

# AM03

## Notice of administrator's proposals



Companies House

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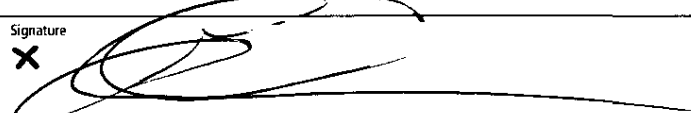
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COMPANIES HOUSE

|                      |                                  |   |
|----------------------|----------------------------------|---|
| <b>1</b>             | <b>Company details</b>           |   |
| Company number       | 0 7 0 0 6 4 8 3                  | <b>→ Filling in this form</b><br>Please complete in typescript or in bold black capitals. |
| Company name in full | The Roller Rink Company Limited  |   |
| <b>2</b>             | <b>Administrator's name</b>      |   |
| Full forename(s)     | Mark                             |   |
| Surname              | Colman                           |   |
| <b>3</b>             | <b>Administrator's address</b>   |   |
| Building name/number | Leonard Curtis                   |   |
| Street               | 20 Roundhouse Court              |   |
|                      | South Rings Business Park        |   |
| Post town            | Bamber Bridge                    |   |
| County/Region        | Preston                          |   |
| Postcode             | P R 5 6 D A                      |   |
| Country              |                                  |   |
| <b>4</b>             | <b>Administrator's name ①</b>    |   |
| Full forename(s)     | John                             | <b>① Other administrator</b><br>Use this section to tell us about another administrator.  |
| Surname              | Titely                           |   |
| <b>5</b>             | <b>Administrator's address ②</b> |   |
| Building name/number | Leonard Curtis                   | <b>② Other administrator</b><br>Use this section to tell us about another administrator.  |
| Street               | 20 Roundhouse Court              |   |
|                      | South Rings Business Park        |   |
| Post town            | Bamber Bridge                    |   |
| County/Region        | Preston                          |   |
| Postcode             | P R 5 6 D A                      |   |
| Country              |                                  |   |

AM03

## Notice of Administrator's Proposals

|                              |   |              |
|------------------------------|---|--------------|
| <b>6</b>                     | <b>Statement of proposals</b>   |              |
|                              | <input checked="" type="checkbox"/> I attach a copy of the statement of proposals   |              |
| <b>7</b>                     | <b>Sign and date</b>  |              |
| Administrator's<br>Signature | <div>Signature</div> <div></div> <div>X</div>   | <div>X</div> |
| Signature date               | <div>d</div> <div>1</div> <div>d</div> <div>3</div> <div>m</div> <div>1</div> <div>m</div> <div>1</div> <div>y</div> <div>2</div> <div>y</div> <div>0</div> <div>y</div> <div>1</div> <div>y</div> <div>7</div> |              |

# 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  | Alnur Miah  |
| Company name  | Leonard Curtis  |
| Address       | 20 Roundhouse Court<br>South Rings Business Park<br>Bamber Bridge |
| Post town     | Preston   |
| County/Region |   |
| Postcode      | P R 5 6 D A   |
| Country       |   |
| DX            |   |
| Telephone     | 01772 646180  |



### 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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)



**LEONARD CURTIS**  
BUSINESS RESCUE & RECOVERY

**THE ROLLER RINK COMPANY LIMITED  
(IN ADMINISTRATION)**

Registered Number: 07006483  
Court Ref: 3078 OF 2017  
Manchester District Registry of the High Court

**Joint Administrators' Report and Statement of Proposals in accordance  
with Para 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of  
the Insolvency (England and Wales) Rules 2016**

**Report date: 13 November 2017  
Date report deemed to be delivered to creditors: 16 November 2017  
Decision date: 1 December 2017**

**Leonard Curtis contact details:**

20 Roundhouse Court, South Rings Business Park, Bamber Bridge,  
Preston, PR5 6DA  
Tel: 01772 646180 Fax: 01772 646181  
General email: [alnur.miah@leonardcurtis.co.uk](mailto:alnur.miah@leonardcurtis.co.uk)  
Email for requests for a physical meeting: [Preston.meetingreq@leonardcurtis.co.uk](mailto:Preston.meetingreq@leonardcurtis.co.uk)  
Ref: P/28/ALM/NT908M/1040

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**TO: THE REGISTRAR OF COMPANIES  
ALL CREDITORS  
ALL EMPLOYEES  
ALL MEMBERS**

## **1 INTRODUCTION**

### **General information**

- 1.1 I refer to the appointment of John Titley and I as Joint Administrators ("the Joint Administrators") of The Roller Rink Company Limited ("the Company") on 8 November 2017 and now write to present the Joint Administrators' proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 ("the Act").
- 1.2 Para 3 of Schedule B1 to the Act requires Administrators to perform their functions with the objective of:
- a) Rescuing the company as a going concern; or
  - b) Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration); or
  - c) Realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.3 I can confirm that in this case the Administrators are of the opinion that the Company has sufficient property to enable a distribution to be made to unsecured creditors. Accordingly they are required to seek a decision from the Company's creditors as to whether they approve these Proposals. The Administrators are also required to ask the creditors to determine, amongst other things, the basis upon which the Joint Administrators will draw their remuneration and Category 2 disbursements. It is our intention to seek these decisions by correspondence as provided for by the Act and Rules. Formal Notice of this Decision Procedure is attached at Appendix I. A voting form is attached at Appendix J. This form should be completed and returned to this office by 23:59 on the Decision Date, being 1 December 2017, with a completed proof of debt form (attached at Appendix L) or your vote will be disregarded, as will any forms returned after the decision date.
- 1.4 Creditors meeting the following minimum criteria may request in writing that the decisions be made at a creditors' meeting, rather than by correspondence:
- a) 10% in value of the creditors; or
  - b) 10% in number of the creditors; or
  - c) 10 creditors
- Such a request must be made not later than five business days after the date on which these Proposals were delivered. The deemed date of delivery of this report is given on the front page. Requests should ideally be made to [Preston.meetingreq@leonardcurtis.co.uk](mailto:Preston.meetingreq@leonardcurtis.co.uk).
- 1.5 In the event that no such request is received, the Joint Administrators will, as soon as reasonably practicable after the Decision Date specified on 1.3 above, report to creditors on the decisions taken.

### **Creditors' Right to Elect to Opt Out**

- 1.6 Creditors have the right to elect to opt out of receiving further documents about the Administration unless:
- (i) The Act requires a document to be delivered to all creditors without expressly excluding opted-out creditors;
  - (ii) It is a notice relating to a change in the office-holder or the office-holder's contact details; or
  - (iii) It is a notice of a dividend or proposed dividend or a notice which the court orders to be sent to all creditors or all creditors of a particular category to which the creditor belongs.

- 1.7 Opting-out will not affect a creditor's entitlement to receive dividends should any be paid to creditors.
- 1.8 Unless provided to the contrary in the Rules, opting-out will not affect any right a creditor may have to vote in a decision procedure or to participate in a deemed consent procedure in the proceedings although the creditor will not receive notice of it.
- 1.9 A creditor who opts out will be treated as having opted out in respect of any consecutive insolvency proceedings of a different kind in respect of the Company.
- 1.10 Creditors may at any time elect to opt-out. The election to opt out must be by a notice in writing, authenticated and dated by the creditor and delivered to the office-holder. An example of such a Notice is attached at Appendix M. A creditor becomes an opted-out creditor when the notice is delivered to the office-holder and will remain an opted-out creditor for the duration of the proceedings unless the opt-out is revoked.
- 1.11 An opted-out creditor may revoke the election to opt out by a further notice in writing, authenticated and dated by the creditor and delivered to the office-holder. The creditor ceases to be an opted-out creditor from the date the notice is received by the office-holder.

**Notice of General Use of Website to Deliver Information**

- 1.12 Section 246B of the Insolvency Act 1986 and Rule 1.49 of the Rules allow an office-holder who is required to deliver certain documents to satisfy that requirement by delivering a notice which states that the document is available for viewing and downloading on a website.
- 1.13 Attached at Appendix O is the Notice which the Joint Administrators are issuing in this case. You should note that the Notice extends to all future documents, with some exceptions, to be issued in this case, as provided for by Rule 1.50.
- 1.14 The relevant website address for the viewing and downloading of documents is:  
**<https://leonardcurtis.insolvencydata.co.uk>**  
The Password or KeyCode is: **EUNB83FC** (case sensitive)

**Notice of an Invitation to Creditors to Form a Creditors' Committee**

- 1.15 Creditors are entitled to decide whether a creditors' committee should be established if sufficient creditors are willing to be members of that committee.
- 1.16 Attached at Appendix K is Notice of an Invitation to Form a Creditors' Committee. Any nominations must be delivered to the Joint Administrators by the Decision Date shown on the front of this report and can only be accepted if the Administrators are satisfied as to the creditors' eligibility under Rule 17.4 of the Rules.
- 1.17 In order to assist creditors in making an informed decision on whether they wish to be nominated to serve on a committee, creditors are encouraged to access the document below, which provides information on the rights, duties and functions of creditors' committees.  
  
<https://www.r3.org.uk/media/documents/publications/professional/R3%20Guide%20to%20Creditors%20Committees.pdf>



## 2 STATUTORY INFORMATION

- 2.1 The Administration proceedings are under the jurisdiction of the Manchester District Registry of the High Court under Court reference 3078 of 2017.
- 2.2 During the period in which the Administration Order is in force, any act or function required or authorised to be done by the Joint Administrators may be exercised by both or either of them.
- 2.3 The Company's registered office is 233 Wigan Road, Ashton-in-Makerfield, Wigan, WN4 9SL. The Joint Administrators have filed the appropriate documentation with the Registrar of Companies to have the registered office changed to 20 Roundhouse Court, South Rings Business Park, Bamber Bridge, Preston, PR5 6DA. The registered number is 07006483. The Company traded as its registered name. It also traded as Wigan Roller Rink and Atherton Roller Rink.
- 2.4 The Company operated from leasehold premises situated at Unit 2 Eckersley Mill, Swan Meadow Road, Wigan, WN3 5BD and Victoria Mill, Bolton Road, Atherton, M46 9JQ.
- 2.5 The Company did not have a Company Secretary and the Company's directors are:

| Name            | Role     | Date Appointed   |
|-----------------|----------|------------------|
| Dawn Holding    | Director | 2 September 2009 |
| Gary Holding    | Director | 1 August 2011    |
| Peter Fairhurst | Director | 2 September 2009 |

- 2.6 The Company's authorised share capital is £100. The issued share capital comprises 100 Ordinary £1 Shares, the shares being owned as follows:

| Name            | Class of Share | No. of Shares | % of Total Owned |
|-----------------|----------------|---------------|------------------|
| Dawn Holding    | Ordinary £1    | 33            | 33               |
| Gary Holding    | Ordinary £1    | 34            | 34               |
| Peter Fairhurst | Ordinary £1    | 33            | 33               |
|                 |                | <u>100</u>    | <u>100</u>       |

- 2.7 According to the information registered at Companies House, the Company has no registered charges against it:
- 2.8 The EC Regulation on Insolvency Proceedings 2015 applies to this Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

## 3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

- 3.1 The Company was incorporated on 2 September 2009. The current directors are Gary Holding and Dawn Holding and Peter Fairhurst, all of which were appointed on inception. The principle shareholders are Dawn Holding and Peter Fairhurst who hold 33 Ordinary £1 Shares each and Gary Holding who holds the remaining 34 Ordinary £1 Shares.
- 3.2 The Company's registered office is 233 Wigan Road, Ashton-in-Makerfield, Wigan, WN4 9SL. Following their appointment, the Joint Administrators have requested that the registered office of the Company be changed to 20 Roundhouse Court, South Rings Business Park, Bamber Bridge, Preston, PR5 6DA.

- 3.3 The Company initially traded from Wigan. The trading address in Wigan was Unit 2 Eckersley Mill, Swan Meadow Road, Wigan, WN3 5BD from which they trade as Wigan Roller Rink. The Company expanded in 2012 and opened up a trading site at Atherton. The trading address in Atherton was Victoria Mill, Bolton Road, Atherton, M46 9JQ from which they trade as Atherton Roller Rink. A formal lease was in place for the address in Wigan. There was no formal lease in place the address in Atherton. The Company operated with 42 members of staff.
- 3.4 The Company has no registered charges.
- 3.5 The Company commenced trading immediately upon incorporation. The Company provided facilities for roller skating including roller skating lessons. The Company also acted as an entertainment leisure venue and provided corporate catering for parties. The venue at Atherton also catered for roller hockey exhibitions. The venue at Wigan also sold skates and hockey equipment.
- 3.6 The Company's busiest period for trade was between October and February when it would hold successful events during the holiday and festive periods. Business would then tend to slow down during the remainder of the year.
- 3.7 The Company suffered various cash flow problems in the period leading up to the Administration of the Company. The Company was subject to significantly increased employment costs with the minimum wages having risen by £1 per hour since 2015 and the introduction of auto-enrolment pension contributions by the Company. Due to these cash flow problems, the Company started to fall into arrears with its creditors, including HMRC. In June 2017, the Company received a demand in respect to Corporation Tax for the financial year ended 30 September 2016. In addition to corporation tax, the Company had also fallen into arrears with HMRC in respect to PAYE/NIC and VAT.
- 3.8 In an attempt to rectify the Company's position, the directors employed a business consultant to advise on the management of the Company and to seek advice on how to increase profitability. As a result of the advice received from the business consultant, the Company reduced the number of hours worked by staff and operated with skeleton staff and maintained tighter controls on the Company outgoings.
- 3.9 The Company entered into a time to pay arrangement with HMRC; however, the Company cash flow was unable to support both ongoing liabilities to HMRC and the monthly repayments of the historic HMRC liabilities.
- 3.10 The directors further advised that the reduction in attendance for events held by the Company, along with the failure to make full use of the facilities available to the Company, were causes of the Company's financial problems.
- 3.11 On 31 August 2017 HMRC issued an enforcement action to take control of a proportion of the Company's goods after entering the premises at Wigan. HMRC enforced this action on a number of items including 400 roller skates which are essential for the business.
- 3.12 The assets which HMRC enforced action over were left at the premises and the Company was able to continue the business using these assets. HMRC sent a further notice advising the directors that they would uplift the assets on 8 November 2017 should they not receive payment for monies owed to them.
- 3.13 Following a further meeting between LCR and the Company's directors, it was deemed that the Company was insolvent and steps should be taken to place the Company into Administration.
- 3.14 On 8 November 2017, a Notice of Appointment of Administrators was sworn by the Directors of the Company in accordance with Schedule B1 of the Insolvency Act 1986 and filed in the High Court of Justice, Chancery Division, Manchester District Registry.
- 3.15 M J Colman and J Titley are both licenced by the Institute of Chartered Accountants in England and Wales. In accordance with paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the function of the Joint Administrators may be exercised by either or both, acting jointly or alone.

