purchaser. The licence has a duration of 30 days and the Purchaser paid a licence fee of £5,685 (inclusive of VAT), which has been received.

Financial Position of the Company

We have asked the directors to prepare a summary of the Company's estimated financial position as at 12 June 2020, which is known as a Statement of Affairs but this has not yet been prepared.

We have prepared an estimate of the financial position of the Company as at 12 June 2020 based on information obtained from the books and records of the Company, and that is attached at **Appendix B**, together with a list of names and addresses of all known creditors, and the amounts of their debts. The Joint Administrators' estimate of the financial position of the Company does not take into account the costs of the administration.

Please note that the Joint Administrators do not provide any guarantee as to the accuracy of the information obtained from the Company's books and records.

Receipts and Payments Account

Attached at **Appendix C** is a summary of our receipts and payments relating to the Company for the period from when it entered administration on 12 June 2020, to the date of these Proposals. The administration estate funds are held in an interest-bearing account in the name of the Company and controlled by the Joint Administrators.

Our comments on the estimate of financial position and the summary receipts and payments account are detailed below.

3.1 Goodwill/Intellectual property

The Company did not have goodwill recorded as an asset in its records. The estimated to realise value is £5,000, being the consideration attributed to this asset and paid by the Purchaser.

The sum of £5,000 was paid in full by the Purchaser upon completion.

3.2 Office equipment

The Company's office equipment had a book value of £4,050. The office equipment was included in the sale of business and the estimated to realise value is £1,000, being the consideration paid by the Purchaser.

The sum of £1,000 was paid in full by the Purchaser upon completion.

Prior to the administration, JPS were instructed to provide a valuation of the tangible assets. The valuation was undertaken by Mike Gabel, who holds MRIC qualifications, in accordance with the RICS Valuation – Global Standards.

3.3 Work In Progress ("WIP")

At the date of administration, the Company had WIP in relation to a single contract which was still subject to landlord and legal negotiations, approval of design and build works, wayleave for IT infrastructure, and logistics and insurance requirements for ongoing proposed works.

The work in progress was included in the sale of business and the estimated to realise value is £21,000, being the consideration paid by the Purchaser.

The sum of £21,000 was paid in full by the Purchaser upon completion.

3.4 Intercompany loan – HU2 Ltd

At the date of administration, the Company was owed the sum of £143,265 by HU2L, which is a connected company by virtue of the common directorship of Richard Kopman, in respect of an intercompany loan. The estimated to realise value is uncertain as HU2L is balance sheet insolvent and has limited assets.

3.5 Intercompany loan – The Coveyduck Group Ltd

At the date of administration, the Company was owed the sum of £95,131 by TCGL, which is a connected company by virtue of the common directorship of Richard Kopman, in respect of an intercompany loan. The estimated to realise value is uncertain as TCGL is balance sheet insolvent and has limited assets.

3.6 Rent Deposit

At the date of administration, the Company's books and records show that the Company is owed the sum of £10,158 in respect of a rent deposit which relates to the current trading premises. The estimated to realise value is nil as the Company is in arrears with the landlord in the sum of £29,680. As such no realisations will be achieved.

3.7 Loan account – James Coveyduck

At the date of administration, the Company was owed the sum of £338,045 by James Coveyduck who is a director and shareholder of the Company's immediate shareholder, TCGL. The estimated to realise value is currently uncertain as Mr Coveyduck's personal financial position is currently unknown.

3.8 Prepayments

The Company's books and records indicate that there are prepayments of £672. A review of the prepayments will be carried out.

3.9 Sundry Debtors

The Company's books and records indicate that there are sundry debtors of £7,075. A review of the sundry debtors will be carried out.

3.10 Cash at bank

At the date of administration, the Company had cash at bank in the sum of £66,762, which was held in the Company's bank account with National Westminster Bank Plc ("NatWest"). Following our appointment, we wrote to NatWest to request the transfer of these funds to the administration estate account.

A further update will be provided in our next progress report.

3.11 Secured creditors and prescribed part

The Company does not have any secured creditors.

There are provisions of the insolvency legislation that require an administrator to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company gave a "floating charge" over its assets to a lender on or after 15 September 2003.

As there is no floating charge holder, the prescribed part provisions do not apply.

3.12 Preferential creditors

All employees of the Company transferred under the TUPE Regulations to the Purchaser together with any related liabilities for arrears of pay and holiday pay in accordance with the sale and purchase agreement. Therefore, there are no known preferential creditors.

3.13 Unsecured creditors

The Company's unsecured creditors are estimated to total £826,468. It is currently expected that there will be sufficient realisations to allow a distribution to the unsecured creditors and we intend to move the Company into liquidation to allow the distribution to be made by the duly appointed liquidators.

4. Proposed Future Actions of the Joint Administrators

In order to achieve the objective of the administration we propose to pursue collection of the intercompany and connected entity loans due to the Company, and collect the cash at bank.

