

AM03

Notice of administrator's proposals



Companies House

FRIDAY



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20/09/2019

#187

COMPANIES HOUSE

1 Company details

Company number 0 7 1 5 9 8 0 5

Company name in full Enmodus Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Paul

Surname Wood

3 Administrator's address

Building name/number St James Court

Street St James Parade

Post town Bristol

County/Region

Postcode B S 1 3 L H

Country

4 Administrator's name ①

Full forename(s) Simon Robert

Surname Haskew

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ①

Building name/number St James Court

Street St James Parade

Post town Bristol

County/Region

Postcode B S 1 3 L H

Country

① Other administrator


Use this section to tell us about
another administrator.

AM03
Notice of Administrator's Proposals

6 Statement of proposals

☒ I attach a copy of the statement of proposals

7 Sign and date

Administrator's Signature	Signature ✕  ✕																	
Signature date	<table><tr><td>^d</td><td>^d</td><td>^m</td><td>^m</td><td>^y</td><td>^y</td><td>^y</td><td>^y</td></tr><tr><td>1</td><td>8</td><td>0</td><td>9</td><td>2</td><td>0</td><td>1</td><td>9</td></tr></table>	^d	^d	^m	^m	^y	^y	^y	^y	1	8	0	9	2	0	1	9	
^d	^d	^m	^m	^y	^y	^y	^y											
1	8	0	9	2	0	1	9											

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

Clive Hobbs

Company name

Begbies Traynor (Central) LLP

Address

St James Court

St James Parade

Post town

Bristol

County/Region

Postcode

B S 1 3 L H

Country

DX

bristol@begbies-traynor.com

Telephone

0117 937 7130



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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

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

Enmodus Limited (In Administration)

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

Important Notice

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

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Enmodus Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 1 August 2019
"the administrators", "we", "our", "us"	Paul Wood of Begbies Traynor (Central) LLP, St James Court, St James Parade, Bristol, BS1 3LH and Simon Robert Haskew of Begbies Traynor (Central) LLP, St James Court, St James Parade, Bristol, BS1 3LH
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. STATUTORY INFORMATION

Name of Company Enmodus Limited
Trading name(s): enModus
Date of Incorporation: 17 February 2010
Company registered number: 07159805
Company registered office: St James Court, St James Parade, Bristol, BS1 3LH
Former registered office: Cas Gwent Chambers, Welsh Street, Chepstow, Gwent, Wales, NP16 5XG
Trading address: Cas Gwent Chambers, Welsh Street, Chepstow, NP16 5XG
Principal business activities: Smart Building Solutions

Directors and details of shares held in the Company (if any):

Name	Shareholding
Andrew James Heaton	1,000,000 ordinary
Richard Thomas Anstey Hadden	None
John Machin Spear	87,000 ordinary
Roy Barry Bedlow – resigned 05/02/2019	None
Peter George Harverson – resigned 31/03/2018	None

Company Secretary and details of the shares held in Company (if any):

Name:	Shareholding
Peter Heller	26,000

Auditors: Bevan & Buckland
 Langdon House, Langdon Road, SA1 Swansea Waterfront, Swansea, SA1 8QY

Share capital: See table below:

Shareholders:

Shareholder	Ordinary	A Ordinary	Preferred Ordinary	Total Shares
Mr Andrew James Heaton	1,000,000	0	0	1,000,000
Mr John Spear	87,000	0	0	87,000
Mr Peter Heller	26,000	0	0	26,000
Mr Ian Watson	35,000	0	0	35,000
Mr Phillip Young	178,000	0	0	178,000
Ms Theresa Barry	71,429	332,000	0	403,429
Oxygen House Group Ltd	0	1,105,998	968,826	2,094,826
Breed Reply Investments Ltd	0	0	1,770,227	1,770,227
Intu Shopping Centres plc	0	0	857,143	857,143
Finance Wales Investments (3) Ltd	0	0	466,178	466,178
Finance Wales Investments (6) Ltd	0	0	1,378,503	1,378,503
Finance Wales Investments (14) Ltd	0	0	905,999	905,999
Fluxus Labs SARL	0	0	28,571	28,571
TOTAL	1,397,429	1,437,998	6,395,449	9,230,876

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	1 August 2019
Date of resignation:	Not Applicable
Court:	High Court of Justice, Business and Property Courts in Bristol, Insolvency and Companies List (CHD)
Court Case Number:	CR2019-BRS000130 of 2019
Person(s) making appointment / application:	the Directors
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EU Regulation on Insolvency Proceedings:	Regulation (EU) No 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

STATUTORY PURPOSE OF ADMINISTRATION

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

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

- (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."

4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

The Company was incorporated on 17 February 2010 to provide bespoke smart building solutions in order to turn customers' premises into an active part of its business by improving the efficiency of buildings, operations and people. The Company provided 'Smart Lighting', 'Smart Energy Metering' and 'Smart Building Space' solutions, offering enterprise-grade hardware and software with best in class performance.