#### 4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

4.1 The Company's trading results for the years ended 30 September 2016, 2015 and 2014 are detailed below:

|  | Year Ended 30<br>September<br>2016 | Year Ended<br>30 September<br>2015 | Year Ended<br>30 September<br>2014 |
|--|------------------------------------|------------------------------------|------------------------------------|
|  | £                                  | £                                  | £                                  |
| <b>Turnover</b>                                      | 626,929                            | 688,592                            | 644,550                            |
| Cost of sales  | (111,774)                          | (122,376)                          | (114,634)                          |
| <b>Gross Profit</b>                                  | 515,155                            | 566,216                            | 529,916                            |
| Administrative Expenses                              | (542,421)                          | (533,475)                          | (532,197)                          |
| <b>Operating Profit</b>                              | (27,266)                           | 32,741                             | (2,281)                            |
| Interest Receivable                                  | -                                  | 30                                 | -                                  |
|  | (27,266)                           | 32,771                             | (2,281)                            |
| Interest Payable                                     | -                                  | -                                  | -                                  |
| <b>Profit on ordinary activities before taxation</b> | (27,266)                           | 32,771                             | (2,281)                            |
| Tax on ordinary activities                           | -                                  | (5,589)                            | (28)                               |
| <b>Profit for the Financial Year</b>                 | (27,266)                           | 27,182                             | (2,309)                            |
| Profit and Loss Reserves b/fwd                       | (52)                               | 766                                | 45,075                             |
|  | (27,318)                           | 27,948                             | 42,766                             |
| Dividends  | -                                  | (28,000)                           | (42,000)                           |
| <b>Profit and Loss Reserves c/fd</b>                 | (27,318)                           | (52)                               | 766                                |

4.2 The balance sheets for the Company as at 30 September 2016, 2015 and 2014 are detailed below:

|  | As at<br>30<br>September<br>2016 | As at<br>30<br>September<br>2015 | As at<br>30<br>September<br>2014 |
|--|----------------------------------|----------------------------------|----------------------------------|
|  | £                                | £                                | £                                |
| <b>Fixed Assets</b>                    |                                  |                                  |                                  |
| Tangible Assets                        | 66,208                           | 72,038                           | 77,956                           |
| <b>Current Assets</b>                  |                                  |                                  |                                  |
| Stocks                                 | 3,424                            | 3,424                            | 4,000                            |
| Debtors                                | 43,316                           | 19,431                           | 10,181                           |
| Cash at Bank and in Hand               | Nil                              | 555                              | 20,675                           |
|  | 46,740                           | 23,410                           | 34,856                           |
| Creditors: Amounts due within One Year | (140,166)                        | (95,400)                         | (111,946)                        |
| <b>Net Current Liabilities</b>         | (93,426)                         | (71,990)                         | (77,090)                         |
| <b>Net Assets / (Liabilities)</b>      | (27,218)                         | 48                               | 866                              |
| <b>Capital and Reserves</b>            |                                  |                                  |                                  |
| Called up share capital                | 100                              | 100                              | 100                              |
| Profit and Loss account                | (27,318)                         | (52)                             | 766                              |
|  | (27,218)                         | 48                               | 866                              |

4.3 The directors confirmed that no additional management accounts or accounting information have been prepared.

#### 4.4 Statement of Affairs

The directors are required to lodge a statement of affairs as at 8 November 2017 which has to be filed with the Registrar of Companies. Although the document has not yet been received, I understand that it is in the course of preparation and will be submitted shortly. In the meantime, an estimate of the financial position as at the date of the Joint Administrators' appointment is enclosed at Appendix B, together with a list of creditors including their names, addresses and details of their debts, including any security held.

Please note that no provision has been made in the Estimated Financial Position for costs and expenses of realisation, the costs of the Administration and any corporation tax which may be payable. The following comments are considered to be relevant and should be borne in mind when reading the figures:

#### 4.5 Secured Creditor

There are no secured creditors in this instance.

#### 4.6 Prescribed Part

As the Company has no unsatisfied post-Enterprise Act charges, there will be no requirement to set aside a prescribed part in this case.

#### 4.7 Preferential Claims

The only categories of claims which have preferential status are those of employees in respect of wages, accrued holiday pay and pension arrears. In this instance, the Company's 42 employees have been transferred to GDP(NW) Limited, as detailed further below and as such, the Joint Administrators do not anticipate there to be any claims holding preferential status.

#### 4.8 Unsecured Claims

Based upon the information currently available, it is anticipated that there will be sufficient funds available to allow a dividend to be paid to unsecured creditors. This may be paid in the Administration with the consent of the court or by a subsequently appointed Liquidator, should liquidation be the appropriate exit route from the Administration process. The quantum or timing of the dividend is not known at this time. An update will be provided in subsequent reports. Creditors are asked to forward full details of their claims using the proof of debt form attached at Appendix L.

#### 4.9 Receipts and Payments

A receipts and payments account for the period of Administration to date is enclosed at Appendix C.

### 5 EVENTS FOLLOWING THE JOINT ADMINISTRATORS' APPOINTMENT

#### 5.1 Sale of Business

Prior to and upon appointment, the Administrators investigated the possibility of concluding a sale of what remained of the business and assets as it was considered that a sale of all or part of the business as a going concern would allow the following:

- A pre-packaged sale would ultimately improve net realisations of the Company's assets as a higher value could be achieved by a sale of the assets in situ rather than by a piecemeal sale of the assets ex situ or a forced sale at auction. An in situ sale of the assets is therefore considered to benefit the overall creditor position; and

- Preservation of employment of staff. All of the Company's 42 employees would be transferred to the Purchaser under the relevant TUPE regulations, resulting in the mitigation of significant creditor claims of approximately c£69,000.

Preservation of the goodwill of the Company. The Company's current management would continue to trade the business. A sale of this manner would allow preservation of the relationships and mitigate any disruption to customer orders.

As detailed further at Appendix P, prior to their appointment, the Joint Administrators instructed independent agents, Cerberus Asset Management ("Cerberus"), to value the Company's tangible assets and to provide advice on a marketing strategy. The Company's accountant, FPS Chartered Accountants ("FPS"), were instructed to provide a valuation of the goodwill of the Company.

An offer of £25,000 was made by GPD(NW) Limited ("the Purchaser") (CRN:11002326), a connected company by way of common directors and shareholders Dawn Holding, Gary Holding and Peter Fairhurst.

The sale consideration has been apportioned between any right, title and interest the Company has to the following:

| Category of asset       | Value achieved<br>£ |
|-------------------------|---------------------|
| Goodwill                | 14,500              |
| Office and IT Equipment | 400                 |
| Machinery and Equipment | 7,000               |
| Hire Fleet              | 2,500               |
| Stock                   | 600                 |
| <b>Total</b>            | <b>25,000</b>       |

The total sales consideration is £25,000 with the Purchaser initially paying an amount of £5,000 upon completion. The remaining £20,000 will be paid in five monthly instalments of £4,000 in the five months following the date of completion.

## 5.2 Professional Advisors Used

On this assignment the Joint Administrators have used the professional advisors listed below.

| Name of Professional Advisor | Service Provided  | Basis of Fees |
|------------------------------|---|---------------|
| Brabners LLP                 | Legal advice  | Time costs    |
| Cerberus Asset Management    | Asset valuation advice                                      | Time costs    |
| FPS Chartered Accountants    | Assistance with the preparation of the Statement of Affairs | Fixed fee     |

Details of this firm's policy regarding the choice of advisors and the basis for their fees are given in Appendix H.

## 6 ACHIEVING THE PURPOSE OF ADMINISTRATION

6.1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:

- rescuing the Company as a going concern, or (if this cannot be achieved);
- 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 (if (a) and (b) cannot be achieved);
- realising property in order to make a distribution to one or more secured or preferential creditors.

- 6.2 The first objective is not considered to be capable of being achieved given the extent of historic liabilities.
- 6.3 The second objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration). In the opinion of the Joint Administrators, this objective is likely to be achieved as there is a reasonable prospect of a dividend being available to unsecured creditors which would not have been the case if the Company had been wound up without first being in Administration.
- 6.4 The third objective is to realise property in order to make a distribution to secured or preferential creditors. In this instance the Company has no secured creditors and it is not anticipated that there will be a claim in the Administration holding preferential status.
- 6.5 The Administration has been, and will continue to be financed by monies received from asset realisations.

## **7 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE**

- 7.1 The Joint Administrators' Proposals for achieving the objective of Administration are attached at Appendix A.
- 7.2 The Joint Administrators have considered the various options available to the Company. As previously stated, based on information currently available, the Joint Administrators consider that realisations may be sufficient to enable a dividend to be paid to unsecured creditors. In this situation, the Joint Administrators may apply to court for permission to make such a distribution in the Administration. Alternatively, if considered preferable, on completion of the Administration, the Joint Administrators will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation ("CVL").
- 7.3 In the event that the Joint Administrators choose to place the Company into CVL, the Proposals provide for the appointment of myself and John Titley as Joint Liquidators. Creditors may nominate a different person to be Liquidator provided that the nomination is made after receipt of the Proposals and before they are approved.

## **8 EXTENSION OF ADMINISTRATION**

- 8.1 The appointment of Administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.
- 8.2 In certain circumstances it may be necessary to extend the Administrators' term of office. In the circumstances of this case, this may be done for a specified period not exceeding twelve months with the consent of:
- unsecured creditors whose debts amount to more than 50% of the Company's unsecured debts, disregarding debts of any creditor who does not respond to an invitation to give or withhold consent.
- 8.3 We do not believe that an extension to the Administration will be necessary in this case.

## **9 PRE-ADMINISTRATION COSTS**

- 9.1 Pre-Administration costs are defined as:

- Fees charged; and
- Expenses incurred

by the Administrator, or another person qualified to act as an insolvency practitioner before the Company entered Administration (but with a view to its doing so). "Unpaid pre-Administration costs" are pre-Administration costs which had not been paid when the Company entered Administration.

- 9.2 Time charged and expenses incurred by the Joint Administrators and their agents and solicitors in the period prior to their appointment are summarised below:

| Charged by                | Services provided   | Total amount charged<br>£ | Amount paid<br>£ | Amount unpaid<br>£ |
|---------------------------|---|---------------------------|------------------|--------------------|
| Leonard Curtis            | Assessing the financial position of the Company, providing insolvency advice, consideration of whether an Administration purpose could be achieved and dealing with the appointment papers. | 18,552.00                 | Nil              | 18,552.00          |
| Cerberus                  | Valuation of assets, including the Lease and advice regarding exploring a potential sale of the business  | 2,500.00                  | Nil              | 2,500.00           |
| FPS Chartered Accountants | Valuation of the Company's goodwill   | 750.00                    | Nil              | 750.00             |
| Brabners LLP              | Drafting the appointment documents, sales and purchase agreement and providing legal advice   | 2,500.00                  | Nil              | 2,500.00           |
| Total                     |   | <u>24,302.00</u>          | <u>Nil</u>       | <u>24,302.00</u>   |

- 9.3 Enclosed at Appendix D is an analysis of the Joint Administrators' pre-Administration costs. The analysis shows that total pre-Administration time costs of £18,552 have been incurred which represents 60.3 hours at a rate of £307.66.

#### 9.4 Work undertaken by Leonard Curtis

Leonard Curtis were first engaged by the Company on 20 September 2017. In the period prior to the Administration, Leonard Curtis provided insolvency advice to the Company and carried out an assessment of their financial position with a view to establishing the appropriate insolvency procedure for the Company.

The proposed Administrators evaluated the Company's financial position and advised that the directors would be required to take immediate action unless further funding could be introduced.

Given the circumstances regarding the time pressure from HMRC, it was resolved that Administration was the most suitable form of insolvency and the proposed Administrators assisted with formulating an Administration strategy. The work undertaken included, but was not limited to:

- Dealing with pre-appointment formalities;
- Liaising with the directors in order to obtain the Company's financial information;
- Attending a number of meetings and telephone conversations with the directors;
- Liaising with the directors to arrange the swearing of the Notice of Appointment ("NOA") prior to filing at Court;
- Liaising with the appointed solicitors, Brabners LLP ("Brabners") in respect of filing the documents at Court;
- Advising the Company on whether an early sale of the business and assets would likely be in the interest of creditors;
- Preparing and reviewing the optimal insolvency strategy;
- Liaising with Cerberus with regards to asset valuations and marketing strategy;
- Liaising with Cerberus with regards to marketing for sale the business and assets of the Company;
- Liaising with the directors and Cerberus regarding the interested party and their offer; and
- Liaising with the interested party regarding their offer.

**9.5 Work undertaken by Cerberus**

Cerberus, RICS registered, valuers and auctioneers, were instructed to attend site to provide an assessment of the likely realisable value of the Company's assets. This information enabled Leonard Curtis to properly gauge that at least one of the statutory purposes of Administration could be achieved.

The work carried out by Cerberus included:

- Time spent at the two premises making detailed inventories of the assets;
- Time spent undertaking market research and writing their formal valuation report;
- Undertaking a review of the documentation relating to the action taken by HMRC and advising on appropriate action;
- Assisting in marketing of the business via online media; and
- Assessing and advising on the suitability of the offer.

**9.6 Work undertaken by Brabners**

The work carried out by Brabners included:

- Providing advice regarding the proposed sale of the business and assets;
- Drafting the SPA and liaising with the Purchaser's solicitors regarding the same;
- Drafting the appointment documentation and filing the same at Court; and
- Providing general legal advice in respect of the proposed appointment.

9.7 The payment of unpaid pre-Administration costs (set out above) as an expense of the Administration is subject to the approval of the appropriate class of creditors, separately to the approval of the Administrators' Proposals. This approval will be the responsibility of the Creditors' Committee if one is appointed or alternatively will be by a decision of the general body of creditors.

**10 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS**

**10.1 General**

The basis of the Joint Administrators' remuneration may be fixed either as a percentage of the value with which they have to deal ('a percentage basis'), as a set amount, or by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in a Fees Estimate. A combination of these bases may be fixed, with different bases being fixed in respect of different things done by the Joint Administrators. Additionally, where a percentage basis is fixed, different percentages may be fixed in respect of different things done by the Joint Administrators.