We will also complete our investigations into the Company's affairs in the period prior to the administration and will seek to realise any further assets that may be identified and, where appropriate, pursue any claims that may be identified.

Once asset realisations are concluded we will distribute funds in accordance with creditors' security rights and the statutory priority of payments.

We will respond to any creditor queries and maintain records of creditor claims received.

The Company's financial position means that it is anticipated that there will be sufficient funds available to allow a distribution to unsecured creditors. Therefore, it is intended that the Company will be placed into creditors' voluntary liquidation at the conclusion of the administration to allow the distribution to be paid.

5. Joint Administrators' Investigations

We have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the administration. We are also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf.

These investigations are in their early stages and we should be pleased to receive from you any information you have that you consider will assist us in this duty. We would stress that this request for information forms part of our normal investigation procedure.

6. Joint Administrators' Proposals

In order to achieve the objective set out at Section 2 above, the Joint Administrators, Christopher Benjamin Barrett and John Allan Carpenter, formally propose to creditors that:

- a) they continue to manage the business, affairs and property of the Company in order to achieve the purpose of the administration. In particular that they:
 - (i) conclude realisations in respect of the intercompany, and connected entity loan accounts, collect the cash at bank and carry out investigations to establish whether any further assets can be realised, selling such assets at such times and on such terms as they consider are in the best interest of creditors;
 - (ii) deal with any creditor queries, monitor creditor claims received and update their records accordingly;
 - (iii) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company which supplies or has supplied goods or services to the Company; and
 - (iv) do all such things and generally exercise all available powers as Joint Administrators that they consider desirable or expedient in order to achieve the purpose of the administration or protect and preserve the assets of the Company or maximise the realisations of those assets or for any purpose incidental to these Proposals.
- b) the administration shall end when one of the following takes place:
 - (i) If the Joint Administrators think that there are funds available to be distributed to the unsecured creditors, the Company may exit the administration by way of a Creditors' Voluntary Liquidation, with Christopher Benjamin Barrett and John Allan Carpenter appointed as Joint Liquidators, acting jointly and severally. In accordance with Paragraph 83(7) to schedule B1 to the Insolvency Act 1986 and with Rule 3.60 of the Insolvency (England and Wales) Rules 2016, creditors may nominate a different person or persons as the proposed liquidator(s), through a decision procedure, before the approval of these Proposals. Information about the approval of the Proposals is set out at Section 10.
 - (ii) If the Joint Administrators think that there are no funds available for distribution to the unsecured creditors, except by virtue of the prescribed part, the Company may exit administration by way of dissolution.

7. Pre-Administration Costs

Before a company enters into any form of insolvency proceedings, professional costs are necessarily incurred in order to ensure that:

- The most suitable form of proceedings is chosen, in the interests of creditors.
- The mechanics of initiating the proceedings and appointing an insolvency practitioner are dealt with appropriately.

The basis on which these costs are to be paid varies according to the insolvency procedure adopted. In the case of a company being placed into administration, the administrators must make a 'Statement of Pre-Administration Costs', the content of which is prescribed by the Insolvency (England and Wales) Rules 2016. To the extent that any such costs are not paid prior to the commencement of administration, they can only be paid as an expense of the administration with proper approval from the Company's creditors.

Our Statement of Pre-Administration Costs is set out at **Appendix D**. Please note that these costs have been paid by the Company prior to our appointment and we are not seeking approval from creditors for payment of pre-administration costs.

In this case, further work was also done in the interests of creditors prior to our appointment as Joint Administrators to prepare for the sale of the business and assets shortly following our appointment. It will be appreciated that, had this commercial opportunity not been available, it would have still been necessary to obtain valuations and instruct agents and solicitors to assist in disposing of the assets following our appointment, and for the Joint Administrators to manage and oversee the asset realisation process. To that extent, these costs are not additional costs that would have been saved, had the assets been disposed of later. The sale of the business has, however, resulted in greater realisations than would have been achieved on a closing down of the business and has avoided additional creditor liabilities.

8. Joint Administrators' Remuneration and Expenses

We propose that our fees will be charged by reference to the time properly spent by the Joint Administrators and their staff in dealing with the matters relating to the administration of the Company. This time will be charged at the hourly charge out rate of the grade of staff undertaking the work at the time the work is undertaken. Information about current charge out rates is set out in **Appendix E**.

We also propose that we are permitted to charge what are known as category 2 expenses. Information about category 2 expenses is also set out in **Appendix E**.

The approval of the basis of our remuneration and category 2 disbursements will be sought from creditors, but if the creditors decide to appoint a creditors' committee then we will seek fee approval from that committee instead.

