

AM03

Notice of administrator's proposals



Companies House

WEDNESDAY



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15/05/2019

#249

COMPANIES HOUSE

1 Company details

Company number 0 7 2 4 0 4 9 3

Company name in full Aqua Italia Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Simon Ashley

Surname Rowe

3 Administrator's address

Building name/number Freshford House

Street Redcliffe Way

Post town Bristol

County/Region

Postcode B S 1 6 N L

Country

4 Administrator's name ①

Full forename(s) Rachel

Surname Hotham

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Freshford House

Street Redcliffe Way

Post town Bristol

County/Region

Postcode B S 1 6 N L

Country

② Other administrator

Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

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Statement of proposals



I attach a copy of the statement of proposals

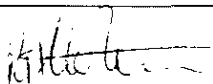
7

Sign and date

Administrator's
Signature

Signature

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Signature date

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AM03

Notice of Administrator's Proposals



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Dan Slater
Company name	Milsted Langdon LLP
Address	Freshford House Redcliffe Way
Post town	Bristol
County/Region	
Postcode	B S 1 6 N L
Country	
DX	
Telephone	0117 945 2500



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

**ADMINISTRATORS'
STATEMENT OF PROPOSALS
PURSUANT TO PARAGRAPH
49 OF SCHEDULE B1**

**AQUA ITALIA LIMITED -
IN ADMINISTRATION**

10 MAY 2019

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1.0 STATUTORY INFORMATION

1.1 The registered number of Aqua Italia Limited ("the Company") is 07240493.

1.2 The 7 trading addresses of the Company were as follows:

Welshback, Bristol, BS1 4RR

153 Whiteladies Road, Bristol, BS8 2RF

88 Walcot Street, Bath BA1 5BD

Spinnaker, Harbour Road, Portishead, BS20 7AW

The Hub, Milton Keynes, MK9 2GA

The Old Courthouse, Lewes, BN7 2FS

47-49 Chapel Road, Worthing, BN11 1EG

1.3 The registered office of the Company will be changed from 480 Chester Road, Manchester, M16 9HE to Freshford House, Redcliffe Way, Bristol, BS1 6NL.

1.4 Details of the Company's directors are as follows;

	Date appointed	Date resigned	Shares held
Ajith Jayawickrema	1 July 2010	N/a	8
Benjamin Smithson	1 March 2012	N/a	5
Richard Smithson	1 July 2010	N/a	87
George Georgiou	30 April 2010	2 July 2010	Nil

2.0 BACKGROUND TO THE ADMINISTRATION

2.1 The Company is a mid-market casual dining group based in 7 locations across the South of England. These include two Bristol sites and one at each of the following: Bath, Portishead, Lewes, Worthing and Milton Keynes. 144 staff were employed by the Company across the 7 sites.

2.2 The first Aqua restaurant was established in Bristol 20 years ago by Richard Smithson. The business was incorporated on 30 April 2010. Having built a solid foundation at the first site the decision was made to expand by opening another site in Bristol. Shortly after this, further sites were opened in Milton Keynes, Portishead and Bath. More recently sites were opened in Worthing and Lewes.

2.3 To fund this growth borrowing was sought from the Company's bankers, Barclays Bank Plc ("the Bank"), following various additional lends and restructurings this reached a peak of £1.5million.