**10.2 Approval by appropriate body**

The Joint Administrators think that the Company will have sufficient property to enable a distribution to be made to unsecured creditors. In such circumstances, it is for the Creditors' Committee to determine the basis of remuneration. If there is no Committee, or if the Committee fail to make the requisite determination then the basis of remuneration must be fixed by a decision of the creditors.

10.3 The outcome of this decision will be reported to all creditors in due course.



#### 10.4 Information to be given to creditors

The Joint Administrators wish, in this case, to seek the creditors' agreement to their remuneration being fixed by reference to the time properly given by them and their staff in attending to matters as set out in a Fees Estimate. Prior to seeking approval of this basis, the Joint Administrators are required to provide all known creditors with their Fees Estimate and details of the expenses that they consider will be, or are likely to be, incurred during the Administration ("Statement of Likely Expenses").

#### 10.5 The Fees Estimate

The Joint Administrators' Fees Estimate for the whole of the Administration is set out at Appendix E. It includes the following:

- Details of the work that the Joint Administrators and their staff propose to undertake;
- The hourly rate or rates that Joint Administrators and their staff propose to use; and
- The time that the Joint Administrators anticipate that each part of the work will take.

10.6 The total amount of time costs as set out in the Fees Estimate is £13,877 plus VAT. Once approved by the appropriate body of creditors, the remuneration drawn by the Joint Administrators must not exceed this total amount without prior approval. It should be noted that in some instances payment of these costs will be limited to the amount of realisations available in the Administration.

10.7 The Fees Estimate is based upon information currently available to the Joint Administrators. Based upon this information, the Joint Administrators do not anticipate that the Fees Estimate will be exceeded. However should information come to light during the course of the Administration which means that the Joint Administrators will be required to undertake work not envisaged at the time that the Fees Estimate was provided, it may be necessary for the Joint Administrators to revert to creditors for further approval.

10.8 Details of the firm's charge-out rates and policy regarding the recharge of disbursements, staff allocation, support staff and the use of subcontractors are attached at Appendix H.

10.9 Further guidance may be found in "A Creditors' Guide to Administrators' Fees" which may be downloaded using the following link:

<https://www.r3.org.uk/what-we-do/publications/professional/fees>

If you would prefer this to be sent to you in hard copy please email [alnur.miah@leonardcurtis.co.uk](mailto:alnur.miah@leonardcurtis.co.uk) or contact Alnur Miah of this office on 01772 646180

#### 10.10 Statement of Likely Expenses

The Joint Administrators' Statement of Likely Expenses is set out for creditor information at Appendix F. To assist creditors' understanding of this information, it has been separated into the following categories:

- (i) Standard Expenses: this category includes expenses payable by virtue of the nature of the Administration process and / or payable in order to comply with legal or regulatory requirements.
- (ii) Case Specific Expenses: this category includes expenses likely to be payable by the Joint Administrators in carrying out their duties in dealing with issues arising in this particular case. Also included within this category are costs that are directly referable to the Administration but are not paid to an independent third party (and which may include an element of allocated costs). These are known as "Category 2 disbursements" and they may not be drawn without the approval of the unsecured creditors in the same way as fees and the unsecured creditors will be contacted directly in this respect. The basis of the calculation of their recharge is detailed in Appendix H.

#### 10.11 Further Updates

The Joint Administrators will provide creditors with an indication of whether the remuneration anticipated to be charged by them is likely to exceed the Fees Estimate, and if so the reasons for this, in their subsequent reports. Information will also be provided in subsequent reports on whether the expenditure detailed in the Statement of Likely Expenses has been or is likely to be exceeded and the reasons why.

### 11 ESTIMATED OUTCOME FOR CREDITORS

11.1 In order to assist the various classes of creditors in assessing the quantum of any dividend which may or may not be payable to them, we have produced an Estimated Outcome Statement. This is attached at Appendix G.

11.2 The Estimated Outcome Statement assumes the following:

- a) That asset realisations are in line with those estimated at Appendix B;
- b) That the Joint Administrators' fees estimate (as detailed at Appendix E) is approved and is not exceeded; and
- c) That the expenses of the Administration are as set out in the Statement of Likely Expenses at Appendix F and are not exceeded.

11.3 In summary:

- Secured creditors – As stated previously, the Company has no secured creditors.
- Preferential creditors – As stated previously, the Joint Administrators do not anticipate there to be any claims holding preferential status.
- Unsecured creditors – It is anticipated that funds will be available for distribution to the unsecured creditors. The quantum or timing of the dividend is not known at this time. An update will be provided in subsequent reports.

### 12 RELEASE OF ADMINISTRATORS FROM LIABILITY

12.1 As soon as all outstanding matters in the Administration have been attended to it is anticipated that we will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically to Creditors' Voluntary Liquidation.

12.2 On the registration of the relevant notice with the Registrar of Companies, the Administration and the appointment of the Administrators will automatically cease.

12.3 It is for the creditors to fix the date upon which we are discharged from liability in respect of any action of ours during the Administration. The Voting Form at Appendix J includes a decision that we be discharged from liability immediately upon our appointment ceasing to have effect.

### 13 INVESTIGATIONS

#### **Submission to Department Business, Energy, Industry and Strategy on the conduct of Directors**

13.1 As Joint Administrators we have a statutory duty to investigate the conduct of the Directors and any person whom we believe to have been a shadow or de facto Director during the Period of three years prior to the date of Administration. The investigation focuses specifically upon their conduct in relation to managing the Company's affairs and the causes of its failure.

- 13.2 The initial investigation must be carried out in a timely manner and an online submission to the Department for Business, Energy & Industrial Strategy ("DBEIS") must be submitted within the first three months of the Administration. The submission is confidential and I am unable to disclose the content to creditors. Whilst this work may not necessarily bring about any financial benefit to the creditors (unless potential recoveries are identified) it is a statutory requirement.
- 13.3 The initial investigations are predominately carried out under the guidance of Statement of Insolvency Practice 2, ("SIP 2") which sets out best practice to be followed. SIP 2 suggests that enquiries are made of the Company's creditors as to whether or not they have any concerns they wish to raise or any potential recoveries for the estate.
- 13.4 I would advise that my initial investigations are underway and that the report to DBEIS will be completed shortly.

#### **14 CREDITORS' RIGHTS**

- 14.1 Within 21 days of the receipt of this report, an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrator provide further information about his remuneration or expenses (other than pre-Administration costs) which have been itemised in this report.
- 14.2 Any creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Joint Administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Joint Administrator, as set out in this progress report, are excessive.

#### **15 VOTING PROCEDURE AND CONCLUSION**

- 15.1 It is important that you give careful attention to this report and its Appendices.
- 15.2 Details of all decisions to be made by creditors are included on Appendix I – Notice of a Decision Procedure by Correspondence. In order for your vote to count, you should ensure that your completed voting form (see Appendix J) has been delivered to the Joint Administrators on or before the Decision Date given on the front of this report and in Appendix I. Your vote should be accompanied by a proof of debt, unless one has previously been provided, failing which your vote may be disregarded.
- 15.3 Creditors' attention is drawn to Chapter 9 of Part 1 of the Rules, which detail the rules for delivery of documents.
- 15.4 Creditors will be notified of the outcome of the decision procedure in due course.

Should you have any queries or require any further clarification please contact Alnur Miah at my office, **in writing**. Electronic communications should also include a full postal address.

for and on behalf of  
**THE ROLLER RINK COMPANY LIMITED**



**MARK COLMAN**  
Joint Administrator

Mark Colman is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 9721 and John Titley is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 8617

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

**JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS**

It is proposed that:

1. The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration.
2. If appropriate, the Joint Administrators take any action they consider necessary with a view to the approval of a Company Voluntary Arrangement ("CVA") or Scheme of Arrangement in relation to the Company.
3. If appropriate, the Joint Administrators file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation. It is further proposed that Mark Colman and/or John Tittley be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them. NB. Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved.
4. Alternatively, if appropriate, the Joint Administrators apply to Court under Para 65(3) of Schedule B1 to the Insolvency Act 1986 (as amended) for permission to make a distribution to the unsecured creditors within the Administration.
5. In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the Administration have been completed, the Joint Administrators file a Notice with the Registrar of Companies that the Company should be dissolved.
6. The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company.
7. The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that Mark Colman and/or John Tittley be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them.
8. The Joint Administrators shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.

## APPENDIX B

## ESTIMATED FINANCIAL POSITION AS AT 8 NOVEMBER 2017

|  | Notes | Book value<br>£  | In<br>Administration<br>£ |
|--|-------|------------------|---------------------------|
| <b>Assets not specifically pledged</b>                     |       |                  |                           |
| Goodwill   | 1     | -                | 14,500                    |
| Office and IT Equipment                                    | 2     | -                | 400                       |
| Machinery and Equipment                                    | 3     | 38,602           | 7,000                     |
| Hire Fleet   | 4     | 977              | 2,500                     |
| Stock  | 5     | 3,424            | 600                       |
| Assets Subject to HMRC Distraint                           | 6     | 2,600            | -                         |
| Land and Buildings   | 7     | 26,629           | -                         |
| Debtors  | 8     | 43,316           | Unknown                   |
|  |       | <u>115,548</u>   | <u>25,000</u>             |
| Preferential creditors – Employee claims                   | 9     | -                | -                         |
| <b>Net property available for prescribed part</b>          |       | <u>115,548</u>   | <u>25,000</u>             |
| <b>Prescribed part calculation</b>                         |       |                  |                           |
| <b>Available for unsecured creditors</b>                   | 10    | <u>N/a</u>       | <u>N/a</u>                |
| <b>Unsecured creditors</b>                                 |       |                  |                           |
| HM Revenue & Customs – VAT (est.)                          | 11    | (40,891)         | (40,891)                  |
| HM Revenue & Customs – PAYE (est.)                         | 11    | (9,240)          | (9,240)                   |
| HM Revenue & Customs – Corporation Tax (est.)              | 11    | (11,859)         | (11,859)                  |
| HM Revenue & Customs - Machine Games Duty (est.)           | 11    | (242)            | (242)                     |
| Directors' Loan Account (est.)                             | 12    | (9,304)          | (9,304)                   |
| Trade and expense creditors (est.)                         | 13    | (31,889)         | (31,889)                  |
| <b>Total value of unsecured creditors</b>                  |       | <u>(103,425)</u> | <u>(103,425)</u>          |
| <b>Estimated deficiency as regards unsecured creditors</b> |       | <u>12,123</u>    | <u>(78,425)</u>           |

**APPENDIX B (CONTINUED)**

**NOTES TO THE ESTIMATED FINANCIAL POSITION**

All book values have been taken from the Company's latest financial information or from valuations obtained upon Administration by independent valuers. It should be noted that no provision has been made for the costs and expenses of the Administration.

**1. Goodwill**

FPS were instructed to value the Company's goodwill. FPS are of the opinion that the Company's goodwill is valued between nil and £14,500. It was advised that should the business cease to trade, the overall value of the goodwill would be nil.

**2. Office and IT Equipment**

Cerberus have advised that the Company's office and IT equipment related to general office goods such as furniture and computers. It is understood that a number of these equipment are old and broken, therefore Cerberus attributed a value of £380 to the Company's office and IT equipment. The Joint Administrators realised this category of asset for £400.

**3. Machinery and Equipment**

The Company had a small amount of machinery and equipment at the two trading premises. Cerberus have attributed a value of £7,005 to this category of asset which was sold for £7,000 by the Joint Administrators

**4. Hire Fleet**

Cerberus have advised that the Company's hire fleet relates to used quads and inline skates the Company hired out to customers. It is understood that the majority of these skates had usual general wear and tear whereas the newer skates contain more plastics and synthetic material than those historically produced. Therefore Cerberus attributed a value of £2,500 to this category of asset.

**5. Stock**

The Company's stock relates to items needed for general every day trade such as snacks and drinks. Cerberus have attributed a value of £600 to the Company's stock.

**6. Assets Subject to HMRC Distraint**

On 31 August 2017, HM Revenue & Customs enforced against its liability by distraining over a number of the assets of the Company. This will be investigated by the duly appointed Joint Administrators and any duly appointed Liquidator.

**7. Land & Buildings**

The book value of the Company's land and buildings has been extracted from the Company's balance sheet as at 30 September 2016. Cerberus have advised that the Company's land and buildings relates to leasehold improvements made to the Company's leasehold premises. Cerberus have confirmed that this asset will not be realisable.

**8. Debtors**

The book value of the Company's debtors has been extracted from the Company's balance sheet as at 30 September 2016. The directors advised that as at the date of Administration no debtors remained due to the Company. The debtors were expressly excluded from the Asset Purchase Agreement and the duly appointed Joint Administrators will review the position following their appointment.

**9. Preferential Creditors**

The only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay. In this instance, the Company's 42 employees have been transferred to the Purchaser under relevant TUPE regulations and as such, the Joint Administrators do not anticipate there to be any claims holding preferential status.

**10. Prescribed Part**

As the Company has no unsatisfied post-Enterprise Act charges, there will be no requirement to set aside a prescribed part in this case.

**11. HM Revenue & Customs ("HMRC")**

The amounts owed to HMRC have been provided by the directors. Please note the Company previously agreed a time-to-pay arrangement with HMRC, however the Company was unable to keep up with its payments and this arrangement has since been cancelled. The amounts shown should not be regarded as agreed.

**12. Directors' Loan Account ("DLA")**

Details of the DLA have been provided by the directors. The amount shown should not be regarded as agreed.

**13. Trade and expense creditors**

Details of the Company's trade and expense creditors have been extracted from the Company's books and records as provided by the director. The amounts shown should not be regarded as agreed.