Prior to seeking fee approval on a time costs basis, the Joint Administrators are required to provide the creditors with their Fees Estimate and details of the expenses likely to be incurred ("Expenses Estimate"). This information is being circulated to creditors alongside these Proposals as a separate document. Once approved, the remuneration charged by the Joint Administrators must not exceed the total stated in the Fees Estimate without prior written approval. Our progress reports will also provide information regarding whether the Expenses Estimate has been or is likely to be exceeded and, if so, the reasons.

Further information relating to administrators' remuneration can be found in 'A Creditor's Guide to Administrators' Fees' which can be accessed at the website of the Insolvency Practitioners' Association (www.insolvency-practitioners.org.uk > Regulation and Guidance > Creditors Guides to Fees), or the Institute of Chartered Accountants in England & Wales (www.icaew.com > Technical Resources > Insolvency > Creditors' Guides). The Guide also gives important information concerning creditors' rights. Alternatively, a copy is available free of charge upon request to Dow Schofield Watts Business Recovery LLP.

Joint Administrators' Time Costs to date

In the period from appointment to 18 June 2020, our time costs amount to £3,435.50, representing 18.8 hours' work at an average charge out rate of £182.74. **Appendix E** contains information about remuneration and expenses, including further details of the time spent on the affairs of the Company since the date when it entered administration and the cost of that time based on the charge out rates of the staff undertaking the work.

Joint Administrators' Expenses to date

Appendix E includes details of disbursements and expenses incurred and paid from the commencement of the administration to date. This includes professional fees incurred in respect of the following professional advisors which have been instructed to assist in the administration:

Professional Advisor	Nature of Work	Fee Arrangement
Brabners LLP	Assistance with completion of sale and purchase agreement.	Time Costs

The choice of professionals and the Joint Administrators' fee arrangement with them was based on our perception of their experience and ability to perform this type of work, and the complexity and nature of the assignment. The above work is in addition to the work carried out prior to the commencement of administration as detailed in **Appendix D**.

9. Discharge from Liability

In the absence of a creditors' committee, legislation requires that the unsecured creditors approve the timing of the Joint Administrators' discharge from liability. We are seeking a decision of the unsecured creditors that discharge from liability will take effect on cessation of appointment.

10. Approval of the Proposals

The Joint Administrators are seeking creditors' approval of the Proposals (set out in section 6 above) under Rule 15.7 of the Insolvency (England and Wales) Rules 2016 via the deemed consent process. Enclosed with this document is a Notice Seeking Deemed Consent which sets out how creditors may object to the acceptance of the Proposals.

Creditors who meet the statutory threshold set out in the Notice can require that a physical meeting of creditors be convened to consider the Proposals. Such a request must be made to the Joint Administrators within 5 business days of the date on which the Proposals are delivered.

Unless the Joint Administrators receive sufficient objections to the Proposals or requests to convene a physical meeting, the Proposals will be approved by deemed consent.

Should you require any further information relating to these Proposals or the administration of the Company please do not hesitate to contact Alex Trust on the telephone number set out on the covering letter enclosing these Proposals or by email to alex@dswrecovery.com.



John Allan Carpenter
Joint Administrator

Licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales
The affairs, business and property of the Company are being managed by the Joint Administrators who act as agents of the Company and without personal liability

Appendix A

Morgan Pryce Ltd – In Administration

Statutory Information

Company Information

Company Name: Morgan Pryce Ltd

Trading Name: N/a

Previous Name: Barker Properties Ltd (name changed 23 July 2009)

Company Number: 06290979

Date of Incorporation: 25 June 2007

Former Trading Address: 3rd Floor, 11 Argyll Street, London, W1F 7TH

Current Registered Office: Level 3, 11 Argyll Street, London, W1F 7TH

Former Registered Office: C/O Csk Projects, 5-6 Argyll Street, London, W1F 7TE

Principal Trading Activity: Commercial Property Agency

Appointment details

Date of appointment: 12 June 2020

Appointment made by: the directors, 3rd Floor, 11 Argyll Street, London, W1F 7TH

Court Name and Reference: Business and Property Courts in Manchester Company and Insolvency List CR-2020-MAN-000620

Joint Administrators' names and address: Christopher Benjamin Barrett (IP number 9437)
and
John Allan Carpenter (IP number 16270)
Dow Schofield Watts Business Recovery LLP, 7400 Daresbury Park,
Daresbury, Warrington WA4 4BS.

Pursuant to Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, any function required or authorised to be done by the Joint Administrators may be done jointly by both of them or by any one of them.