The Director met with Begbies Traynor (Central) LLP on 15 July 2019 to discuss the Company's options. Following this review it was concluded at a board meeting that Administration would be the best possible outcome for creditors. The Company consequently ceased trading on 19 July 2019 and all employees were made redundant.

A Notice of Intention to Appoint Administrators was lodged at Court on 19 July 2019 and was also sent to secured creditors, Intu Shopping Centres plc, Breed Reply Investments Limited and Second Law Stichting. Paul Wood and Simon Haskew were subsequently appointed Joint Administrators on 1 August 2019.

5. STATEMENT OF AFFAIRS

The directors have prepared a statement of affairs of the Company as at 1 August 2019 which is attached at Appendix 2. In accordance with the standard form of the statement of affairs, no provision has been made for the costs of the administration (including agents, legal and other professional fees) or for any subsequent liquidation or voluntary arrangement.

Our comments on the statement of affairs are also attached at Appendix 2.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 1 August 2019 to 18 September 2019.

Sale of the Business and Assets

We have received £30,000 from SBAAS Solutions Ltd in relation to the sale of the Company's business and assets as detailed at Appendix 4. This comprises £1 for the contracts, £1 for the customer list, £4,996 for the equipment and stock, £1 for the goodwill, £25,000 for the intellectual property rights and £1 for the records.

Cash at Bank

We have received the cash held in the Company's bank accounts as at the date of appointment, the amount received totals, £25,742.90.

Bank Interest

During the period of reporting, we have received .18p bank interest.

Work undertaken by the Administrators and their staff

Following our appointment, time has been charged to the case. A brief summary of actions taken since our appointment on 1 August 2019 are:

- Arranged immediate insurance cover over the Company's assets;
- Appointment notification consisting of statutory forms and letters;
- Communicated with the Company's creditors. We have also answered any questions which have been raised by the creditors;
- Complied with statutory requirements by notifying the Registrar of Companies and advertising the appointment of administrators' in the London Gazette;
- Case set-up and management actions, including the setting up of the insolvency website for the case documents, setting up electronic filing systems and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Notified the Company's former bankers and requested that the Company's accounts be closed and that the funds are to be transferred to the administration account;
- Opened a dedicated administration bank account;
- Liaised with our agents and solicitors in connection with the sale of the Company's business and assets;
- Marketed and agreed a sale of the Company's business and assets;
- Obtained such information as required from the Company and its officers, in order to report to the creditors, including their statement of affairs;
- Liaised with the landlord with regards the trading premises, together with the rental accommodation;
- Instructed ERA Solutions Limited to deal with pre-appointment claims from employees with regards their outstanding entitlements;
- Commenced preliminary investigations into the Company's affairs; and
- Preparation of these proposals.

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment (as detailed in the directors' statement of affairs) are as follows:

Secured creditors

The Company records show the amounts owing to the following in their capacity as secured creditors as listed below:

Intu Shopping Centres plc – Company records show c.£262,740 as being owed. They have fixed and floating charges registered at Companies House dated 7 January 2019, which covers all freehold and leasehold property. All intellectual property owned by the borrower, together with a floating charge which covers all the property or undertaking of the company.

Breed Reply Investments Limited – Company records show c.£365,575 as being owed. They have fixed and floating charges registered at Companies House dated 7 January 2019 which covers all freehold and leasehold property. All intellectual property owned by the borrower, together with a floating charge covering all the property or undertaking of the company.

Second Law Stitching - Company records show c.£93,317 as being owed. They have fixed and floating charges registered at Companies House dated 28 May 2019 which covers all freehold and leasehold

property. All intellectual property owned by the borrower, together with a floating charge covering all the property or undertaking of the Company.

Upon the sale of the business and assets to SBAAS Solutions Limited on 12 September 2019, the secured creditors released their claims in the Company. This effectively means that they have been settled in full by completing this deal.

Preferential creditors

Preferential claims of employees for arrears of wages, salary and holiday pay were estimated in the director's statement of affairs at £23,824; note that these figures have not been verified by the administrators.

Unsecured creditors

Claims of unsecured creditors were estimated at £332,087.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditor as follows:

Secured creditors

As discussed above, the secured creditors released their claims against the Company and as a result there are no known secured creditors of the Company.

Preferential creditors

We consider that there are likely to be sufficient funds to enable a distribution to be paid to preferential creditors; however, we cannot determine the quantum or timing at this stage.

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

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part of net property* if:

- ☐ the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

As discussed above, the secured creditors have released their claims. Therefore, to the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, Section 176A will not apply. Accordingly, no prescribed part of net property is available for distribution to the unsecured creditors.