## APPENDIX B (CONTINUED)

## CREDITORS LIST FOR THE ESTIMATED FINANCIAL POSITION

| Name                 | Address --               |                        | Wigan        | Lancashire  | WN2 5QD  | 5874      | Per<br>Statement of<br>Affairs<br>£ | Details of any<br>security<br>given |
|----------------------|--------------------------|------------------------|--------------|-------------|----------|-----------|-------------------------------------|-------------------------------------|
| Dawn Holding         | 87 Simpkin Street        | Abram                  | Wigan        | Lancashire  | WN2 5QD  | 5874      |                                     | None                                |
| Gary Holding         | 87 Simpkin Street        | Abram                  | Wigan        | Lancashire  | WN2 5QD  | 2071.6    |                                     | None                                |
| Peter Fairhurst      | 30 Miles Lane            | Shevington             | Wigan        | Lancashire  | WN6 8EB  | 1358.97   |                                     | None                                |
| PFS Levine House     | 233 Wigan Road           | Ashton in Makerfield   | Wigan        |             | WN4 9SL  | 4131.2    |                                     | None                                |
| EZYLOCKERS           | 53 Courtland Street      | Salisbury              | Australia    |             | QLD 4107 | 4566.38   |                                     | None                                |
| Wigan Council        | Town Hall                | Library Street         | Wigan        |             | WN1 1YN  | 23191     |                                     | None                                |
| HM Revenue & Customs | CT Operations S0886      | PO Box 3900            | Glasgow      |             | G70 6AA  | 11859     |                                     | None                                |
| HM Revenue & Customs | National Insolvency Unit | 5th Floor Regain House | James Street | Liverpool   | L75 1AD  | 40891     |                                     | None                                |
| HM Revenue & Customs | Durrington Bridge House  | Barrington Road        | Worthing     | West Sussex | BN12 4SE | 9240      |                                     | None                                |
| HM Revenue & Customs | DMB 515                  |                        |              |             | BX5 5AB  | 241.99    |                                     | None                                |
| Total                |                          |                        |              |             |          | 103,425.1 |                                     |                                     |



APPENDIX C

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS FROM 8 NOVEMBER 2017 TO 13 NOVEMBER 2017

|                                 | Estimated<br>Financial<br>Position<br>£ | Received<br>to<br>date<br>£ | Held<br>by<br>Brabners<br>£ |
|---------------------------------|---|-----------------------------|-----------------------------|
| <b>RECEIPTS</b>                 |   |                             |                             |
| Goodwill                        | 14,500.00                               | -                           | 5,000.00                    |
| Office and IT Equipment         | 400.00                                  | -                           | -                           |
| Machinery and Equipment         | 7,000.00                                | -                           | -                           |
| Hire Fleet                      | 2,500.00                                | -                           | -                           |
| Stock                           | 600.00                                  | -                           | -                           |
|                                 | <u>25,000.00</u>                        | <u>-</u>                    | <u>5,000.00</u>             |
| <b>PAYMENTS</b>                 |   |                             |                             |
| -                               |   | -                           | -                           |
|                                 |   | <u>-</u>                    | <u>-</u>                    |
| <b>BALANCE IN HAND</b>          |   | <u>-</u>                    | <u>-</u>                    |
| <b>BALANCE HELD BY BRABNERS</b> |   |                             | <u>5,000.00</u>             |

APPENDIX D

SUMMARY OF JOINT ADMINISTRATORS' PRE-ADMINISTRATION COSTS

|                               | Director |           | Senior Manager |           | Manager 2 |           | Administrator 1 |           | Administrator 4 |           | Total |           | Average          |                  |
|-------------------------------|----------|-----------|----------------|-----------|-----------|-----------|-----------------|-----------|-----------------|-----------|-------|-----------|------------------|------------------|
|                               | Units    | Cost<br>£ | Units          | Cost<br>£ | Units     | Cost<br>£ | Units           | Cost<br>£ | Units           | Cost<br>£ | Units | Cost<br>£ | Hourly Rate<br>£ | Hourly Rate<br>£ |
| Pre-App't Creds Meetings      | -        | -         | -              | -         | 5         | 160.00    | 25              | 650.00    | -               | -         | 30    | 810.00    | 270.00           |                  |
| Planning & Strategy           | 22       | 990.00    | -              | -         | -         | -         | -               | -         | -               | -         | 22    | 990.00    | 450.00           |                  |
| Financial assessment          | -        | -         | 53             | 2,173.00  | -         | -         | 15              | 390.00    | -               | -         | 68    | 2,563.00  | 376.91           |                  |
| Strategy & purpose evaluation | 45       | 2,025.00  | 130            | 5,330.00  | 45        | 1,440.00  | 5               | 130.00    | 20              | 300.00    | 245   | 9,225.00  | 376.53           |                  |
| Preparation of documents      | 28       | 1,260.00  | -              | -         | -         | -         | -               | -         | 206             | 3,540.00  | 234   | 4,800.00  | 205.13           |                  |
| Chargeholder                  | -        | -         | 4              | 164.00    | -         | -         | -               | -         | -               | -         | 4     | 164.00    | 410.00           |                  |

|       |    |          |     |          |    |          |    |          |     |          |     |           |  |  |
|-------|----|----------|-----|----------|----|----------|----|----------|-----|----------|-----|-----------|--|--|
| Total | 95 | 4,275.00 | 187 | 7,667.00 | 50 | 1,600.00 | 45 | 1,170.00 | 226 | 3,840.00 | 603 | 18,552.00 |  |  |
|-------|----|----------|-----|----------|----|----------|----|----------|-----|----------|-----|-----------|--|--|

|                         |  |               |  |               |  |               |  |               |  |               |  |               |  |  |
|-------------------------|--|---------------|--|---------------|--|---------------|--|---------------|--|---------------|--|---------------|--|--|
| Average Hourly Rate (£) |  | <u>450.00</u> |  | <u>410.00</u> |  | <u>320.00</u> |  | <u>260.00</u> |  | <u>169.91</u> |  | <u>307.66</u> |  |  |
|-------------------------|--|---------------|--|---------------|--|---------------|--|---------------|--|---------------|--|---------------|--|--|

All Units are 6 minutes

APPENDIX D (CONTINUED)

DETAILED ANALYSIS OF PRE-ADMINISTRATION COSTS

**Pre-Appt Creds Meeting**

Liaising with the Purchaser, in respect to the terms of the sale of the company's assets, renegotiation of the deferred consideration, reviewing draft Asset Purchase Agreement and liaising with solicitors in respect to amendments. Liaising with HMRC in respect to the Joint Administrators intentions and proposed strategy

**Planning & Strategy**

Time was spent planning the course of the Administration and the best strategy to maximise realisations, which included marketing the business for sale, and preparation of a strategy memo summarising the options available to the Company and the proposed Joint Administrators.

**Financial Assessment**

The Joint Administrators held meetings with the director to establish the Company's financial position and to determine the most appropriate strategy for the Company and its creditors.

**Strategy & Purpose Evaluation**

This included time spent considering the various courses of alternative action other than Administration. Time was also spent dealing with all formalities relating to the appointment of Administrators including giving appropriate notification of the appointment to creditors and other parties entitled to receive notification.

Time was spent corresponding with the director in respect of the options available and planning a strategy to achieve the best outcome for the creditors and that the statutory purpose of the Administration could be achieved. Time has also been spent reviewing the financial information provided by the directors.

Time was spent liaising with HMRC in respect of their action against the Company.

**Preparation of Documents**

Time has been incurred preparing the engagement letter and verifying the directors' identities in compliance with money laundering obligations. This also included setting up the case file and ensuring statutory requirements were met.

Time was spent liaising with the directors to collate the relevant information for inclusion on the appointment documents and recovering Company records, including asset and employee information.

**Chargeholder**

Liaising with solicitors in respect to the enforcement action instigated by HM Revenue & Customs and confirming its validity.

APPENDIX E

JOINT ADMINISTRATORS' FEES ESTIMATE

|                                  | Director |           | Senior Manager |           | Manager 1 |           | Manager 2 |           | Administrator 1 |           | Administrator 2 |           | Administrator 3 |           | Administrator 4 |           | Support |           | Total |           | Average<br>Hourly Rate<br>£ |
|----------------------------------|----------|-----------|----------------|-----------|-----------|-----------|-----------|-----------|-----------------|-----------|-----------------|-----------|-----------------|-----------|-----------------|-----------|---------|-----------|-------|-----------|-----------------------------|
|                                  | Units    | Cost<br>£ | Units          | Cost<br>£ | Units     | Cost<br>£ | Units     | Cost<br>£ | Units           | Cost<br>£ | Units           | Cost<br>£ | Units           | Cost<br>£ | Units           | Cost<br>£ | Units   | Cost<br>£ | Units | Cost<br>£ |                             |
| A01: Statutory & Review          | 13       | 585.00    | 4              | 164.00    | 3         | 109.50    | 16        | 512.00    | 12              | 312.00    | 13              | 299.00    | 12              | 292.00    | 1               | 15.00     | -       | -         | 74    | 2,248.50  | 303.85                      |
| A02: Receipts & Payments         | 2        | 90.00     | 1              | 41.00     | 1         | 36.50     | 3         | 96.00     | 3               | 78.00     | 8               | 184.00    | 12              | 252.00    | 14              | 210.00    | -       | -         | 44    | 987.50    | 224.43                      |
| A03: Insurance                   | 1        | 45.00     | 1              | 41.00     | 1         | 36.50     | 1         | 32.00     | 1               | 26.00     | 2               | 46.00     | 1               | 21.00     | -               | -         | -       | -         | 8     | 247.50    | 309.38                      |
| A04: Assets                      | 6        | 270.00    | 8              | 328.00    | 3         | 109.50    | 9         | 288.00    | 13              | 338.00    | 11              | 253.00    | 9               | 189.00    | 1               | 15.00     | -       | -         | 60    | 1,790.50  | 298.42                      |
| A05: Liabilities                 | 6        | 270.00    | 2              | 82.00     | 1         | 36.50     | 6         | 192.00    | 11              | 286.00    | 16              | 368.00    | 18              | 378.00    | 8               | 120.00    | -       | -         | 68    | 1,732.50  | 254.78                      |
| A06: Landlords                   | 1        | 45.00     | -              | -         | 2         | 73.00     | 1         | 32.00     | 1               | 26.00     | 1               | 23.00     | 2               | 42.00     | -               | -         | -       | -         | 8     | 241.00    | 301.25                      |
| A09: General Administration      | 3        | 135.00    | 1              | 41.00     | 2         | 73.00     | 2         | 64.00     | 20              | 520.00    | 12              | 276.00    | 33              | 693.00    | 3               | 45.00     | -       | -         | 76    | 1,847.00  | 243.03                      |
| A11: Appointment                 | 4        | 180.00    | 1              | 41.00     | 1         | 36.50     | 3         | 96.00     | 15              | 390.00    | 8               | 184.00    | 11              | 231.00    | 11              | 165.00    | -       | -         | 54    | 1,323.50  | 245.09                      |
| A12: Planning & Strategy         | 9        | 405.00    | 5              | 205.00    | 1         | 36.50     | 7         | 224.00    | 5               | 130.00    | 2               | 46.00     | -               | -         | 1               | 15.00     | -       | -         | 30    | 1,061.50  | 353.83                      |
| A13: Post-Appointment/Creds Mrgs | 3        | 135.00    | 9              | 369.00    | -         | -         | 2         | 64.00     | 2               | 52.00     | 16              | 368.00    | 10              | 210.00    | -               | -         | -       | -         | 42    | 1,198.00  | 285.24                      |
| A15: Investigations              | 9        | 405.00    | 5              | 205.00    | 1         | 36.50     | 2         | 64.00     | 3               | 78.00     | 3               | 69.00     | 7               | 147.00    | 13              | 195.00    | -       | -         | 43    | 1,199.50  | 278.95                      |
| Total                            | 57       | 2,565.00  | 37             | 1,517.00  | 16        | 584.00    | 52        | 1,664.00  | 86              | 2,236.00  | 92              | 2,116.00  | 115             | 2,415.00  | 52              | 780.00    | -       | -         | 507   | 13,877.00 |                             |
| Average Hourly Rate (£)          |          | 450.00    |                | 410.00    |           | 365.00    |           | 320.00    |                 | 260.00    |                 | 230.00    |                 | 210.00    |                 | 150.00    |         | -         |       | 273.71    |                             |
| All Units are 6 minutes          |          |           |                |           |           |           |           |           |                 |           |                 |           |                 |           |                 |           |         |           |       |           |                             |

**APPENDIX E (CONTINUED)**

**JOINT ADMINISTRATORS' FEES ESTIMATE**

**DETAILS OF WORK PROPOSED TO BE UNDERTAKEN**

**Statutory and Review**

This category of activity encompasses work undertaken for both statutory and case management purposes. Whilst this work will not directly result in any monetary value for creditors, it will ensure that the case is managed efficiently and resourced appropriately, which will be of benefit to all creditors. The work to be carried out under this category will comprise the following:

- Case management reviews. These will be carried out periodically throughout the life of the case. In the early stages of the case this will involve weekly team meetings to discuss and agree case strategy and a month 1 review by the firm's Compliance team to ensure that all statutory and best practice matters have been dealt with appropriately. As the case progresses we will as a minimum carry out three monthly and six monthly reviews to ensure that the case is progressing as planned;
- Allocation of staff, management of staff, case resourcing and budgeting;
- Review of time costs data to ensure accurate posting of time and to ensure compliance with Statement of Insolvency Practice 9;
- Review of work carried out by more junior members of staff to ensure quality of work and adherence to standards, legislation and best practice;
- The team is required under the Company Directors' Disqualification Act 1986 to review the Company's records and consider information provided by creditors on the conduct of the all directors involved in the Company during the three years leading up to the insolvency. This will result in the preparation and submission of statutory returns or reports on all directors to the Insolvency Service. Evidence of unfit conduct can result in directors being disqualified for periods of up to 15 years;
- Review of directors' sworn statement of affairs and filing of document at Companies House in accordance with statutory requirements; and
- Completion of case closing procedures at the end of the case.

**Receipts and Payments**

This category of work will not result in a direct financial benefit for creditors. However, close monitoring of case bank accounts is essential to ensure that bank interest is maximised where possible, estate expenses are properly managed and kept to a minimum and amounts payable to creditors are identified and distributed promptly.

- Opening of case bank accounts;
- Management of case bank account(s) to ensure compliance with relevant risk management procedures;
- Preparation of periodic receipts and payments accounts for inclusion in statutory reports;
- Timely completion of all post appointment tax and VAT returns; and
- Managing estate expenses.

**Insurance, Bonding and Pensions**

Insolvency Practitioners are obliged to comply with certain statutory requirements when conducting their cases. Some of these requirements are in place to protect company assets (see insurance and bonding matters below), whilst requirements in respect of company pension schemes are there to protect the pension funds of Company employees. Whilst there is no direct financial benefit to Company creditors in dealing with these, close control of case expenditure is crucial to delivering maximum returns to the appropriate class of creditor.