Officers of the Company

Directors

Richard Seymour Kopman
Eugene O'Sullivan

Company Secretary

N/a

Share Capital

Allotted, called up and fully paid: 950 ordinary shares of £0.01 each

Shareholders

The Coveyduck Group Limited	800 ordinary shares
Eugene O'Sullivan	50 ordinary shares
Doan Tran	50 ordinary shares
Fraser Williams	50 ordinary shares

Appendix B

Morgan Pryce Ltd – In Administration

Joint Administrators' Estimate of the Financial Position

Morgan Pryce Ltd
Company Registered Number: 06290979
Statement Of Affairs as at 12 June 2020

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
Assets subject to floating charge:		
Uncharged assets:		
Goodwill & IP		5,000.00
Office Equipment	4,050.00	1,000.00
WIP		21,000.00
Intercompany Loan - HU2 Ltd	143,265.00	Uncertain
Intercompany loan - Coveyduck Group Ltd	95,131.00	Uncertain
Rent Deposit	10,158.00	NIL
Loan Account - James Coveyduck	338,045.00	Uncertain
Prepayments	672.00	Uncertain
Sundry Debtors	7,075.00	Uncertain
Cash at Bank	66,762.00	66,762.00
Estimated total assets available for preferential creditors		93,762.00

Signature _____ Date _____

A1 - Summary of Liabilities

	Estimated to Realise £
Estimated total assets available for preferential creditors (Carried from Page A)	93,762.00
Liabilities	
Preferential Creditors:-	
	NIL
Estimated deficiency/surplus as regards preferential creditors	93,762.00
2nd Preferential Creditors:-	
	NIL
Estimated deficiency/surplus as regards 2nd preferential creditors	93,762.00
Debts secured by floating charges pre 15 September 2003	
Other Pre 15 September 2003 Floating Charge Creditors	NIL
	93,762.00
Estimated prescribed part of net property where applicable (to carry forward)	NIL
Estimated total assets available for floating charge holders	93,762.00
Debts secured by floating charges post 14 September 2003	
	NIL
Estimated deficiency/surplus of assets after floating charges	93,762.00
Estimated prescribed part of net property where applicable (brought down)	NIL
Total assets available to unsecured creditors	93,762.00
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	
Trade & Expense Creditors(Count=14)	37,231.97
CSK Projects Ltd - In Administration	647,721.00
HM Revenue & Customs	141,514.73
	826,467.70
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)	(732,705.70)
Estimated deficiency/surplus as regards creditors	(732,705.70)
Issued and called up capital	
Ordinary Shareholders	10.00
	10.00
Estimated total deficiency/surplus as regards members	(732,715.70)

Signature _____ Date _____

Dow Schofield Watts Business Recovery LLP
Morgan Pryce Ltd
Company Registered Number: 06290979
B - Company Creditors

Key	Name	Address	£
CB00	Buckingham Holdings Limited	18 Pall Mall, London, SW1Y 5LU	29,680.56
CB01	Business Telephony Ltd	73 Cornhill, London, SE1 3QQ	624.00
CC00	CoStar UK Limited	Level 26 The Shard, 32 London Bridge Street, SE1 9SG	2,323.20
CC01	Cleanworks	6-8 Bonhill Street, Floor 3 London, EC2A 4BX	64.80
CC02	CMT	Unit 14 Freeport Office Village, Century Drive, Braintree, Essex, CM7 8YL	228.18
CC03	CSK Projects Ltd - In Administration	c/o Dow Schofield Watts Business Recovery LLP, 7400 Daresbury Park, Daresbury, Warrington, WA4 4BS Account Type: Associate	647,721.00
CE00	Everflow	Wynyrd Business Park, Wynyrd, TS22 5FG	20.33
CF00	Four Digital Solutions Limited	Harpenden Hall, Southdown Road, Harpenden, Hertfordshire, AL5 1TE	403.30
CH01	HM Revenue & Customs	Enforcement & Insolvency (EIS) , Company Administrations, Brunel House, 2 Fitzalan Road, Cardiff CF24 0EB	141,514.73
CJ00	Alanna Jones	29 Goldstone Road, Hove, BN3 3RN	560.00
CL00	Lead Forensics	3000 Lakeside, North Harbour, Western Road, Portsmouth, Hampshire, PO6 3EN	849.60
CL01	Loud Mouth Media Limited	463 Ormeau Road, Belfast, Northern Ireland, BT7 3GR	1,728.00
CP00	Purr Digital	86-90 Paul Street, London, EC2A 4NE	600.00
CZ00	Zoopla Ltd	The Cooperage, 5 Copper Row, London, SE1 2LH	150.00
14 Entries Totalling			826,467.70

Signature _____

Dow Schofield Watts Business Recovery LLP
Morgan Pryce Ltd
Company Registered Number: 06290979
C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Shares	Called Up per share	Total Amt. Called Up
HC00	The Coveyduck Group Limited	6th Floor, The Aspect, 12 Finsbury Square, London, EC2A 1AS	Ordinary	0.01	800	0.01	8.00
HO00	Eugene O'Sullivan	69 Court Way, Twickenham, TW2 7SA	Ordinary	0.01	50	0.01	0.50
HT00	Doan Tu Tran	Flat 7 Channelsea House, 20 Canning Road, London, E15 3FA	Ordinary	0.01	50	0.01	0.50
HW00	Fraser Williams	10 Glendale Mews, Beckenham, BR3 5TY	Ordinary	0.01	50	0.01	0.50
4 Ordinary Entries Totalling					950		