- 2.4 Unfortunately, performance at Milton Keynes declined and the sites at Lewes and Worthing never reached the levels of revenue that were forecast. Furthermore, with the growth into the South-East came additional overhead costs and a stretching of the management team.
- 2.5 The board recognised that whilst they were still making a profit at EBITDA level it was not sufficient to meet the demands of its creditors and in particular meet the repayments to the Bank. As such an initial meeting was held with Milsted Langdon LLP in May 2018.
- 2.6 At this point it was decided that there was no need to instruct Milsted Langdon or for a formal insolvency process to be commenced but that the board should discuss the position with the Bank and look to restructure the loan in order to ease the pressure on the Company's cashflow.
- 2.7 The Bank consented to a restructuring of the debt and with this in place the Company continued to trade. However, after an initial period it became clear that the position had continued to worsen and so the board considered alternative strategies as unsecured liabilities were starting to build.
- 2.8 The Bank were unwilling to consider a further restructure of the debt so soon after the last one and so the Board investigated whether it would be possible to present a CVA proposal which would allow for the sale of the three sites in the South-East, leaving a smaller business in the South-West with lower overheads and realising a sum sufficient to repay a proportion of the Bank's debt and provide for a return to the unsecured creditors.
- 2.9 The Bank stated that they were willing to explore this option and so the Company approached Christies' leisure sector specialists to give an indication of values for all the sites. Unfortunately, the values given for the three South-East sites would not have been sufficient to make a CVA of the type proposed viable. The board explored whether additional sites could have been sold to increase the value but this left the remaining business too small to manage the Bank debt.
- 2.10 As a consequence, discussions were had with the Bank over the appointment of an Administrator and an exploration of a sale of the business. To this end the directors instructed Milsted Langdon LLP on 17 April 2019 to act as prospective administrators and manage an accelerated sale process to see whether a buyer could be found for some or all of the sites.
- 2.11 Pressure was mounting from unsecured creditors and landlords and therefore it was necessary to file a notice of intention to appoint an Administrator on 18 April 2019. This gave the Company a moratorium during which no creditor could bring legal action against it and offered protection whilst a buyer was found.
- 2.12 Unfortunately, the moratorium can only last for 10 business days and therefore this limited the available time to find a buyer.
- 2.13 As a result, Simon Rowe and Rachel Hotham, both of Milsted Langdon LLP, Freshford House, Redcliffe Way, Bristol, BS1 6NL and licensed insolvency practitioners, licensed by the Institute of Chartered Accountants in England and Wales, under number 9577 and 12510 respectively, were appointed Joint Administrators of the Company by the directors on 3 May 2019.

- 2.14 As Joint Administrators we act jointly and severally in the Administration and we can be contacted by phone or fax on the following numbers: 0117 945 2500 and 0117 945 2545.
- 2.15 Information about the way that we will use, and store personal data on insolvency appointments can be found in the Privacy Notice which can be found at <https://www.insolvency-advice.co.uk/services/information-for-creditors/>
- 2.16 If you are unable to download this, please contact us and a hard copy will be provided to you.
- 2.17 The Administration is registered in the High Court of Justice Business and Property Courts in Bristol Insolvency and Companies Lists (ChD), under reference number CR-2019-BRS-000050.
- 2.18 The EU Regulation on Insolvency Proceedings 2000 applies to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.
- 2.19 This report incorporates the Administrators' statement of proposals made under paragraph 49 of Schedule B1, which will be treated as delivered to creditors on 14 May 2019

3.0 ADMINISTRATION STRATEGY AND OBJECTIVE

- 3.1 An Administrator must perform his or her functions with the purpose of achieving one of the following objectives:
- rescuing the Company as a going concern;
 - 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
 - realising property in order to make a distribution to one or more secured or preferential creditors.
- 3.2 Our functions are being carried out with the objective of achieving the third purpose. We believe this will result in realisations being available to the secured creditors of the Company and preferential creditors being paid in full, which also fulfils a purpose of the Administration under Paragraph 3 of Schedule B1 of the Insolvency Act 1986.
- 3.3 It has not been possible to rescue the Company as a going concern or restructure the Company under an CVA as set out above, primarily given the level of debt.
- 3.4 Neither do we consider that a better result could have been achieved for the Company's creditors as a whole than in liquidation as a dividend to unsecured creditors will be determined by the value of the net property of the estate and subsequent prescribed part dividend, which at this time is estimated.
- 3.5 Further information on the pursuance of the above objectives is detailed below.