Unsecured creditors

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

Effect of administration on limitation periods under the Limitation Act 1980

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

8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

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

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

In order to achieve the first purpose of an administration, the administrators must be able to rescue the Company as a going concern. However, this was not achievable as the Company had significant unsecured creditor liabilities and therefore, a restructuring of these creditors would have been required to meet the first objective of an administration. Based on the available financial information, there was insufficient value placed on the Company's assets in order to affect a restructuring of the Company's considerable debt and the administrators concluded that the first option was not possible to achieve.

We consider that this objective specified in sub-paragraph 3(1)(c) is more likely, as the sale of the chattel assets will enable us to make a distribution to the preferential creditors.

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisations of the Company's property. The principal matters to deal with in the administration are:

- Investigate the Company's affairs to establish any causes of action, and reporting on the conduct of the directors;
- Ensuring that any unresolved issues concerning the Company's affairs are concluded; and
- Obtaining the necessary clearances to conclude the administration.

Following these events, we propose to finalise distributions to the preferential creditors and subsequently move the Company to Dissolution.

Exit from Administration

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

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

Extending the administration

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude our investigation into the Company's affairs. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may, therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

Creditors' Voluntary Liquidation ("CVL")

However, in the event that circumstances change and we are of the opinion that a distribution will be made to the unsecured creditors of the Company, other than by virtue of the prescribed part, then the proposed exit route will be by CVL.

We have the power to make a distribution of the prescribed part to unsecured creditors in the administration but any other distribution to them requires the permission of court. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to deliver a notice of moving from administration to creditors' voluntary liquidation to the Registrar of Companies. Upon the registration of such notice our appointment as administrators shall cease to have effect and the Company will automatically be placed into liquidation. Paragraph 83(7) provides:

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

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

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

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

9. PRE-ADMINISTRATION COSTS

Advisory

In the period prior to the administration, we were engaged by the Company on 16 July 2019 to carry out advisory services in order to review the Company's current position, this included the background analysis, the impact of the key issues affecting the business, the options available to the Company and the benefits and drawbacks of each option available to the business. Our fees of £3,500 plus VAT for this project have been settled by the Company.

Pre Administration

In addition to the above, we also carried out work ("the Work") consisting of providing advice to the Company:

- Advised the directors with regards to obtaining agents valuations of the Company's assets;
- Provided advice to the directors on the conduct of the Company's affairs during the intervening period prior to the appointment of administrators;
- Provided guidance in relation to protecting the interests of creditors pending the appointment of administrators;
- Liaising with solicitors to prepare the sale and purchase agreement;
- Liaison with the Company's secured creditors; and
- Dealing with the procedural steps culminating with the appointment of administrators.

The Work was carried out before the Company entered administration, pursuant to our engagement letter dated 18 July 2019 ("the Agreement"). The Agreement provides for the payment of our fees and the discharge of expenses incurred by us (collectively referred to as "the pre-administration costs") in carrying out the Work.

The Work was carried out before the Company entered administration because it was necessary to review the Company's financial position and consider insolvency options available to it, before an insolvency process commenced. For these reasons we consider that the Work has furthered the achievement of the objective of administration being pursued, namely realising property in order to make a distribution to the preferential creditors.

The pre-administration costs are broken down as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	14,959.50	2,991.90	17,951.40
Legal costs	Osborne Clarke LLP	2,894.00	578.80	3,472.80
Agents costs	Eddisons Commercial Limited	908.30	181.66	1,089.96
TOTAL PRE-ADMINISTRATION COSTS		18,761.80	3,752.36	22,514.16

The pre-administration costs are unpaid and we are seeking that they be paid as an expense of the administration. Approval to discharge such costs ("the unpaid pre-administration costs") as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make

a determination, by seeking decisions of the preferential creditors. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, a Pre-Administration Time Costs Analysis and a pre-administration Time Costs Summary appear at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. They also provide an explanation of the work undertaken prior to our appointment.

10. REMUNERATION AND DISBURSEMENTS

Remuneration

We propose that the basis of our remuneration be fixed under Rule 18.16 of the Rules by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters as set out in the fees estimate as detailed in Appendix 3.

We consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors. In these circumstances, if there is no creditors' committee, or the committee does not make a determination, it is preferential creditors of the Company to determine the basis of our remuneration under Rule 18.18 of the Rules.

Appendix 3 sets out our firm's hourly charge out rates, our fees estimate and the time that we and our staff have spent in attending to matters arising in the administration since 1 August 2019.

Disbursements

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

Estimate of expenses

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

11. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

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

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

imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

Connected party transactions

In accordance with Statement of Insolvency Practice 13, please see Appendix 4 for information on the Company's assets sold to connected parties.

Deemed delivery

These proposals will be deemed to have been delivered on 20 September 2019.

Use of personal information

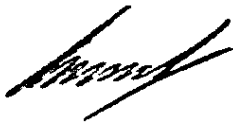
Please note that in the course of discharging our statutory duties as Joint Administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual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

12. CONCLUSION

As explained in Section 7 above, the Company has insufficient property to enable a distribution to be made to unsecured creditors.