Signature _____

Appendix C

Morgan Pryce Ltd – In Administration

Joint Administrators' Receipts and Payments Account

Morgan Pryce Ltd
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 18/06/2020

S of A £		£	£
	ASSET REALISATIONS		
5,000.00	Goodwill & IP	5,000.00	
1,000.00	Office Equipment	1,000.00	
21,000.00	WIP	21,000.00	
Uncertain	Intercompany Loan - HU2 Ltd	NIL	
Uncertain	Intercompany loan - Coveyduck Group	NIL	
NIL	Rent Deposit	NIL	
Uncertain	Loan Account - James Coveyduck	NIL	
Uncertain	Prepayments	NIL	
Uncertain	Sundry Debtors	NIL	
66,762.00	Cash at Bank	NIL	
	Licence Fee	4,945.99	
			31,945.99
	UNSECURED CREDITORS		
(37,231.97)	Trade & Expense Creditors	NIL	
(647,721.00)	CSK Projects Ltd - In Administration	NIL	
(141,514.73)	HM Revenue & Customs	NIL	
			NIL
	DISTRIBUTIONS		
(10.00)	Ordinary Shareholders	NIL	
			NIL
(732,715.70)			31,945.99
	REPRESENTED BY		
	Bank 1 Current		32,685.00
	Vat Payable		(739.01)
			31,945.99

Appendix D

Morgan Pryce Ltd – In Administration

Pre-Appointment Time Costs and Expenses

Statement of Pre-Administration Costs

Pre-administration costs are defined in the Insolvency Rules as fees charged and expenses incurred by the administrator or their firm, or another person qualified to act as an insolvency practitioner, before the company entered administration but with a view to its doing so.

Summary of the Joint Administrators' Pre-Administration Costs

	Costs Incurred £	Already Paid £	Balance Unpaid £
Dow Schofield Watts Business Recovery LLP			
Pre-administration time costs*:	7,500.00	7,500.00	0.00
Pre-administration disbursements:	111.30	111.30	0.00
Pre-administration expenses:			
Legal costs (including disbursements of £50.00)	5,050.00	5,050.00	0.00
Agent's costs	500.00	500.00	0.00
Totals	13,161.30	13,161.30	0.00

*The pre-appointment time costs were slightly higher than £7,500, but the surplus time costs have been written off as we do not intend to seek fee approval.

The pre-appointment costs have been paid in full by the Company prior to the administration.

Further information on each category of pre-administration cost is given below.

Pre-Administration Time Costs of the Joint Administrators

Dow Schofield Watts Business Recovery LLP was instructed on 26 May 2020 to assist with marketing the business and assets of the Company for sale with a view to a sale being concluded via administration. The engagement letter was between Dow Schofield Watts Business Recovery LLP and Morgan Pryce Ltd and included full details of our time recording policy and charge-out rates. No fees were charged for meetings and discussions that took place between our initial introduction on 12 May 2020 and agreement of this engagement.

The Joint Administrators' pre-appointment time costs totalled £7,743 plus VAT at Dow Schofield Watts Business Recovery LLP standard charging rates (see **Appendix E**). These costs were incurred specifically with a view to administration. These costs relate to:

- Confirming that one of the statutory objectives of administration could be achieved;
- Obtaining advice from agents regarding asset values;
- Liaising with management to collate required information for interested parties;
- Extensive marketing of the business for sale including targeted marketing to businesses in the same industry;
- Liaising with interested parties regarding the potential sale of the business and/or its assets;
- Consideration of the offer received and discussions to clarify certain aspects of the offer;
- Negotiating a pre-packaged sale of the Company's business and assets;
- Liaising with solicitors regarding the sale and purchase agreement and licence to occupy; and
- Carrying out all necessary steps in order to place the Company into administration.

Further details regarding the marketing of the business and agreeing the sale of the business and certain assets are set out in **Appendix F**.

Pre-appointment fees totalling £7,500 plus disbursements plus VAT were paid by the Company prior to the appointment of the Joint Administrators.

Pre-Administration Expenses

We instructed Brabners LLP to provide legal advice on the proposed sale, to draft the Sale and Purchase Agreement for the sale of the Company's business and certain assets, and to assist with the steps necessary to place the Company into administration. These pre-administration expenses have been incurred by Brabners on a time cost basis, plus disbursements. Legal costs of £5,000 plus VAT and disbursements of £50 plus VAT were incurred, and these were paid by the Company prior to the administration.