- Reviewing and progressing any pre-appointment insurance claims;
- Notification and progression of post-appointment insurance claims;

- Periodic review of insurance requirements over physical assets, to minimise costs to the estate;
- Calculation and request of Joint Administrators' bond in accordance with the Insolvency Practitioners' Regulations 2005. A Bond is a legal requirement on all Administrations and is essentially an insurance policy to protect creditors against the fraud or dishonesty of the Insolvency Practitioner. The bond is calculated by reference to the value of assets which are estimated before costs to be available to unsecured creditors;
- Periodic review of bonding requirements to ensure that creditors are appropriately protected. The bond is reviewed upon each large receipt of monies into the case and also at three month intervals in accordance with best practice;
- Completion and submission of statutory notifications under the Pensions Act 2004. This includes liaising with the Company directors to establish the existence of Company pension schemes, making the statutory notifications under s22 and s120 of the pensions legislation; liaising with pensions providers to understand the nature of the scheme, and submitting claims to the Redundancy Payments Service for reimbursement of unpaid contributions to the scheme; and
- Liaising with pension companies to arrange for prompt wind up of schemes.

### **Assets**

- Agreeing strategy for realisation of Company assets – As detailed earlier in the report, the Company's business and assets were sold to the Purchaser as part of a pre-packaged sale;
- Instruction of and liaising with agents as required;
- Liaising with Company's bankers re pre-appointment bank accounts;
- Identification and return of third party assets; and
- Identification and dealing with any assets subject to retention of title.

### **Liabilities**

This category of time includes both statutory and non-statutory matters.

#### *Statutory*

- Processing of claims from the Company's creditors;
- Preparation, review and submission of pre-appointment tax and VAT returns; and
- Preparation and submission of periodic progress reports to creditors.

#### *Non-statutory*

- Dealing with enquiries from the Company's creditors

### **Landlords**

- Review of current leases in respect of Company premises; and
- Liaising with landlords in respect of premises.

### **General Administration**

- General planning matters;
- Setting up and maintaining the liquidators' records;
- Arranging collection and storage of company records; and
- Dealing with general correspondence and communicating with directors and shareholders.

### **Appointment**

- Statutory notifications to creditors and other interested parties following the Administrators' appointment;

### **Planning & Strategy**

- Preparation of case plan; and
- Formulation of case strategy, including recording of any strategic decisions.

### **Post Appointment Creditors' Meetings**

- Preparation of Joint Administrators' Proposals for achieving a statutory purpose of the Administration;
- Preparation of Fees Estimate and Statement of Expenses in accordance with Insolvency (Amendment) Rules 2015; and
- Convening a meeting by correspondence to agree Fees Estimate with appropriate body of creditors;
- Reporting on outcome of voting.

### **Investigations**

- Collecting and reviewing the Company's records; and
- Conducting initial investigations into the Company's affairs/records to identify the possibility of further realisations and enable the submission of returns due under the Company Directors Disqualification Act 1986.

JOINT ADMINISTRATORS' STATEMENT OF LIKELY EXPENSES

Standard Expenses

| Type                  | Description                        | Amount<br>£   |
|-----------------------|------------------------------------|---------------|
| AML Checks            | Electronic client verification     | 15.00         |
| Bond Fee              | Insurance bond                     | 90.00         |
| Document Hosting      | Hosting of documents for creditors | 42.00         |
| Software Licence Fee  | Case management system licence fee | 87.00         |
| Statutory Advertising | Advertising                        | 78.75         |
| Storage Costs         | Storage of books and records       | 50.00         |
|                       | <b>Total standard expenses</b>     | <b>362.75</b> |

Case Specific Expenses

| Type             | Description  | Amount<br>£     |
|------------------|--|-----------------|
| Accountancy Fees | Statement of affairs fee and tax review                                  | 1,000.00        |
| Staff Mileage    | Category 2 disbursement requiring specific creditor / committee approval | 50.00           |
|                  | <b>Total case specific expenses</b>                                      | <b>1,050.00</b> |



# ESTIMATED OUTCOME STATEMENT

|   | Secured<br>£'000 | Financed<br>£'000 | Preferential<br>£'000 | Unsecured<br>£'000 |
|---|------------------|-------------------|-----------------------|--------------------|
| Amount estimated to be available to class of creditor | 25,000           | 25,000            | 25,000                | 25,000             |
| Amount due to creditor per Appendix B                 | Nil              | Nil               | Nil                   | (172,305)          |
| Estimated dividend rate (as a %)                      | N/A              | N/A               | N/A                   | 14.5%              |

Please note that the above estimated outcome does not include the fees, costs and expenses of the Joint Administrators and any subsequently appointed Joint Liquidator and is therefore subject to change.

## LEONARD CURTIS POLICY REGARDING FEES, EXPENSES AND DISBURSEMENTS

The following Leonard Curtis policy information is considered to be relevant to creditors:

### Staff Allocation and Charge Out Rates

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters as set out in a fees estimate, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rate given below. With effect from 6 January 2014 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

| 6 Jan 2014 onwards | Standard<br>£ | Complex<br>£ |
|--------------------|---------------|--------------|
| Director           | 450           | 562          |
| Senior Manager     | 410           | 512          |
| Manager 1          | 365           | 456          |
| Manager 2          | 320           | 400          |
| Administrator 1    | 260           | 325          |
| Administrator 2    | 230           | 287          |
| Administrator 3    | 210           | 262          |
| Administrator 4    | 150           | 187          |
| Support            | 0             | 0            |

Office holders' remuneration may include costs incurred by the firm's in-house legal team, who may be used for non-contentious matters pertaining to the insolvency appointment.

### Subcontractors

Where we subcontract out work that could otherwise be carried out by the office holder or his/her staff, this will be drawn to the attention of creditors in any report which incorporates a request for approval of the basis upon which remuneration may be charged. An explanation of why the work has been subcontracted out will also be provided.

### Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements. The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

### Expenses

We are required to provide creditors with an estimate of the expenses we expect to be incurred in respect of an assignment and report back to them on actual expenses incurred and paid in our periodic progress reports. There are two broad categories of expenses: standard expenses and case specific expenses. These are explained in more detail below:

- a) Standard Expenses – this category includes expenses which are payable in order to comply with legal or regulatory requirements and therefore will generally be incurred on every case. They will include:

| Type                 | Description   | Amount   |
|----------------------|---|--|
| AML checks           | Electronic client verification in compliance with the Money Laundering Regulations 2007                                     | £5.00 plus VAT per individual                                |
| Bond / Bordereau fee | Insurance bond to protect the insolvent entity against and losses suffered as a result of the fraud or dishonesty of the IP | £10.00 to £1,200.00 dependent on value of assets within case |

## The Roller Rink Company Limited - In Administration

| Company searches      | Extraction of company information from Companies House                             | £1.00 per document unless document can be accessed via the free service  |      |           |                |     |        |       |     |       |       |     |       |       |     |       |       |     |        |       |     |        |       |     |                                  |  |
|-----------------------|--|--|------|-----------|----------------|-----|--------|-------|-----|-------|-------|-----|-------|-------|-----|-------|-------|-----|--------|-------|-----|--------|-------|-----|----------------------------------|--|
| Document hosting      | Hosting of documents for creditors   | <table> <tr> <th>Type</th><th>100 creds</th><th>Every addtl 10</th></tr> <tr> <td>ADM</td><td>£14.00</td><td>£1.40</td></tr> <tr> <td>CVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>MVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CPL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CVA</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>BKY</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>IVA</td><td colspan="2">£10 p.a. or £25 for life of case</td></tr> </table> | Type | 100 creds | Every addtl 10 | ADM | £14.00 | £1.40 | CVL | £7.00 | £0.70 | MVL | £7.00 | £0.70 | CPL | £7.00 | £0.70 | CVA | £10.00 | £1.00 | BKY | £10.00 | £1.00 | IVA | £10 p.a. or £25 for life of case |  |
| Type                  | 100 creds  | Every addtl 10   |      |           |                |     |        |       |     |       |       |     |       |       |     |       |       |     |        |       |     |        |       |     |                                  |  |
| ADM                   | £14.00   | £1.40  |      |           |                |     |        |       |     |       |       |     |       |       |     |       |       |     |        |       |     |        |       |     |                                  |  |
| CVL                   | £7.00  | £0.70  |      |           |                |     |        |       |     |       |       |     |       |       |     |       |       |     |        |       |     |        |       |     |                                  |  |
| MVL                   | £7.00  | £0.70  |      |           |                |     |        |       |     |       |       |     |       |       |     |       |       |     |        |       |     |        |       |     |                                  |  |
| CPL                   | £7.00  | £0.70  |      |           |                |     |        |       |     |       |       |     |       |       |     |       |       |     |        |       |     |        |       |     |                                  |  |
| CVA                   | £10.00   | £1.00  |      |           |                |     |        |       |     |       |       |     |       |       |     |       |       |     |        |       |     |        |       |     |                                  |  |
| BKY                   | £10.00   | £1.00  |      |           |                |     |        |       |     |       |       |     |       |       |     |       |       |     |        |       |     |        |       |     |                                  |  |
| IVA                   | £10 p.a. or £25 for life of case   |  |      |           |                |     |        |       |     |       |       |     |       |       |     |       |       |     |        |       |     |        |       |     |                                  |  |
| Post re-direction     | Redirection of post from Company's premises to office-holders' address             | 0-3 months £160.00<br>3-6 months £240.00<br>6-12 months £390.00  |      |           |                |     |        |       |     |       |       |     |       |       |     |       |       |     |        |       |     |        |       |     |                                  |  |
| Software Licence fee  | Payable to software provider for use of case management system                     | £87.00 plus VAT per case   |      |           |                |     |        |       |     |       |       |     |       |       |     |       |       |     |        |       |     |        |       |     |                                  |  |
| Statutory advertising | Advertising of appointment, notice of meetings etc.<br>- London Gazette<br>- Other | £83.02 plus VAT per advert<br>Dependent upon advert and publication  |      |           |                |     |        |       |     |       |       |     |       |       |     |       |       |     |        |       |     |        |       |     |                                  |  |
| Storage costs         | Costs of storage of case books and records   | £5.07 plus VAT per box per annum plus handling charges 3   |      |           |                |     |        |       |     |       |       |     |       |       |     |       |       |     |        |       |     |        |       |     |                                  |  |

- b) Case-specific expenses – this category includes expenses (other than office-holders' fees) which are likely to be payable on every case but which will vary depending upon the nature and complexity of the case and the assets to be realised. They will include:

| Type                 | Description   | Amount  |
|----------------------|---|---|
| Agents' fees         | Costs of appointed agents in valuing and realising assets   | Time costs plus disbursements plus VAT                              |
| Debt Collection fees | Costs of appointed debt collectors in realising debts   | Generally agreed as a % of realisations plus disbursements plus VAT |
| Legal fees           | Costs of externally appointed solicitors. Will generally comprise advice on validity of appointment, drafting of sale contracts, advice on retention of title issues and advice on any reviewable transactions. | Time costs plus disbursements plus VAT                              |
| Other disbursements  | See <b>disbursements</b> section below  | See <b>disbursements</b> section below                              |

### Disbursements

Included within both of the above categories of expenses are disbursements, being amounts paid firstly by Leonard Curtis on behalf of the insolvent entity and then recovered from the entity at a later stage. These are described as Category 1 and Category 2 disbursements.

- a) Category 1 disbursements: These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses (excl. mileage), and equivalent costs reimbursed to the office holder or his or her staff. Category 1 disbursements may be drawn without prior approval.
- b) Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

|  |   |
|--|---|
| Internal photocopying                      | 10p per copy                                    |
| General stationery, postage, telephone etc | £100 per 100 creditors/ members or part thereof |
| Storage of office files (6 years)          | £70.40 per box                                  |
| Business mileage                           | 45p per mile                                    |

Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration.

**NOTICE OF A DECISION PROCEDURE BY CORRESPONDENCE**

**Re: THE ROLLER RINK COMPANY LIMITED (IN ADMINISTRATION) ("the Company")**

**Registered number: 07006483**

**Court details: Manchester District Registry of the High Court Ref: 3078 of 2017**

**NOTICE TO CREDITORS OF A DECISION PROCEDURE TO BE CONSIDERED BY CORRESPONDENCE  
IN ACCORDANCE WITH PARA 51(1) OF SCHEDULE B1 TO THE INSOLVENCY ACT 1986 AND RULES 15.8  
AND 18.18 OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016**

We, Mark Colman and John Titley, of Leonard Curtis, 20 Roundhouse Court, South Rings Business Park, Bamber Bridge, Preston, PR5 6DA, were appointed Joint Administrators of the Company on 2017-10-31 00:00:00.

NOTICE IS HEREBY GIVEN pursuant to Para 51(1) of Schedule B1 to the Insolvency Act 1986 and Rules 15.8 and 18.18 of the Insolvency (England and Wales) Rules 2016 that the creditors are being asked to make a decision as to whether they approve the Administrators proposals set out at Appendix A, agree the basis of the Joint Administrators' remuneration and approve three other decisions by way of correspondence.

To participate in the vote creditors will need to have delivered a completed voting form to my office at 20 Roundhouse Court, South Rings Business Park, Bamber Bridge, Preston, PR5 6DA or via email to [alnur.miah@leoinardcurtis.co.uk](mailto:alnur.miah@leoinardcurtis.co.uk) by 23:59pm on 1 December 2017 together with a proof of debt form if one has not previously been lodged. Failure to deliver a proof of debt will result in your vote being disregarded.

NB. Creditors' attention is drawn to Chapter 9 of Part 1 of the Rules, which detail the rules for delivery of documents.

The resolutions to be considered are:

1. That the Joint Administrators' Proposals are approved.
2. In the absence of a creditors' committee, that the remuneration of the Joint Administrators be fixed by reference to time properly spent by them and their staff in attending to matters as set out in the Fees Estimate (for an amount not exceeding £13,877.00 plus VAT).
3. That the unpaid pre-Administration costs as detailed in the Joint Administrators' Statement of Proposals be approved for payment as an expense of the Administration.
4. That the basis of the recharge of the Joint Administrators' category 2 disbursements be fixed by reference to the rates set out in the Joint Administrators' Statement of Proposals and that they be authorised to be reimbursed such disbursements as and when funds permit.
5. That the Joint Administrators be discharged from liability in respect of any action(s) of theirs as Administrators pursuant to the provisions of paragraph 98(2)(b) of Schedule B1 to the Insolvency Act 1986, immediately upon their appointment ceasing to have effect.