In the circumstances, we are not required to seek a decision from the creditors on the approval of our proposals. However, creditors, whose debts amount to at least 10% of the total debts of the Company, may request that a decision is sought from the unsecured creditors as to whether to approve our proposals, via a qualifying decision procedure. Any such request must be delivered to our office in writing within 8 business days of 20 September 2019. If no such requests are received, our proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, we will write to you to confirm that is the position.

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



Paul Wood
Joint Administrator

Date: 18 September 2019

ACCOUNT OF RECEIPTS AND PAYMENTS

1 August 2019 to 18 September 2019

S of A £		£	£
	SECURED CREDITORS		
(365,575.00)	Breed Reply Investments Ltd	NIL	
(262,740.00)	Intu Shopping Centre	NIL	
(93,317.00)	Second Law Stitching	NIL	
			<u>NIL</u>
	ASSET REALISATIONS		
2,000.00	Equipment & Stock	4,996.00	
1,000.00	Chattels/Stock	NIL	
	Intellectual Property	25,000.00	
9,531.00	VAT Refund	NIL	
	Goodwill, Contracts, Customer Lists etc	4.00	
24,526.00	Cash at Bank	25,742.90	
	Bank Interest Gross	0.18	
			<u>55,743.08</u>
	PREFERENTIAL CREDITORS		
(23,824.00)	Employees re Arrears/Hol Pay	NIL	
			<u>NIL</u>
	UNSECURED CREDITORS		
(74,299.00)	Trade Creditors	NIL	
(227,781.00)	Employees	NIL	
(30,007.00)	HMRC (non VAT)	NIL	
			<u>NIL</u>
	DISTRIBUTIONS		
(1,397.43)	Ordinary Shareholders	NIL	
(1,437.99)	A Ordinary Shareholders	NIL	
(6,395.45)	Preferred Ordinary Shareholders	NIL	
			<u>NIL</u>
(1,049,716.87)			<u>55,743.08</u>
	REPRESENTED BY		
	Bank 1 Current		55,743.08
			<u>55,743.08</u>

DIRECTORS' STATEMENT OF AFFAIRS AS AT 1 AUGUST 2019

Insolvency Act 1986

Enmodus Limited

Estimated Statement Of Affairs as at 1 August 2019

	Book Value £	Estimated to Realise £	£
Breed Reply Investments Ltd	365,575		
Intu Shopping Centre	- 262,740		
Second Law Stitching	- 93,317		
deficiency c/d	- 721,632		
cash at bank	24,526	24,526	
Trade Debtors	14,813		
Office equipment	-	2,000	
VAT recoverable	9,531	9,531	
Stock	55,147	1,000	
ASSETS			<u>37,057</u>
LIABILITIES			
PREFERENTIAL CREDITO Employees re Arrears/Hol Pay			23,824
			<u>13,233</u>
DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003			
Deficiency b/d			<u>721,632</u>
			- 708,399
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			
			<u>708,399</u>
Estimated prescribed part of net property where applicable (to carry forward)			- 708,399
DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003			
			<u>708,399</u>
Estimated prescribed part of net property where applicable (brought down)			- 708,399
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Trade Creditors		74,289	
Employees		227,781	
HMRC (non VAT)		30,007	

		<u>332,087</u>
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F C's post 14 September 2003)		<u>1,040,486</u>
Issued and called up capital		
Ordinary Shareholders	1,397	
A Ordinary Shareholders	1,438	
Preferred Ordinary Shareholders	6,398	9,233
TOTAL SURPLUS/(DEFICIENCY)		<u>- 1,049,719</u>