We instructed JPS Chartered Surveyors ("JPS") to prepare an inventory and valuation of the Company's assets on going concern (in situ and ex situ) bases and a forced sale basis and provide advice on the proposed sale. These pre-administration expenses have been incurred by JPS on a time cost basis, plus disbursements. Agents' fees of £500 plus VAT were incurred. These were paid in full by the Company prior to the administration.

Other Persons Entitled to Claim

I am unaware of any additional costs incurred by any other professionals qualified to act as an insolvency practitioner in respect of the Company. Should any such claims subsequently come to light, they will be dealt with in the manner provided for by the Insolvency (England and Wales) Rules 2016.

Appendix E

Morgan Pryce Ltd – In Administration

Joint Administrators' Time Costs and Expenses

Information relating to the Joint Administrators' Fees and Expenses

1. Time recording policy

It is our policy to seek fee approval on a time costs basis. Work undertaken on insolvency appointments is recorded in 6 minute units on an electronic time recording system. Time properly incurred on cases is charged at the hourly charge-out rate of the grade of staff undertaking the work.

The current hourly charge-out rates are as follows:

Staff grade	Hourly rate (£) from 1 April 2020
Partner and Insolvency Practitioner	320
Manager	245-265
Assistant Manager	195-240
Senior Case Administrator	155-190
Case Administrator	105-150
Cashier	135
Trainee	80-100

The hourly charge-out rates are reviewed annually and may increase during the course of the administration.

2. Existing Fee Arrangements

The basis of the Joint Administrators' remuneration has not yet been fixed. We are currently seeking fee approval from the Company's creditors on a time costs basis.

3. Time and Charge out summary

From the commencement of the administration on 12 June 2020 to 18 June 2020 a total of 18.8 hours have been spent at an average charge out rate of £182.74 bringing the total cost to date to £3,435.50. A summary table is shown overleaf.

Time Entry - SIP9 Time & Cost Summary

M032 - Morgan Pryce Ltd
All Post Appointment Project Codes
To: 18/06/2020

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	0.30	1.00	2.10	0.60	4.00	767.50	191.88
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	1.50	9.20	0.00	10.70	1,823.50	170.42
Investigations	0.00	0.30	1.10	0.00	1.40	250.00	178.57
Realisation of Assets	0.40	1.00	1.30	0.00	2.70	594.50	220.19
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	0.70	3.80	13.70	0.60	18.80	3,435.50	182.74
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

4. Description of work carried out

The work carried out since the commencement of the administration can be summarised as follows:

4.1 Administration and planning

- Statutory duties associated with the appointment including the filing and advertising of relevant notices;
- Notification of the appointment to creditors, members and other interested parties;
- Setting up case files;
- Reviewing available information to determine appropriate strategy; and
- Setting up and maintaining bank account;

4.2 Realisation of Assets

- Identifying assets;
- Liaising with agents and solicitors; and
- Agreement of sale contract and licence to occupy.

4.3 Investigations

- Correspondence with the directors and former directors; and
- Consideration of initial scope of investigations.

4.4 Creditors

- Recording and maintaining the list of creditors;
- Recording creditor claims;
- Initial notification to creditors;
- Preparation of Administrators' Proposals; and
- Responding to creditor queries.

Staff of different levels were involved in the activities above depending on the experience required.

5. Disbursements

Disbursements policy

Office holders' disbursements fall under two categories:

Category 1 disbursements consist of external supplies of goods or services specifically relating to the case. Where such costs are paid by Dow Schofield Watts Business Recovery LLP, creditor approval is not required for those costs to be recharged to the insolvency estate. Category 1 disbursements will typically include costs such as statutory advertising, specific bond insurance, company search fees, storage, postage, external room hire and travel expenses (excluding business mileage).

Category 2 disbursements are costs that are directly referable to the case but not to a payment to an independent third party. They include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis. Such disbursements can only be charged to the insolvency estate with the approval of creditors. It is our policy to seek creditor approval for the payment of the following Category 2 disbursements:

Disbursement type	Rate
Mileage	45p per mile

The following disbursements have been incurred and paid since the commencement of the administration:

Category 1 disbursements	This period	
	Incurred (£)	Paid (£)
Bordereau	316.80	Nil
Total disbursements	316.80	Nil

The above costs exclude VAT.

6. Professional advisors and expenses

The Joint Administrators have incurred administration expenses in connection with the instruction of the following parties:

Name	This period	
	Incurred (£)	Paid (£)
Brabners LLP (solicitors)	300.00	0.00
Total	300.00	0.00

The above costs exclude VAT.

Appendix F

Morgan Pryce Ltd – In Administration

Details of Pre-Pack sale

Background to the Company's insolvency

The Company was a commercial property agency based in central London.

The directors have explained that the reasons for the Company's insolvency was due to a decline in trading performance due to Brexit and uncertainty in the London property market. More recently there has been a delay in customer projects and clients looking to move premises due to the impact of the COVID-19 pandemic. These issues resulted in cash flow difficulties and the Company falling into arrears with trade creditors, HM Revenue & Customs ("HMRC") and the landlord of the trading premises.