***Statutory Information and Creditors' Entitlement To Vote***

In accordance with Rule 15.8 of the Insolvency (England and Wales) Rules 2016 please be aware of the following information:

- Creditors are only entitled to vote if they have delivered a proof of debt prior to the decision date and the claim has been accepted in whole or in part, together with a voting form. Whilst I am permitted to agree claims below £1,000 without a proof of debt, a creditor whose claim is less than £1,000 is not able to vote without having lodged a proof of debt. Creditors who have opted out from receiving notices may, nevertheless, vote if a proof of debt has been lodged.
- Creditors must deliver their voting form no later than 23:59pm on 1 December 2017. Forms should be posted to The Roller Rink Company Limited at Leonard Curtis, 20 Roundhouse Court, South Rings Business Park, Bamber Bridge, Preston, PR5 6DA. Alternatively voting forms can be faxed to 01772 646181 or submitted by email to [alnur.miah@leonardcurtis.co.uk](mailto:alnur.miah@leonardcurtis.co.uk).
- I am obliged to advise creditors that applications to have any decision reviewed must be made to Manchester District Registry of the High Court under reference 3078 of 2017. Any such application should be made within 21 days of the decision date.
- If creditors are not satisfied with the decision procedure being used, they may request a physical meeting be convened providing their claim is 10% of the value of the creditors or 10% of the number of creditors request the same or 10 individual creditors request that a meeting be convened. All requests to hold a physical meeting should be made in writing but can be made by email to [Preston.meetingreq@leonardcurtis.co.uk](mailto:Preston.meetingreq@leonardcurtis.co.uk). Requests for a physical meeting should be made within five business days of delivery of this notice.

Dated – 13 November 2017

Signed

**MARK COLMAN**  
**JOINT ADMINISTRATOR**

**Contact details**

Mark Colman and John Titley  
Leonard Curtis  
20 Roundhouse Court  
South Rings Business Park  
Bamber Bridge  
Preston  
PR5 6DA  
Tel: 01772 646180

VOTING FORM FOR CREDITORS

Re: THE ROLLER RINK COMPANY LIMITED (IN ADMINISTRATION) ("the Company")

Previously known as:

Registered number: 07006483

Court details: MANCHESTER DISTRICT REGISTRY OF THE HIGH COURT REF:

Please indicate whether you are in favour or against each of the decisions set out below.

Please note that this form should be returned prior to 23:59pm on 1 December 2017 to my offices at The Roller Rink Company Limited. Alternatively the form can be faxed to Leonard Curtis on 01772 646180 or submitted by email to Alnur.miah@leonardcurtis.co.uk. In order for your vote to be valid a proof of debt should also have been lodged.

RESOLUTIONS TO BE CONSIDERED

**Decision 1**

That the Joint Administrators' Proposals are approved.

I am \*in Favour / Against

**Decision 2**

In the absence of a creditors' committee, the remuneration of the Joint Administrators be fixed by reference to time properly spent by them and their staff in attending to matters as set out in the Fees Estimate (for an amount not exceeding £13,877.00 plus VAT).

I am \*in Favour / Against

**Decision 3**

That the unpaid pre-Administration costs as detailed in the Joint Administrators' Statement of Proposals be approved for payment as an expense of the Administration.

I am \*in Favour / Against

**Decision 4**

That the basis of the recharge of the Joint Administrators' category 2 disbursements be fixed by reference to the rates set out in the Joint Administrators' Statement of Proposals and that they be authorised to be reimbursed such disbursements as and when funds permit.

I am \*in Favour / Against

**Decision 5**

That the Joint Administrators be discharged from liability in respect of any action(s) of theirs as Administrators pursuant to the provisions of paragraph 98(2)(b) of Schedule B1 to the Insolvency Act 1986, immediately upon their appointment ceasing to have effect.

I am \*in Favour / Against

*\*delete as appropriate*

TO BE COMPLETED BY CREDITOR:

Dated: \_\_\_\_\_

Signed: \_\_\_\_\_

Name of creditor: \_\_\_\_\_

Position: \_\_\_\_\_

## Notice of an Invitation to Creditors to Form a Creditors' Committee

|         |  |     |              |
|---------|--|-----|--------------|
| In the: | High Court of Justice,<br>Chancery Division,<br>Manchester District Registry | No: | 3078 of 2017 |
|---------|--|-----|--------------|

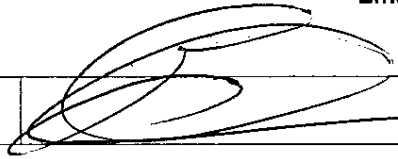
|                |   |
|----------------|---|
| Re:            | THE ROLLER RINK COMPANY LIMITED (IN ADMINISTRATION) |
| Previous Name: | N/A   |
| Registered No: | 07006483  |

|                    |   |
|--------------------|---|
| Address of Company | Unit 2 Eckersley Mill, Swan Meadow Road, Wigan, WN3 5BD<br>and<br>Victoria Mill, Bolton Road, Atherton, M46 9JQ |
|--------------------|---|

NOTICE IS HEREBY GIVEN, IN ACCORDANCE WITH PARAGRAPH 57 OF SCHEDULE B1 TO THE INSOLVENCY ACT 1986, RULE 3.39 AND PART 17 OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016, THAT creditors are invited to decide whether to form a creditors' committee should be established if sufficient creditors are willing to be members of that committee. Mark Colman and John Titley invite creditors to put forward their nominations for membership of the committee. Such nominations must be received by the date specified in this notice. The Joint Administrators can only accept nominations if they are satisfied as to the creditors' eligibility under Rule 17.4 of the Insolvency (England and Wales) Rules 2016.

Nominations must be received by:  
and should be delivered to:

**1 December 2017**  
**Mark Colman and John Titley**  
**20 Roundhouse Court**  
**South Rings Business Park**  
**Bamber Bridge**  
**Preston**  
**PR5 6DA**  
**Tel: 01772 646180**  
**Email: alnur.miah@leonardcurtis.co.uk**

|         |   |        |          |
|---------|---|--------|----------|
| Signed: |  | Dated: | 13/11/17 |
|---------|---|--------|----------|

Creditors are referred to section 1.18 of this report for a link to guidance for creditors as to the roles, duties and responsibilities of members of creditors' committees.

**Proof of Debt – General Form**

**Relevant date: 8 November 2017**

Name of Company in Administration:

THE ROLLER RINK COMPANY LIMITED

Company registered number:

07006483

1. Name of creditor (if a company, provide registration number)

|  |
|--|
|  |
|--|

1. Correspondence address of creditor (including email address)

|  |
|--|
|  |
|--|

2. Total amount of claim (£) at relevant date (include any Value Added Tax)

|  |
|--|
|  |
|--|

3. If amount in 3 above includes outstanding uncapitalised interest, state amount (£)

|  |
|--|
|  |
|--|

4. Details of how and when the debt was incurred (if you need more space attach a continuation sheet to this form)

|  |
|--|
|  |
|--|

5. Details of any security held, the value of the security and the date it was given

|  |
|--|
|  |
|--|

6. Details of any reservation of title claimed in respect of goods supplied to which the debt relates

|  |
|--|
|  |
|--|



7. Details of any document by reference to which the debt relates

8. Signature of creditor (or person authorised to act on the creditor's behalf)

9. Date of signing:

10. Address of person signing (if different from 2 above)

11. Name in BLOCK LETTERS

12. Position with, or relation to, creditor

Notes:

1. There is no need to attach them now but the office-holder may ask you 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.
1. This form can be authenticated for submission by email 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 the company, please state your relationship to the company.

**Creditor's Election to Opt Out**

|                             |         |  |     |              |
|-----------------------------|---------|--|-----|--------------|
| Insert court or Proceedings | In the: | High Court of Justice, Chancery Division, Manchester District Registry | No: | 3078 of 2017 |
|-----------------------------|---------|--|-----|--------------|

|                  |                |   |
|------------------|----------------|---|
| Insert full name | Re:            | THE ROLLER RINK COMPANY LIMITED (IN ADMINISTRATION) |
|                  | Previous Name: | N/A   |
|                  | Registered No: | 07006483  |

|                    |  |
|--------------------|--|
| Address of Company | Unit 2 Eckersley Mill, Swan Meadow Road, Wigan, WN3 5BD<br>And Victoria Mill, Bolton Road, Atherton, M46 9JQ |
|--------------------|--|

|   |        |  |
|---|--------|--|
| a) Insert full name and address of creditor making the election | I, (a) |  |
|---|--------|--|

a creditor of the above Company, elect to opt out of receiving documents.

I acknowledge that I shall remain an opted-out creditor for the duration of these and any following proceedings unless and until I elect in writing to revoke my opt out.

I acknowledge that I shall continue to receive:

- all documents that the Insolvency Act 1986 or the court requires to be delivered to all creditors;
- notice of any change in the office-holder or their contact details; and
- notice of any distributions applicable to me.

|  |     |  |
|--|-----|--|
| a) Insert name and address of office holder to whom you will deliver this notice | (b) | MARK COLMAN AND JOHN TITLEY OF LEONARD CURTIS,<br>20 ROUNDHOUSE COURT, SOUTH RINGS BUSINESS PARK,<br>BAMBER BRIDGE, PRESTON, PR5 6DA |
|--|-----|--|

|  |                          |  |
|--|--------------------------|--|
| *This form can be be Authenticated for submission by email by entering your name and email address and sending the form as an attachment from an email address which clearly identifies you. | Signed / Authenticated*  |  |
|  | Date                     |  |
|  | Name (BLOCK LETTERS)     |  |
|  | Relationship to Creditor |  |

**Creditor's Election to Opt Out - Revocation**

|                             |         |  |     |              |
|-----------------------------|---------|--|-----|--------------|
| Insert court or Proceedings | In the: | High Court of Justice, Chancery Division, Manchester District Registry | No: | 3078 of 2017 |
|-----------------------------|---------|--|-----|--------------|

|                  |                |  |
|------------------|----------------|--|
| Insert full name | Re:            | THE ROLLER RINK COMPANY LIMITED (ADMINISTRATION) |
|                  | Previous Name: | n/a  |
|                  | Registered No: | 07006483   |

|                    |   |
|--------------------|---|
| Address of Company | Unit 2 Eckersley Mill, Swan Meadow Road, Wigan, WN3 5BD and Victoria Mill, Bolton Road, Atherton, M46 9JQ |
|--------------------|---|

|  |        |  |
|--|--------|--|
| b) Insert full name and address of creditor making the request | I, (a) |  |
|--|--------|--|

a creditor of the above Company, REVOKE my election to opt out elect to opt out of receiving documents.

|  |     |  |
|--|-----|--|
| c) Insert name and address of office holder to whom you will deliver this notice | (b) | MARK COLMAN AND JOHN TITLEY OF LEONARD CURTIS, 20 ROUNDHOUSE COURT, SOUTH RINGS BUSINESS PARK, BAMBER BRIDGE, PRESTON, PR5 6DA |
|--|-----|--|

|  |                          |  |
|--|--------------------------|--|
| *This form can be be Authenticated for submission by email by entering your name and email address and sending the form as an attachment from an email address which clearly identifies you. | Signed / Authenticated*  |  |
|  | Date                     |  |
|  | Name (BLOCK LETTERS)     |  |
|  | Relationship to Creditor |  |

Insolvency (England and Wales) Rules 2016 Rule 1.50

Notice of General Use of Website to Deliver Documents

|         |  |     |              |
|---------|--|-----|--------------|
| In the: | High Court of Justice, Chancery Division, Manchester,<br>District Registry | No: | 3078 of 2017 |
|---------|--|-----|--------------|

|                |   |
|----------------|---|
| Re:            | THE ROLLER RINK COMPANY LIMITED (IN ADMINISTRATION) |
| Previous Name: | N/A   |
| Registered No: | 07006483  |

|                    |  |
|--------------------|--|
| Address of Company | Unit 2 Eckersley Mill, Swan Meadow Road, Wigan, WN3 5BD<br>And Victoria Mill, Bolton Road, Atherton, M46 9JQ |
|--------------------|--|

**NOTICE IS HEREBY GIVEN THAT** Mark Colman and John Titley intend to deliver all future documents in this case (other than those listed below) to a website. The documents will be made available for viewing and downloading to the website without any further notice to you. The details of the website are:

Address of website: <https://leonardcurtis.insolvencydata.co.uk> ("the Website")

Password / KeyCode: **EUNB83FC**

The Joint Administrators are not obliged to deliver any documents to you (other than those listed below) unless they are requested to do so by you. You may, at any time, request a hard copy of any or all of the following:

- All documents currently available for viewing on the Website;
- All future documents which may be made available on the Website

Such requests should be made to the Joint Administrators at:

Telephone number: 01772 646180  
Email address: [alnur.miah@leonardcurtis.co.uk](mailto:alnur.miah@leonardcurtis.co.uk)  
Postal address: Leonard Curtis, 20 Roundhouse Court, South Rings Business Park,  
Bamber Bridge, Preston, PR5 6DA

This Notice does not apply to the delivery of the following documents:

- A document for which personal delivery is required;
- A notice under Rule 14.29 of the Insolvency (England and Wales) Rules 2016 of an intention to declare a dividend; and
- A document which is not delivered generally

All documents and information made available via the website will remain on the website for at least two months after the conclusion of the Administration.

Dated – 13 November 2017

Signed

  
MARK COLMAN – JOINT ADMINISTRATOR

**INFORMATION IN RELATION TO THE PRE-PACKAGED SALE OF THE BUSINESS AND ASSETS IN  
ACCORDANCE WITH THE PROVISIONS OF STATEMENT OF INSOLVENCY PRACTICE 16**

**THE ROLLER RINK COMPANY LIMITED ("the Company")  
(IN ADMINISTRATION)  
HIGH COURT OF JUSTICE, CHANCERY DIVISION, MANCHESTER DISTRICT REGISTRY  
COURT NUMBER – 3078 OF 2017**

**INFORMATION REGARDING THE PRE-PACKAGED SALE OF THE BUSINESS AND ASSETS OF  
THE ROLLER RINK COMPANY LIMITED**

Set out below is further information containing a summary of the circumstances relevant to the pre-packaged sale of the Company's business and assets to GDP(NW) Limited (CRN – 11002326) ("the Purchaser") in accordance with Statement of Insolvency Practice 16 ("SIP 16"). The Purchaser is a connected party, pursuant to sections 249 and 435 of the Insolvency Act 1986, by way of common directors and shareholders, Dawn Holding, Gary Holding and Peter Fairhurst.