CREDITORS	GBP		
Art Test Designs	318.00	Unit 1E, Millview Ind Est, West Ragborough, Tamilton, Somerset, TA6 3EW	
Armaton	37.10	1 Principa Place, Worship Street, London, EC2A 7JA	
Chuggin House Limited	12,960.00	Cruggin House, Grenadier Road, Exeter Business Park, Exeter, EX1 3QF	
Ask Technology Ltd	3,503.64	Unit 11, Griffin Way, West Ham Ind Est, Barkingdale Haris, RG22 6BY	
Beran Buckland	4,320.00	Langdon House, Langdon Road, Swansea, SA1 8DY	
Bre Gas	715.66	100 Paulson Drive, NORTHAMPTON NN1 9HB	
British Telecom	448.10	81 Payment Centre, Durham, DH9 8BT	
BSU	248.40	Accounts Receivable, PO Box 3000, Milton Keynes, MK1 9FL	
Church House Associates Ltd	1,879.75	Church House, Church Path, Splappen, Devon, TQ12 5RZ	
CPA Global Limited	5,479.27	Liberation House, Castle Street, St Helier Jersey, JE1 1B, Channel Islands	
CANILERS Limited	692.64	Dandlers Business Centre, Vincents Road, Cheltenham, Wiltshire, SN14 6NQ	
CHT	108.78	Southern Hub, Unit 1 Horton Road, Colbrook, Berkshire, SL1 0R	
Elvington and Fife	5,385.84	Thames Inn House, 3 4 Holborn Circus, London, EC1M 7JA	
Farnell	773.69	Canal Road, Leeds, LS12 2TU	
G-Tek	721.86	G-Tek House, Breckley Park Close, Sutton in Ashfield, Nottinghamshire	
John Spear	229.50	Beckford House, Leckhampton Lane, Cheltenham, GL51 4XP	
LodeStone Solutions Limited	2,400.00	Manor Farm Cottage, Church Lane, Pines Risborough, HP27 9AW	
Maid Brigade	135.00	29 Buttondown Rd, Sodbury, Chesham, HP16 7AN	
Newland Renne	8,841.74	24 Newport Road, Caldicot, Monmouthshire, NP26 4BC	
OSCO	60.65	Avant Business Centre, Ford Avenue, Betchley, Milton Keynes, MK1 1DR	
Parallel Systems	718.80	PO Box 4265, Bracknell, Berkshire, RG42 9RS	
Product Compliance Specialists Ltd	2,889.60	The Millhouse, Millhouse Square, Princes Risborough Bucks, HP27 9AZ	
Proto Labs LTD	149.23	Walsfield 8, Telford, Shropshire, TF7 4QN	
RS Components Ltd	77.32	PO Box 99, Corby, Northamptonshire, NN17 9RS	
Sustainable Consulting	18,000.00	Buckford House, Leckhampton Lane, Cheltenham, GL51 4XP	
T* Electronics	866.11	Tregulym Ind Est, Rogerstone, Newport, NP23 9YA	
IBingley	1,500.92	4 Cradock Street, Aylesbury, HP18 0HW	
WCorbett	863.99	13 Parc Alton, Tonylandy BCT, CT40 3JP	
N Richards	423.90	The Orchard, Brent Road, East Brent, Highbridge, Somerset, TA9 4JD	
HEIAC	30,007.00	Enforcement and Insolvency Service (EIS), Durrington Bridge House, Barrington Road, Worthing BN12 4SF	
Breed Repch Investments Ltd	36,575.34	9 13 Grosvenor Gardens, Belgium, London, SW1A 0ER	
Ireu Shopping Centres plc	262,739.73	40 Broadway, London, SW1H 0BT	
Second Law Stehling	93,316.93	Prins Bernhardplein 200, 1109718, Amsterdam, The Netherlands	
TOTAL	825,937.97		

DIRECTORS' STATEMENT OF AFFAIRS

Notes to the Directors' Statement of Affairs

1. As previously discussed, the secured creditors have agreed to release their charges upon completion of the sale of the business and assets, which concluded on 12 September 2019 to SBAAS Solutions Limited.
2. Although the chattel assets have been professionally valued by Eddisons Commercial Limited the estimated realisable value given represents the directors' view.
3. The assets were professionally valued on 26 July 2019 by Eddisons Industrial Valuers and Auctioneers Ltd, the individual within Eddisons who prepared the valuation is MNAVA qualified, the valuation was prepared on an in-situ and ex-situ basis.
4. The claims of the Department for Business, Energy and Industrial Strategy represent employees' estimated claims under The Employment Rights Act 1996 in respect of arrears of pay to a maximum of £800 per employee and holiday pay which are claimed preferentially, and pay in lieu of notice, redundancy pay and arrears of pay in excess of £800 which are non-preferential.
5. As discussed previously and to the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, Section 176A will not apply.
6. The claim of HM Revenue & Customs represents PAYE and NIC outstanding since July 2019.
7. Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.
8. The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

REMUNERATION AND EXPENSES

Total time spent to 18 September 2019 on this assignment amounts to **104** hours at an average composite rate of **£333.72** per hour resulting in total time costs to 18 September 2019 of **£34,707**.

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

- ☐ Begbies Traynor (Central) LLP's charging policy
- ☐ Pre-administration Time Costs Summary
- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value
- ☐ The Administrators' fees estimate
- ☐ Details of the expenses that the Administrators consider will be, or are likely to be, incurred

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

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

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

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

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

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

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

Best practice guidance classifies expenses into two broad categories:

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

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

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

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

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

Services provided by other entities within the Begbies Traynor group

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

Eddisons Commercial Limited

Eddisons Commercial Limited were instructed to provide asset valuation and sales advice. Their charges for providing these services are 10% of realisations, plus disbursements.

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

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

Eddisons Insurance Services Limited

Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The forecasted cost of insurance for the 3 month period immediately following appointment is £296.80 inclusive of Insurance Premium Tax. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case.

In accordance with standard insurance industry practice, EIS will receive payment of commission for the services it provides from the insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

EIS will invoice the insolvent estate for the premium(s) due on the insurer's behalf and receive payment from the estate. EIS will in turn, account to the insurer for the premium(s) payable after deducting any commission payable by the insurer.