This led to the directors' decision to place the Company into administration.

Statutory purpose of administration

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 were wound up (without first being in administration).

Following our appointment as Administrators on 12 June 2020, the business and certain assets of the Company were sold to The Commercial Letting Agency Ltd ("the Purchaser") (company number 12563742) on 15 June 2020. A sale such as this is known as a "pre-packaged sale". It is the view of the Administrators that the pre-packaged sale enables the statutory purpose to be achieved and that the outcome achieved was the best available outcome for creditors as a whole in all the circumstances.

The Roles of the insolvency practitioners

Prior to the commencement of the administration, Dow Schofield Watts Business Recovery LLP acted as advisors to the Board of Directors in relation to the options for the Company. For the avoidance of doubt, neither Dow Schofield Watts Business Recovery LLP nor its insolvency practitioners advised the directors personally, or any parties connected with the Purchaser, who were advised to take independent advice. At all times prior to the date of administration, the Board of Directors remained in control of the Company and responsible for the Company's affairs.

During this time, the insolvency practitioners of Dow Schofield Watts Business Recovery LLP took their own steps to prepare for their potential appointment as Joint Administrators. At this point, there were clear advantages in looking to sell the Company's business and assets swiftly on appointment, which are discussed below. Therefore, having taken advice from professional and independent agents, the insolvency practitioners considered the most effective method of achieving the best outcome for creditors was to negotiate with parties interested in acquiring the business and assets of the Company so that a sale could be concluded shortly after the administration had commenced.

Immediately on their appointment, the Joint Administrators, as officers of the Court and as agents of the Company, took over from the Board of Directors the responsibilities of managing the affairs, business and property of the Company and a few days later, concluded the sale in the interests of the Company's creditors.

Insolvency practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment. The Joint Administrators observed the Code of Ethics in all their activities both prior to and after their appointment.

Reasons why a pre-pack sale was considered appropriate

The Company's tangible assets had a relatively low value. If a sale of the business and certain assets could not be concluded it was considered likely that the business would be closed and the realisable value of the assets, including the intangible assets and work progress, would have been significantly diminished.

In addition, the sale of the business and certain assets reduced the level of creditors as the employees transferred to the Purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) avoiding redundancies and the associated creditor claims against the Company.

It was not a viable option for the Company to continue to trade whilst in administration in order to further market the business for sale because there was a limited working capital available to fund trading. Furthermore, the additional costs of administration trading would have outweighed the benefit, if any, and would have been likely to worsen the outcome of creditors.

Initial Introduction

The source of the Administrators' initial introduction to the Company was Mobili Office Ltd who are a major creditor of a connected company, and the date of the Administrators' initial introduction was 12 May 2020.

Pre-appointment matters

Following our initial introduction, we carried out a review of the financial position of the Company, after which it was concluded that the best outcome for creditors was likely to be achieved by a sale of the business and assets via administration. No other work has been carried out for the Company or its management by the Administrators or their firm.

The Company has not granted any charges to creditors.

The following alternative courses of action were considered by the Joint Administrators before proceeding with the administration:

- **Creditors' Voluntary Liquidation / Compulsory Liquidation** – The Company would have had to cease to trade and this would have resulted in a worse outcome for the Company's creditors than the administration and pre-packaged sale. In particular, there would have been no realisations in respect of goodwill, lower realisations and additional disposal costs in respect of tangible assets, and probably no realisations in respect of work in progress due to the lack of continuity of trade. Employees would have been made redundant, resulting in the associated preferential and non-preferential creditor claims.
- **Company Voluntary Arrangement ("CVA")** – This was not felt to be a viable option as the Company was not generating profits and did not have valuable assets that could be disposed of for the benefit of creditors. It was also difficult to forecast future trading levels or profitability given the current economic climate and it was noted that the Company had not achieved any significant profits in the last three years. Given the levels of trade creditors and HMRC liabilities it was not considered that an acceptable CVA proposal could be put forward by the Company.

It was not considered that there was an appropriate alternative to proceeding with the pre-packaged sale. We were formally instructed to commence marketing the business for sale via administration on 26 May 2020.

During the marketing period the Company's financial position and the intention to conclude a pre-packaged sale via administration, if a purchaser could be found, was discussed with a connected company, CSK Projects Limited, who is a major creditor. No external consultation was carried out as there were no viable alternatives and the costs of consultation would have outweighed the benefits.

It was not possible to trade the business and offer it for sale as a going concern for a longer period of time due to the significant risk that such trading would have incurred further trading losses and would have diminished the assets available to the Company's creditors. Furthermore, it was considered that any other external interest was unlikely to result in any offer significantly higher than that obtained from the pre-administration marketing carried out.

The Company's directors and shareholders were asked whether they were able to provide additional working capital funding but they were not able to do so.