**1 INITIAL INTRODUCTION**

- 1.1 Leonard Curtis Recovery Limited ("LCR") were initially approached by Emma Thacker of FPS Chartered Accountants ("FPS"), the Company's accountant, on behalf of the Company concerning the Company's financial position. On 20 September 2017, LCR met with the directors of the Company to discuss the Company's financial position, LCR were verbally engaged by the Company on the same day.
- 1.2 Mark Colman and John Titley of LCR considered carefully the five fundamental principles contained within the Insolvency Practitioners Association Code of Ethics and Statement of Insolvency Practice 1 and concluded that no threat to the same existed and that they were able to take the appointment as Joint Administrators.
- 1.3 We do not believe that there are any significant personal or professional relationships between the Company or its directors and Leonard Curtis, and we confirm that we carried out the appropriate conflict review prior to accepting the appointment.

**2 PRE-APPOINTMENT CONSIDERATIONS**

**The extent of the Administrators' involvement prior to the appointment and the Role of the Insolvency Practitioner ("IP")**

- 2.1 Following receipt of verbal instructions from the director of the Company on 20 September 2017, we wrote formally to the directors of the Company on 24 October 2017 informing them that our role before any formal appointment would involve providing the following services:
  - i) advising them on which insolvency process would be most appropriate for the Company;
  - ii) dealing with all formalities relating to the appointment of Administrators including giving appropriate notification of the intention to make such appointment to secured creditors and other parties entitled to receive notice;
  - iii) preparing any report(s) necessary and attending Court hearings if appropriate;
  - iv) advising them on the financial control and supervision of the business between the date of our engagement and the date of the appointment of Administrators;

- v) advising them on whether an early sale of the Company's business and trading assets would be likely to be in the interests of creditors.

- 2.2 We made it clear that these services were to be given for the benefit of the creditors of the Company and that our role was not to advise the directors in their personal capacity. We recommended that they seek their own independent advice if they were uncertain on any matter, particularly if they had expressed, or were likely to express, an interest in purchasing the Company's business and trading assets. We also wrote to all interested parties who we believed to be connected to the Company advising them of the IP's obligations under Statement of Insolvency Practice 16 ("SIP 16") regarding the marketing of the business and assets of the Company and of their ability to make a submission, or submissions, to the Pre-Pack Pool. Letters to this effect were sent to all directors on 24 October 2017.
- 2.3 Finally, we explained that initially an IP acts as professional adviser to the Company with responsibilities only to it and its directors. At this stage of the process the IP will assist the directors in making the right decision about what is the correct option for them to pursue in the best interests of creditors having regard to the Company's circumstances. In this case, we advised the directors that the Company was insolvent and that immediate steps be taken to place it into Administration.
- 2.4 Once the Company has been placed into Administration, the IP becomes Administrator with different functions and responsibilities. The Administrator is obliged to perform his functions and responsibilities in the interests of the Company's creditors as a whole and, where the objective of the Administration is to realise property in order to make a distribution to secured or preferential creditors, he has a duty not to unnecessarily harm the interests of creditors as a whole.

### **3 EVENTS LEADING TO ADMINISTRATION**

- 3.1 The Company was incorporated on 2 September 2009. The current directors are Gary Holding and Dawn Holding and Peter Fairhurst, all of which were appointed on inception. The principle shareholders are Dawn Holding and Peter Fairhurst who hold 33 Ordinary £1 Shares each and Gary Holding who holds the remaining 34 Ordinary £1 Shares.
- 3.2 The Company's registered office is 233 Wigan Road, Ashton-in-Makerfield, Wigan, WN4 9SL. Following their appointment, the Joint Administrators have requested that the registered office of the Company be changed to 20 Roundhouse Court, South Rings Business Park, Bamber Bridge, Preston, PR5 6DA.
- 3.3 The Company initially traded from Wigan. The trading address in Wigan was Unit 2 Eckersley Mill, Swan Meadow Road, Wigan, WN3 5BD from which they trade as Wigan Roller Rink. The Company expanded in 2012 and opened up a trading site at Atherton. The trading address in Atherton was Victoria Mill, Bolton Road, Atherton, M46 9JQ from which they trade as Atherton Roller Rink. A formal lease was in place for the address in Wigan. There was no formal lease in place the address in Atherton. The Company operated with 42 members of staff.

- 3.4 The Company's trading results for the years ended 30 September 2016, 2015 and 2014 are detailed below:

|  | Year Ended 30<br>September<br>2016<br>£ | Year Ended<br>30 September<br>2015<br>£ | Year Ended<br>30 September<br>2014<br>£ |
|--|---|---|---|
| <b>Turnover</b>                                      | 626,929                                 | 688,592                                 | 644,550                                 |
| Cost of sales  | (111,774)                               | (122,376)                               | (114,634)                               |
| <b>Gross Profit</b>                                  | 515,155                                 | 566,216                                 | 529,916                                 |
| Administrative Expenses                              | (542,421)                               | (533,475)                               | (532,197)                               |
| <b>Operating Profit</b>                              | (27,266)                                | 32,741                                  | (2,281)                                 |
| Interest Receivable                                  | -                                       | 30                                      | -                                       |
|  | (27,266)                                | 32,771                                  | (2,281)                                 |
| Interest Payable                                     | -                                       | -                                       | -                                       |
| <b>Profit on ordinary activities before taxation</b> | (27,266)                                | 32,771                                  | (2,281)                                 |
| Tax on ordinary activities                           | -                                       | (5,589)                                 | (28)                                    |
| <b>Profit for the Financial Year</b>                 | (27,266)                                | 27,182                                  | (2,309)                                 |
| Profit and Loss Reserves b/fwd                       | (52)                                    | 766                                     | 45,075                                  |
|  | (27,318)                                | 27,948                                  | 42,766                                  |
| Dividends  | -                                       | (28,000)                                | (42,000)                                |
| <b>Profit and Loss Reserves c/fd</b>                 | (27,318)                                | (52)                                    | 766                                     |

- 3.5 The balance sheets for the Company as at 30 September 2016, 2015 and 2014 are detailed below:

|  | As at<br>30<br>September<br>2016<br>£ | As at<br>30<br>September<br>2015<br>£ | As at<br>30<br>September<br>2014<br>£ |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>Fixed Assets</b>                    |                                       |                                       |                                       |
| Tangible Assets                        | 66,208                                | 72,038                                | 77,956                                |
| <b>Current Assets</b>                  |                                       |                                       |                                       |
| Stocks                                 | 3,424                                 | 3,424                                 | 4,000                                 |
| Debtors                                | 43,316                                | 19,431                                | 10,181                                |
| Cash at Bank and in Hand               | Nil                                   | 555                                   | 20,675                                |
|  | 46,740                                | 23,410                                | 34,856                                |
| Creditors: Amounts due within One Year | (140,166)                             | (95,400)                              | (111,946)                             |
| <b>Net Current Liabilities</b>         | (93,426)                              | (71,990)                              | (77,090)                              |
| <b>Net Assets / (Liabilities)</b>      | (27,218)                              | 48                                    | 866                                   |
| <b>Capital and Reserves</b>            |                                       |                                       |                                       |
| Called up share capital                | 100                                   | 100                                   | 100                                   |
| Profit and Loss account                | (27,318)                              | (52)                                  | 766                                   |
|  | (27,218)                              | 48                                    | 866                                   |

- 3.6 The Company has no registered charges.

- 3.7 The Company commenced trading immediately upon incorporation. The Company provided facilities for roller skating including roller skating lessons. The Company also acted as an entertainment leisure venue and provided corporate catering for parties. The venue at Atherton also catered for roller hockey exhibitions. The venue at Wigan also sold skates and hockey equipment.



- 3.8 The Company's busiest period for trade was between October and February when it would hold successful events during the holiday and festive periods. Business would then tend to slow down during the remainder of the year.
- 3.9 The Company suffered various cash flow problems in the period leading up to the Administration of the Company. The Company was subject to significantly increased employment costs with the minimum wages having risen by £1 per hour since 2015 and the introduction of auto-enrolment pension contributions by the Company. Due to these cash flow problems, the Company started to fall into arrears with its creditors, including HMRC. In June 2017, the Company received a demand in respect to Corporation Tax for the financial year ended 30 September 2016. In addition to corporation tax, the Company had also fallen into arrears with HMRC in respect to PAYE/NIC and VAT.
- 3.10 In an attempt to rectify the Company's position, the directors employed a business consultant to advise on the management of the Company and to seek advice on how to increase profitability. As a result of the advice received from the business consultant, the Company reduced the number of hours worked by staff and operated with skeleton staff and maintained tighter controls on the Company outgoings.
- 3.11 The Company entered into a time to pay arrangement with HMRC; however, the Company cash flow was unable to support both ongoing liabilities to HMRC and the monthly repayments of the historic HMRC liabilities.
- 3.12 The directors further advised that the reduction in attendance for events held by the Company, along with the failure to make full use of the facilities available to the Company, were causes of the Company's financial problems.
- 3.13 On 31 August 2017 HMRC issued an enforcement action to take control of a proportion of the Company's goods after entering the premises at Wigan. HMRC enforced this action on a number of items including 400 roller skates which are essential for the business.
- 3.14 The assets which HMRC enforced action over were left at the premises and the Company was able to continue the business using these assets. HMRC sent a further notice advising the directors that they would uplift the assets on 8 November 2017 should they not receive payment for monies owed to them.
- 3.15 Following a further meeting between LCR and the Company's directors on Friday 6 October 2017, it was deemed that the Company was insolvent and steps should be taken to place the Company into Administration.
- 3.16 On 8 November 2017, a Notice of Appointment of Administrators was sworn by the Directors of the Company in accordance with Schedule B1 of the Insolvency Act 1986 and filed in the High Court of Justice, Chancery Division, Manchester District Registry.

#### **Alternative courses of action considered by the Administrator**

- 3.17 The following courses of alternative action were considered with management prior to our appointment and the pre-packaged sale:

(i) **Company Voluntary Arrangement ("CVA")**

This was unlikely to be a viable option for the Company, as there was currently no immediate source of funding available to enable a CVA to be proposed to creditors.

The directors advised that they were unable to introduce any additional funds to assist with working capital with the Company in its current financial state.

The Company was subject to significant creditor pressure, it was therefore unlikely that sufficient creditors would be willing to support a CVA. On 31 August 2017, HMRC issued enforcement action against the Company. HMRC advised the longstop date for distraint would be 8 November 2017.

The Company also had no funds to enable continued trading with only limited stock ranges, making ongoing installations/sales difficult.

**(ii) Distressed sale of the business and assets as a going concern by management**

As detailed above, there was no immediate source of funding available to enable the Company to continue to trade in order to allow for a sufficient marketing period to find a purchaser should the management have looked to sell the business and remaining assets as part of a distressed sale. Due to the level of debt due from the Company, the ongoing enforcement action from HMRC and the cash flow difficulties it is unlikely that a sale of this kind would have been achievable in this instance.

**(iii) Administrative Receiver**

There is no creditor holding a floating charge created prior to the introduction of the Enterprise Act 2002 that would enable them to appoint an Administrative Receiver.

**(iv) Liquidation**

Liquidation is generally an option where the business has no future and the Company would look to cease to trade. The Company could have allowed a creditor to petition to wind up the Company, or placed the Company into voluntary liquidation.

In the event that the Company had been wound up, trading would have ceased and the Company's employees would have been made redundant. A duly appointed Liquidator would have then taken steps to recover any tangible assets held by the Company and these would likely be sold by auction at a forced sale value.

Should the Company be placed into liquidation, the break-up value of the Company's assets would be minimal, compared with what might be achieved in a more orderly context.

Based upon the information available, it was considered that the liquidation process would not have been the best option available in this instance as it was considered that the business had ongoing viability.

Cessation of the business would have negatively impacted on the realisable value of any goodwill attributable to the business.

Furthermore, this course of action would have also failed to provide immediate protection to the Company.

**(v) Administration**

An administration is a formal insolvency process and is used to maximise value of the Company assets and to facilitate a transfer of the trade/business. Administration is generally a process to 'restructure' a business, which has suffered from, say, an unexpected bad debt or has encountered a period of trading losses which can be rectified.

The directors or the Company itself could appoint an Administrator. The objectives of Administration are as follows:

- 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 be wound-up (without first being in Administration), or
- c) Realising property to make a distribution to one or more secured or preferential creditors.

Dealing with each:

- a) It will not be reasonably practicable to achieve this objective unless external funds are introduced to provide working capital to fund trading and to finance a CVA. The directors have advised that they are unable to obtain the funding required to support the Company in its current form. Furthermore, given the imminent threat of creditor action, it would appear that this is no longer a viable option in this instance.
- b) Based on the information currently available, Administration appeared to be the most appropriate option for the Company as it provides the best prospect of achieving the best outcome for creditors as a whole.

In this instance, it is our opinion that a pre-packaged sale of the Company's business and assets represents the best way to achieve the objective of the Administration and has achieved maximised realisations for the following reasons:

- Protect the business and assets;
  - Preserve the goodwill of the business and allow for an increased realisation for the goodwill; and
  - Preserve the employment of the Company's 42 employees, mitigating significant creditor claims.
- c) In this case, the Company has no secured creditors and the Joint Administrators do not anticipate there to be any claims holding preferential status.

#### **Sale of Assets by the Administrators after a period of marketing**

We considered that there was a reasonable prospect of achieving a better result for the Company's creditors as a whole than would be likely if the Company be wound-up (without first being in Administration), as it is anticipated that there would be:

- A realisation for goodwill; and
- Mitigation of employee related costs due to the transfer of staff

A pre-packaged administration was considered to be likely to achieve the objective of the administration for the following reasons:

- Preserve the goodwill of the business and allow for an increased realisation for the goodwill; and
- Preservation of employment of staff. All of the Company's 42 employees would be transferred to the Purchaser under the relevant TUPE regulations, resulting in the mitigation of significant employee claims; and

The Administration has prevented creditor action being taken against the Company enabling a going concern sale of the business and assets to be effected. It was agreed that an accelerated sale was needed

for continuation of the business due to lack of funding available for continued trading and the imminent threat of enforcement action by HMRC.

When taking into account the proposed pre-packaged sale, Auctus Limited t/a Cerberus Asset Management ('Cerberus') had advised that a protracted marketing campaign would not be appropriate as the costs of such a marketing exercise were anticipated to be disproportionate in comparison to the value of the business and assets.

Prior to the Joint Administrators' appointment on 8 November 2017, Cerberus circulated a sales memo to its database of known parties operating within the same sector.

This marketing resulted in no unconnected party interest and as such, no formal offers were received, other than the offer from the existing management.

Accordingly, and when taking into account the costs of running a protracted marketing campaign, Cerberus advised that further marketing was not likely to generate any additional interest and it would only serve to increase costs and therefore reduce the net asset realisations which would be detrimental to creditors.