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

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

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

Grade of staff	Charge-out rate (£ per hour) 1 December 2018 – until further notice
Partner	495
Director	445
Senior Manager	395
Manager	345
Assistant Manager	250
Senior Administrator	225
Administrator	175
Junior Administrator	140
Support	140

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

PRE ADMINISTRATION TIME COSTS SUMMARY

CASE NAME: Enmodus Limited
CASE TYPE: ADMINISTRATION
OFFICE HOLDERS: Paul Wood AND Simon Robert Haskew
DATE OF APPOINTMENT: 1 August 2019

1 CASE OVERVIEW

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

1.2 Time costs information

Details of the time spent by each grade of staff prior to the appointment of the administrators and the overall average hourly charge out rate for the pre-administration work are set out in the attached table.

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

1.3 Overview of work undertaken prior to appointment

Please see Section 9 of the Proposals for details of the work we carried out in the period before the Company entered administration.

1.4 Complexity of work undertaken prior to appointment

The main reasons of complexity relate to the extensive negotiations with the various stakeholders to achieve a sale of the of the Company's assets in order to provide the best outcome for the creditors.

1.5 Exceptional responsibilities

There have been no exceptional responsibilities falling on the office holders in this case.

1.6 The proposed Administrators' effectiveness

The work that we have carried out derives from the duties and responsibilities placed on us by insolvency law and by required professional practices. We consider that we have carried out our duties diligently and with all reasonable due care and attention.

1.7 The views of the creditors

The secured creditors have been kept updated throughout the process.

No views have been expressed by the unsecured creditors thus far.

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

The Administrators are seeking a resolution in relation to their pre-administration costs as follows:

- that the unpaid pre-administration costs detailed in the joint administrators' Statement of Proposals for achieving the purpose of administration, be approved for payment.

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

Category 2 Disbursements

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

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage – to collect appointment documentation	204.00

Disbursements treated as Category 2 disbursements

Other amounts paid or payable to any party in which the office holder or his firm or any associate has an interest	
Type and purpose	Amount £
Eddisons Commercial Limited, which is a member of the Begbies Traynor group, has provided asset valuation and sale advice. The purpose of obtaining such services was to achieve a sale of the Company's business and assets, together with disbursements.	£750.00 Valuation fee £158.30 Disbursements
Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case.	£296.80

1.10 Other professionals employed & their costs

Osborne Clarke LLP who specialise in insolvency, were engaged to provide pre-appointment advice and prepare the sale agreement, their costs of £2,894 plus VAT remain unpaid.

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

- 2.1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 3.
- 2.2 The rates charged by the various grades of staff who may work on a case are attached at Appendix 3.

SUMMARY OF TIME COSTS AND EXPENSES

This summary, which should be read in conjunction with the Time Costs Analysis for the period of the report attached, is intended to provide sufficient information to enable the body responsible for the approval of our fees to consider the level of our fees and expenses in the context of the case.

What work has been done in the period of the report since we were appointed, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorsgroup.com/work-details> Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached.

General case administration and planning

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

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

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

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

Compliance with the Insolvency Act, Rules and best practice

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

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

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

Investigations

Within three months of our appointment, we are required to submit an online conduct report in accordance with the Company Directors Disqualification Act. In order to fulfil this duty, we will seek to recover the Company books and records, both hard copy and electronic, from the directors in order to carry out our investigations. Any person who is or has been a director, or is considered as a de facto or shadow director of

the Company in the three years prior to the insolvency event are also asked to complete a questionnaire to assist with our investigations.

We have a duty to examine the conduct of the Company and its directors in order to identify what assets may be available for realising, including any actions against directors or other parties which may lead to further recoveries into the estate. Such investigations may include analysis of the Company's bank statements, reviewing information provided by third parties and analysis of the Company's management accounting systems.

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

Any financial benefit to creditors in carrying out the above work is unclear at present, however creditors will receive updates on these matters in our progress reports.

Realisation of assets

Insolvency Practitioners are required to maximise realisations for the benefit of the Company's creditors. In order to do this we instructed professional agents to provide inventories and valuations. We also instructed solicitors to complete the sale of the chattel assets and the intellectual property rights.

All work carried out in respect of the asset realisation is for the purpose of realising property and assets for the benefit of the creditors generally.

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

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

Creditors' claims will be dealt with in accordance with the order of priority, and therefore only if there is a prospect of a dividend in the insolvency proceedings, will those specific claims be adjudicated on.

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

Time will be spent dealing with all creditor queries as and when required.

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

During the course of administering the case, the Insolvency Practitioner will be required to seek decisions from creditors on various proposed resolutions, including the basis of our remuneration and whether a creditors committee is formed.

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

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

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

Time Costs Analysis

An analysis of time costs for the period of the report is attached showing the time spent by each grade of staff on the different types of work involved in the case, and giving the total costs and average hourly rate charged for each work type.