Enquiries were made of management as to whether the Company's business or business assets had been acquired from an insolvency practitioner in the previous 24 months and they confirmed that none of them had been.

Marketing of the business and assets

After considering the Company's financial position and taking advice from independent agents, JPS Chartered Surveyors ("JPS"), the Company's business and assets were marketed for sale. The marketing strategy adopted took account of the marketing essentials set out in SIP16.

The Company's business and assets were marketed for sale. A sales flyer setting out brief details of the business and assets was circulated to potential interested parties on 2 June 2020 and advertised on the website of JPS. An initial deadline for offers was set for 10 June 2020. It was necessary to carry out the marketing over a short period of time as further continuation of trading was likely to be to the detriment of creditors and increase the risk of personal liability for the Company's management.

As a result of the marketing, expressions of interest were received from 5 parties, 2 of which signed non-disclosure agreements ("NDAs") with the Company. Following receipt of the signed NDAs those parties were supplied with further information about the business and its assets.

Only offer was received for the business and certain assets of the Company on 10 June 2020 from The Commercial Letting Agency Limited, in the sum of £27,000. This offer was accepted subject to contract on 10 June 2020, following a comparison of the offers received and advice from JPS.

Valuation of the business and assets

The Company's tangible assets were valued by Michael Gabel of JPS in accordance with The RICS Valuation Professional Standards. Mr Gabel holds the MRICS qualification and has confirmed his independence and that JPS holds adequate professional indemnity insurance.

The valuation was provided on the basis of market value, subject to the following assumptions:

1. As a whole for use in its working place (in situ)
2. As individual items for removal from the premises at the expense of the purchaser (ex-situ)
3. As individual items for removal from the premises at the expense of the purchaser, subject to a restricted marketing period (forced sale).

The valuation was dated 28 May 2020 and is summarised as follows:

Asset	Market Value- In Situ (£)	Market Value - Ex Situ (£)	Market Value - Forced Sale (£)
Office Equipment	1,200	750	500
Total	1,200	750	500

No formal valuation of goodwill was carried out as sufficient marketing was considered to have been carried out for the market to determine its value. As such the cost of a valuation would have exceeded its benefit.

The values achieved from the sale of the Company's assets is £27,000 of which £1,000 has been allocated against tangible assets.

The sum of £5,000 has been paid in respect of goodwill and intangible assets which would not have realised any value in the event of a business closure.

The remaining balance of £21,000 has been paid in respect of work in progress. The work in progress related to one contract, and was still subject to landlord and legal negotiations, approval of design and build works, wayleave for IT infrastructure, and logistics and insurance requirements for ongoing proposed works. As such, the work in progress was unlikely to have any value in the event of a business closure.

Purchaser and related parties

As noted above an offer received from The Commercial Letting Agency Limited was accepted subject to contract on 10 June 2020.

The Purchaser is connected to the Company by virtue of the common directorship of Richard Kopman and Eugene O'Sullivan and the common shareholdings of Eugene O'Sullivan, Fraser Williams and Doan Tran.

The Joint Administrators are not aware of any personal guarantees provided by the Company directors.

The transaction

Immediately prior to their appointment the proposed Joint Administrators considered whether the planned pre-packaged sale would achieve the purpose of administration and be in the best interests of creditors as a whole. Following appointment on 12 June 2020, the Joint Administrators completed a sale of the business and certain assets of the Company to the Purchaser shortly thereafter on 15 June 2020.

The assets included in the transaction were as follows:

	£
Goodwill and Intellectual Property	5,000.00
Office Equipment	1,000.00
Work in Progress and Book Debt Ledger	21,000.00
Total	<u>27,000.00</u>

The sale consideration was allocated to the above asset classes following a review of the asset valuation prepared by independent agents and discussions with the Purchaser.

The consideration of £27,000 was paid in full on completion.

As part of the sale agreement a licence to occupy the Company's leased premises was granted to the Purchaser. The licence has a duration of 30 days and the Purchaser has paid a licence fee of £5,685 (inclusive of VAT) to the Company.

The going concern sale resulted in the 6 employees of the Company transferring to the Purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006, therefore avoiding redundancies and the associated claims against the Company. The Purchaser has agreed to pay all employee liabilities and has indemnified the Company in this regard.

The sale is not part of a wider transaction and no options, buy-back agreements or similar conditions were attached to the Sale and Purchase agreement.

Connected Party transaction

The Purchaser was advised of their option as a potential connected party purchaser to request an opinion from the pre-pack pool regarding the proposed transaction and of their opportunity to provide a viability statement, detailing what the purchasing entity will do differently in order that the business will survive for at least 12 months from the date of the proposed purchase.

The Purchaser took the decision not to approach the pre-pack pool for their opinion on the proposed transaction.

The Joint Administrators have requested a viability statement from the Purchaser however this has not been provided.