Cerberus advised that a quick sale was imperative to protect the value of the intangible assets as a break in trading would have resulted in a loss of value of the goodwill.

Furthermore, this course of action would have also failed to provide immediate protection to the Company.

#### **Whether efforts were made to consult with major creditors and the outcome of any consultations**

- 3.18 Following their engagement, LCR were instructed by the Company to assist with negotiating an agreement with HMRC in respect of the enforcement action against the Company's assets. The Company had previously entered a time to pay arrangement with HMRC which the Company was unable to satisfy due to cash flow issues. LCR attempted to negotiate with HMRC however HMRC advised no further arrangements could be made due to the Company's previous failure to adhere to the time to pay arrangement. HMRC did however allow an initial period to review the Company's position and an extension to 8 November 2017 to place the Company into formal insolvency.

#### **Why it was not appropriate to trade the business, and offer it for sale as a going concern, during the Administration**

- 3.19 Trading the business in administration followed by a sale of the business was considered, although this was not considered to be the optimal process for following reasons:
- The continuing support of management staff, and the receipt of funding to pay wages and salaries in a trading period is uncertain;
  - Customers are likely to become apprehensive and cautious regarding continuation of service in an uncertain trading period;
  - On-going trading with no guarantee of a purchaser being found could have a significant adverse impact on the position of creditors; and
  - Trading the business would result in increased professional costs in addition to overheads associated with trading. These costs would be paid as an expense of the administration. The proposed Administrators do not consider that trading the Company would result in realisations sufficient to outweigh the costs associated with trading.

#### **Details of requests made to potential funders to fund working capital requirements**

- 3.20 It is understood that further funding was explored by the directors and shareholders of the Company prior to taking advice from Leonard Curtis regarding the Company's financial position. However, the directors advised that there was no viable options available to the Company in its current financial position given the level of funding required to discharge the level of debt due to HMRC.

#### **Details of registered charges and dates of creation**

- 3.21 There are no charges registered against the Company.

#### **Details of any acquisition of business assets from an insolvency practitioner**

- 3.22 We confirm that the business, or business assets, of the Company were not acquired from an insolvency practitioner within the 24 months prior to our appointment.

### **4 MARKETING OF THE BUSINESS AND ASSETS**

- 4.1 We confirm that in our opinion we consider that the marketing undertaken conformed with the marketing essentials set out in the Appendix to SIP16.
- 4.2 On 20 September 2017, the proposed Joint Administrators verbally instructed their agent, Cerberus Asset Management ("Cerberus") to value the Company's tangible assets and provide a marketing strategy. A formal engagement letter was forwarded to Cerberus on 24 October 2017. On 18 October 2017 the proposed Joint Administrators instructed the Company's accountant, FPS, to value the goodwill of the Company.
- 4.3 On 12 October 2017, Cerberus commenced marketing via a marketing flyer which was uploaded to Cerberus website for which Cerberus have advised receives a significant volume of traffic. Any interested parties were requested to express any interest no later than 16:00 on Friday 20 October 2017.
- 4.4 When taking into account the proposed pre-packaged sale, Cerberus advised that a protracted marketing campaign would not be appropriate as the costs of such a marketing exercise were anticipated to be disproportionate in comparison to the value of the business and assets.
- 4.5 Cerberus were unable to attract any unconnected party interest in the business. Cerberus advised this is primarily due to the lack of tangible assets associated with the business with the largest proportion of the value being associated with the goodwill. Cerberus also advised, any unconnected third party would likely want to undertake a thorough safety review of the Company's roller skate stock and therefore this would likely be factored in to any offer for the Company's assets.
- 4.6 On 20 October 2017, an offer of £25,000 was received from GDP(NW) Limited (CRN: 11002326) ("the Purchaser") to purchase the business and assets of the Company. The Purchaser is a connected company by way of common directors and shareholders, Dawn Holding, Gary Holding and Peter Fairhurst. In addition to the offer received, the Purchaser advised that they intend to transfer the Company's 42 employees under relevant TUPE regulations, mitigating significant creditor claims. The Purchaser also advised that they would provide continued service to all existing customer agreements held by the Company. Negotiations with the Purchaser began on 20 October 2017, on receipt of their offer.
- 4.7 As detailed above at paragraph 3.16, the proposed Administrators considered trading the business in administration whilst seeking a buyer was not feasible in this instance.

- 4.8 Cerberus advised no further offers were received in this instance. On 25 October 2017, Cerberus advised that they would recommend acceptance of the offer received from the Purchaser and on the same day formally recommended acceptance of the offer received from the Purchaser.
- 4.9 As detailed above, the Company operated from leasehold premises' and as such, the Purchaser will need to negotiate the novation of the leases. A licence to occupy the premises situated in Wigan has been granted by the Joint Administrators for the transition period to allow such negotiations to take place. A licence to occupy will not need to be granted in respect of the premises in Atherton as the Company was in occupation on an informal basis. The licence fee is £2,229.17 plus VAT per month, which relates to the equivalent of the rent payable to the landlord of the premises at Wigan each month.
- 4.10 Negotiations commenced immediately following the marketing period deadline for offers.

## 5 VALUATION OF THE BUSINESS AND ASSETS

### Details of valuers/advisors

- 5.1 As detailed above at paragraph 4.2, Cerberus were instructed to provide a valuation of the Company's tangible assets. The valuation was carried out by Matthew Parker BSc (Est. Man) MRICS, a RICS Registered Valuer. Matthew Parker has confirmed that he is suitably experienced to carry out valuations of this kind. Cerberus attended the Company's trading premises' on 25 September 2017.
- 5.2 FPS, the Company's accountant, were instructed to value the Company's goodwill. The valuation was carried out by Emma Thacker, chartered accountant.
- 5.3 Cerberus and FPS confirmed verbally that they act independently and have no material interest in the business or any of the assets that are the subject matter of our investigation, advice or recommendation. Cerberus and FPS have also confirmed that they have the requisite professional indemnity insurance to provide advice as per our engagement. Although previously confirmed verbally, Cerberus sent formal confirmation on 26 September 2017.

### The valuations obtained of the business or the underlying assets

- 5.4 Valuations obtained from Cerberus are detailed below

| Category of asset<br>(cover all assets in last bal sheet) | Note | Book<br>value<br>£ | High<br>value<br>£ | Low<br>value<br>£ | Value<br>achieved<br>£ |
|---|------|--------------------|--------------------|-------------------|------------------------|
| <b>Assets not specifically pledged</b>                    |      |                    |                    |                   |                        |
| Goodwill  | 1    | -                  | 14,500             | Nil               | 14,500                 |
| Office and IT Equipment                                   | 2    | -                  | 380                | 100               | 400                    |
| Machinery and Equipment                                   | 3    | 38,602             | 7,005              | 2,035             | 7,000                  |
| Hire Fleet  | 4    | 977                | 2,500              | 240               | 2,500                  |
| Stock   | 5    | 3,424              | 600                | 60                | 600                    |
| Land and Buildings  | 6    | 26,629             | Nil                | Nil               | -                      |
| Debtors   | 7    | 43,316             | Nil                | Nil               | -                      |
| <b>TOTAL</b>  |      | <b>112,948</b>     | <b>24,985</b>      | <b>2,435</b>      | <b>25,000</b>          |

**A summary of the basis of valuation adopted and an explanation of the sale of the assets compared to those valuations**

**Book value** – the book value of the Company's assets are as at 30 September 2016, as extracted from the Company's balance sheet. Cerberus have advised that the book value of the Company's physical assets has been assessed in accordance with the current RICS definition and are representative of reinstatement value.

**High value** – The valuation of the assets in situ makes the following additional assumptions:

- That any purchaser of the assets will enjoy continued occupation of the premises;
- That all assets will be retained in-situ and with the benefit of all necessary power supplies and any other services; and
- That any assets, owned by third parties, but integral parts of the production process, are available for the purchaser to buy from the third parties.

**Low value** – Cerberus have advised that market value ex-situ is intended to reflect the amount which would be achieved if all assets were offered for sale by means of a properly marketed private treaty sale for the major, more specialised items together with a properly promoted piecemeal public online auction sale for the remaining assets. In the event of any of the principal assets being withdrawn or otherwise being unavailable for sale the overall attraction of the sale would be diminished and the price achieved for the remaining items reduced.

**Value achieved** – The value realised for the business and assets.

## **1 Goodwill**

No value was assigned to the goodwill in the Company's accounts.

FPS were instructed to value the Company's goodwill. FPS based the valuation on an average of the last four years profits using a multiple of 1 to allow for the downturn in trade. FPS are of the opinion that the Company's goodwill is valued between nil and £14,500. It was advised that should the business cease to trade, the overall value of the goodwill would be nil.

## **2 Office and IT Equipment**

No value was assigned to the Company's office and IT Equipment in the Company's balance sheet as at 30 September 2016. Cerberus have advised that the Company's office and IT equipment related to general office goods such as furniture and computers. It is understood that a number of these equipment are old and broken, therefore Cerberus attributed a high value of £380 and a low value of £100 to the Company's office and IT equipment.

## **3 Machinery and Equipment**

The book value of the Company's machinery and equipment has been extracted from the Company's balance sheet as at 30 September 2016. The Company had a small amount of machinery and equipment at the two trading premises'. Cerberus have attributed a high and low value of £7,005 and £2,035, respectively to this category of asset.

## **4 Hire Fleet**

The book value of the Company's hire fleet has been extracted from the Company's balance sheet as at 30 September 2016. Cerberus have advised that the Company's hire fleet relates to used quads and inline skates the Company hired out to customers. It is understood that the majority of these skates had usual general wear and tear whereas the newer skates contain more plastics and synthetic material than

those historically produced. Therefore Cerberus attributed a high and low value of £2,500 and £240, respectively to this category of asset.

## **5 Stock**

The Company's stock relates to items needed for general every day trade such as snacks and drinks. Cerberus have attributed a high and low value of £600 and £60 respectively to the Company's stock.

## **6 Land and Buildings**

The book value of the Company's land and buildings has been extracted from the Company's balance sheet as at 30 September 2016. Cerberus have advised that the Company's land and buildings relates to leasehold improvements made to the Company's leasehold premises. Cerberus have confirmed that this asset will not be realisable.

## **7 Debtors**

The book value of the Company's debtors has been extracted from the Company's balance sheet as at 30 September 2016. The directors advised that as at the date of Administration no debtors remained due to the Company. The debtors were expressly excluded from the Asset Purchase Agreement and the duly appointed Joint Administrators will review the position following their appointment.

# **6 THE TRANSACTION**

- 6.1 The sale of the business and assets of the Company concluded on 8 November 2017 to the Purchaser immediately following the appointment of John Tittley and I as Joint Administrators of the Company.
- 6.2 The Purchaser is a connected party, pursuant to sections 249 and 435 of the Insolvency Act 1986, as the Company and the Purchaser share common directors are shareholders, Dawn Holding, Gary Holding and Peter Fairhurst.
- 6.3 The Company's business and assets have been sold to the Purchaser for the sum of £25,000. The sale consideration has been apportioned between any right, title and interest the Company has to the following:

| Category of asset       | Value<br>achieved<br>£ |
|-------------------------|------------------------|
| Goodwill                | 14,500                 |
| Office and IT Equipment | 400                    |
| Machinery and Equipment | 7,000                  |
| Hire Fleet              | 2,500                  |
| Stock                   | 600                    |
| <b>Total</b>            | <u>25,000</u>          |

- 6.4 The total sales consideration is £25,000 with the Purchaser initially paying £10,000 upon completion. The remaining £15,000 will be paid in five monthly instalments of £3,000 in the following five months after the date of completion.
- 6.5 The Company's employees will be transferred to the Purchaser under the relevant TUPE regulations. It should be noted that Leonard Curtis advised the Purchaser to obtain legal advice on this matter.
- 6.6 The Pre-Pack Pool has not been approached by the Purchaser in this instance.



- 6.7 Although requested in our letter dated 24 October 2017, the Purchaser did not prepare a viability statement stating how the purchasing entity will survive for at least 12 months from the date of the proposed purchase.
- 6.8 The sale is not part of a wider transaction. The contract of the sale does not include any options, buy-backs or similar conditions.
- 6.9 Such right, title and interest as the Company may have in the assets shall remain vested in the Company until the Purchaser has paid the consideration together with all sums due under the Sale and Purchase Agreement ("SPA") in full as per the terms of the SPA.
- 6.10 The Purchaser's directors have provided a personal guarantee in respect of the deferred consideration.
- 6.11 There are no conditions included within the SPA that could materially affect the consideration. There are no conditions of the contract that would materially affect the consideration.
- 6.12 The directors, Gary Holding, Dawn Holding and Peter Fairhurst are involved in the management and ownership of the Purchaser.
- 6.13 The Joint Administrators are not aware of any guarantees given by the directors to a prior financier of the Company or where such financier is financing the new business.

## **7 STATUTORY PURPOSE OF ADMINISTRATION**

- 7.1 The Joint Administrators must perform their functions with the objective of:
- (a) Rescuing the Company as a going concern, or (if this cannot be achieved)
  - (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 (if (a) and (b) cannot be achieved)
  - (c) Realising property in order to make a distribution to one or more secured or preferential creditors.
- 7.2 As mentioned previously, we are obliged to perform our functions in the interests of the Company's creditors as a whole and, where the objective of the Administration is to realise property in order to make a distribution to secured or preferential creditors, we have a duty not to unnecessarily harm the interests of the creditors as a whole.
- 7.3 The pre-packaged sale of the Company's business and assets is likely to improve recoverability of the Company's goodwill, than it would have been likely if the Company were to be wound up (without first being in Administration). Furthermore, as part of the sale, the Company's employees have been transferred to the Purchaser under relevant TUPE regulations, mitigating significant creditor claims. As such, it is our opinion that a pre-packaged sale of the Company's business and assets represented the best way to achieve the objective of the Administration and will likely achieve maximised realisations for creditors as a whole.
- 7.4 We confirm that, in our opinion, the transaction will enable the statutory purpose to be achieved and that the sale price achieved was the best reasonably obtainable in all the circumstances. The second objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration). In the opinion of the proposed Joint Administrators, this objective is likely to be achieved as there is a reasonable prospect of a dividend being available to unsecured creditors which may not have been the case if the Company had been wound up without first being in administration. At this stage the Joint Administrators are unable to confirm the quantum and timing of the dividend to the unsecured creditors.

- 7.5 The third objective is to realise property in order to make a distribution to secured or preferential creditors. As detailed previously, the Company has no secured creditors and the proposed Joint Administrators do not anticipate there to be any claims holding preferential status.