Please note that the analysis provides details of the work undertaken by us and our staff following our appointment only.

Expenses

Details of all of the expenses incurred in the period of this report are attached at appendix 3.

Why have subcontractors been used?

Osborne Clark LLP who specialise in insolvency, were engaged to provide advice and to prepare the sale and purchase agreement. They liaised extensively with the purchasers solicitors in order to finalise the contracts. Their costs as at the date of reporting are £9,808.59 plus VAT and disbursements of £115.80 which remain unpaid.

Professional costs are reviewed and analysed before payment is approved

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

You will appreciate that although a considerable amount of work has already been undertaken prior to our appointment, the administration is still in its comparatively early stages. Estimating the amount of the further time that we will need to give to the various aspects of the case is not straightforward even with the considerable experience we have of dealing with cases of a similar type and size. That experience informs us that no two cases are alike and what we can say with confidence is there is a strong likelihood of matters emerging that we did not anticipate and therefore, have not factored into our estimate of further work required. This is the context for the estimates that follow.

General case administration and planning

Although there will be no direct financial benefit to the administration, the administrators will continue to maintain sufficient records to demonstrate how the case is being administered and will perform periodic reviews to ensure that the case matters are efficiently progressed.

Compliance with the Insolvency Act, Rules and best practice

Again, although there will be no direct financial benefit to the administration, insolvency legislation requires that the administrators do the following:

- Carry out investigations into the Company's affairs;
- Prepare periodic progress reports to creditors;
- Ensure the case is adequately bonded and reviewed on a regular basis; and
- Prepare a final report.

Investigations

The administrators have a statutory duty to investigate the affairs of the Company prior to the administration, and submit a report to the Department for Business Innovation and Skills.

Realisation of assets

Following the sale of the chattel assets and the Intellectual Property Rights there are no further assets that we are aware of.

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

We will continue to answer any queries which may be received.

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

We will need to ensure compliance with the requirement for Corporation Tax and VAT returns to be prepared for the duration of the administration.

How much will this further work cost?

We therefore, presently estimate that our total costs to bring the administration to a conclusion will amount to £10,000, being the sum of the time costs incurred to date and the future estimated costs. Please refer to the Administrators' Fee Estimate, which is attached.

We presently do not anticipate being able to recover these costs in full.

Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above, as well as expenses that we have already incurred, are set out in the estimate of anticipated expenses attached at Appendix 3.

SIP9 Enmodus Limited - Administration - 30EN187.ADM : Time Costs Analysis From 01/08/2019 To 18/09/2019

[illegible]

THE ADMINISTRATORS' FEES ESTIMATE

Further to our appointment as administrators, we are seeking to be remunerated on a time costs basis. Details of our firm's hourly charge-out rates are set out in the charging policy which accompanies this estimate. Prior to creditors determining the basis upon which we are to be remunerated, we are obliged to produce a fees estimate and to provide it to each creditor of whose details we are aware so that it can be approved at the same time as the basis of our remuneration.

Our fees estimate for the administration is set out below. Please note that blended hourly rates have been used which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column.

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	53.00	15,347.50	289.58
Compliance with the Insolvency Act, Rules and best practice	28.00	7,787.50	278.13
Investigations	24.50	7,822.50	319.29
Realisation of assets	35.50	14,875.00	419.01
Trading	0.00	0.00	
Dealing with all creditors' claims (including employees) correspondence and distributions	40.00	12,830.00	320.75
Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures), tax litigation, pensions and travel	8.50	2,382.50	280.29
Total hours	189.50		
Total time costs		61,045.00	
Overall average hourly rate £			322.14

Although the fees estimate indicates that the total time costs for this matter will be £61,045, we are aware that there are limited assets to realise and so the time costs that we will be able to draw will be limited to the amount that is realised for the assets. This is expected to be in the region of £15,000. However, please note that should there be additional or unexpected asset realisations, we will look to draw our fees from those too.

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any work that is to be undertaken in any insolvency procedure following the administration.

Should creditors require further information on how this estimate has been produced this can be obtained from our website at <http://www.begbies-traynorgroup.com/fee-estimates>.

A more detailed explanation of the work that falls into the categories mentioned in the table above can be obtained from our website at <http://www.begbies-traynorgroup.com/work-details>.

Dated: 18 September 2019

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

No.	Type of expense	Description	Estimate £
1.	Advertisements	Of appointment, dividends etc.	87.50
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds.	120.00
3.	Insurance	An Insolvency Practitioner is required to ensure that there is sufficient insurance cover over the assets of the insolvent entity.	350.00
4.	Storage costs	An Insolvency Practitioner is required to retain relevant books and records of the insolvent entity in order to carry out his/her duties as office holder. In addition, following case closure the Insolvency Practitioner will retain his/her working papers to allow any queries or issues raised to be dealt with.	300.00
5.	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements.	15,000.00
6.	Agents fees and disbursements	The fees of any agents instructed to assist the Insolvency Practitioner and their anticipated disbursements. To include the fees for dealing with employee issues.	£4,000
7.	Debt collection fees	The fees of any third party instructed by the Insolvency Practitioner to assist with the collection of the debts of the insolvent entity and their anticipated disbursements.	unknown
8.	Bank charges	An Insolvency Practitioner is required to operate a separate bank account in relation to the insolvent entity's estate.	100.00
9.	Investigation expenses	Any sums paid to any third party that assists the Insolvency Practitioner with investigating the affairs of the insolvent entity.	unknown

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any expenses that will or may be incurred in any insolvency procedure following the administration.

Information on the sale of the Company's assets

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

The Company's solicitors, Veale Wasbrough Vizards LLP contacted Begbies on 4 July 2019. As a result, Paul Wood, met with Andrew Heaton, one of the Company director's on 15 July 2019. We were subsequently engaged to carry out an options review on 16 July 2019.

What was the extent of Paul Wood and Simon Haskew, their associates and Begbies involvement with the Company before appointment?

As discussed above, the Insolvency Practitioners were contacted on 4 July 2019 by Ed Husband of Veale Wasbrough Vizards LLP, who acted as the Company Solicitors. Begbies carried out a 1 day options review of the Company's business and discussed various options available to the Company, together with their conclusions and recommendations.

The directors attempted to secure further funding from the investors, however this did not materialise and the directors concluded at a board meeting held on 19 July 2019 that the Company was likely to become unable to pay its debts as they fell due.

The directors approached Paul Wood and Simon Haskew, in which they were subsequently engaged to act as Joint Administrators in the proposed administration appointment.

Prior to their appointment the Insolvency Practitioners advised the Company and not the directors on their personal position, the directors were encouraged to take independent advice.

The proposed administrators instructed Eddisons Commercial Limited ("Eddisons") to attend the Company's premises in order to provide an asset valuation and to assist us with the most appropriate realisation strategy available. The marketing of the business and assets commenced on 25 July 2019 and approximately 31,000 parties were contacted as part of the sales exercise. A deadline for indicative offers was set for 12 August 2019. However this was extended until 16 August 2019 and a further extension was granted until 20 August 2019.

The marketing campaign included:

- An internal e-shot to the Begbies Traynor Group plc network of 53 offices around the UK (730 employees). This was sent on 25 July 2019;
- The business was advertised on Eddisons website and posted on IP-Bid which is a specialist distressed businesses website;
- Conducted direct marketing to the industry from leads provided by the Company;
- A targeted e-shot was also issued to Eddisons website of circa. £30,000 contacts. These contacts are interested in acquisitions in a variety of different sectors.
- An e-shot was also sent to all Company shareholders on 26 July 2019.

Our initial campaign was also followed up with regular updates to the directors and the Company shareholders and investors, urging them to make contact if they were interested in any potential purchase.

Our marketing campaign resulted in 16 expressions of interest. We received 9 signed non disclosure agreements, who were then granted access to our data room. The data room housed

a comprehensive sales pack, which included the Company's financial information.

We received two indicative offers, both being from the former directors.

After careful consideration and in the best interest of the creditors, the proposed administrators accepted the offer from John Spear, in his capacity as director of SBAAS Solutions Ltd. The sale and purchase of the business and assets to SBAAS Solutions Ltd for £30,000 concluded on 12 September 2019.

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

Due to ongoing funding constraints, together with the Company being pre-revenue, it was not appropriate to trade the business in administration to achieve a going concern.

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

Requests were made to the investors by the directors, however no additional funding was available.

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

A breakdown of the sales consideration, by asset is detailed below:

<u>Categories of Assets</u>	<u>Valuation (In Situ)£</u>	<u>Valuation (Ex Situ)£</u>	<u>Sum realised £</u>	<u>Fixed or Floating charge realisation</u>	<u>Note</u>
Contracts			1	Floating	1
Customer List			1	Floating	1
Equipment and Stock	60,100	3,600	4,996	Floating	
Goodwill			1	Floating	1
Intellectual property			25,000	Floating	1
Records			1	Floating	1

Note 1: The items specified above would have been subject to fixed charge security, however due to the removal of all claims by the secured charge holders, these are classified as floating.

The consideration above also included the removal of all secured creditor claims of £721,632. Had any other offer been accepted then £25,004 of the consideration would have been subject to the security of the charge holders.

As discussed, a formal valuation was carried out by Eddisons Commercial Limited on 26 July 2019.

Following completion of the business and assets sale on an ex situ basis, the assets were removed from the trading premises of Enmodus Ltd by the purchasers and held in storage.

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

No

Who was the purchaser?

SBAAS Solutions Ltd

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

John Spear was a director of Enmodus Limited and is also a director of SBAAS Solutions Ltd.

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

The directors have informed the joint administrators that they have given no guarantees to a prior financier.

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

A 3 month anti embarrassment clause.