- 3.6 A pre-packaged sale of the Company's business and assets was concluded on 3 May 2019 to Smithson and Sons Limited. Full information on the sale pursuant to the requirements of Statement of Insolvency Practice 16 can be found at Appendix E and should be read in conjunction with the remainder of this report.
- 3.7 In accordance with Statement of Insolvency Practice No 13, I would advise you that the following assets were sold to a party connected with the Company:

Date of transaction	Assets involved & nature of transaction	Consideration paid & date	Sold to	Relationship
3 May 2019	Goodwill, Plant and Machinery, Records, Stock, Business Contracts, Intellectual Property Rights and Rent Deposit	£305,000 with £75,000 paid on Completion and the balance of £230,000 due within 14 days of Completion	Smithson & Sons Limited	Common directors and shareholders

- 3.8 The supplier of the wet stock has claimed Retention of Title over the orders and we are reviewing the documentation in order to ascertain its validity and will, in due course, arrange for the collection of the goods according to the terms of the clause.
- 3.9 At present we are not aware of any other Company assets but, should any be identified we will, will pursue their recovery.

4.0 ADMINISTRATORS' RECEIPTS AND PAYMENTS

- 4.1 To date there have been no receipts or payments as the purchaser monies are currently in our solicitors' client account and therefore no Receipts and Payments account is included.

5.0 FINANCIAL POSITION

- 5.1 A Statement of the Company's Affairs has not yet been received as, in accordance with best practice we have released our proposals early to accompany the SIP16 report. Attached as Appendix B is a summary of the Estimated Financial Position of the Company and outcome statement as at 9 May 2019, together with a list of creditors names and addresses along with details of their debts (including details of any security held by them).

6.0 PROPOSALS

- 6.1 It is proposed that we will continue to manage the affairs of the Company in order to achieve the objective of the Administration.
- 6.2 In the circumstances it is proposed that if having realised the assets of the Company, we think that a distribution will be made to the unsecured creditors from the fund created out of the Company's net floating charge property (known as the Prescribed Part) by virtue of section 176A(2)(a), this will be distributed by us in the Administration and the Company will thereafter proceed to dissolution.

- 6.3 If however, having realised the assets of the Company we think that a distribution will be made to the unsecured creditors other than by virtue of section 176A(2)(a) as noted above we propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administration to an end and will move the Company automatically into Creditors' Voluntary Liquidation ("CVL") in order that the distribution can be made. In these circumstances, it is proposed that the Administrators in office at the date of conversion to CVL will become the Joint Liquidators in the CVL. The acts of the Joint Liquidators may be undertaken by either or both of them.
- 6.4 Court approval is not required to enable us to make a distribution to the unsecured creditors of the Prescribed Part. If, however, a distribution to unsecured creditors not limited to the Prescribed Part is anticipated, we may consider making an application to Court to seek permission to distribute this in the Administration. If permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.
- 6.5 If we think that the Company has no property which might permit a distribution to its creditors, we will file a notice with the Court and the Registrar of Companies for the dissolution of the Company.
- 6.6 See Section 7 below on **Exit Routes** for further information on this process.
- 6.7 We shall do all such other things and generally exercise all of our powers as contained in Schedule 1 of the Insolvency Act 1986, as we consider desirable or expedient to achieve the statutory purpose of the Administration.
- 6.8 Creditors can consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of our remuneration and disbursements and any proposed act we may take without the need to report back to creditors generally, to include any decision regarding the most appropriate exit route from the Administration.
- 6.9 If we consider it necessary to extend the period of the Administration, we will seek the consent of creditors or the approval of the Court to the extension. Creditors may consent to an extension for a period of up to one year and the Court can order that the Administrators' term of office be extended for a specified period determined by it.
- 6.10 The basis of our remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by us:
- as a percentage of the value of the assets he or she has to deal with, or
 - by reference to time properly spent by the Administrators and their staff managing the Administration, or
 - as a set amount
- 6.11 In accordance with Statement of Insolvency Practice No 9, issued by the Association of Business Recovery Professionals, we also request that we be authorised to draw Category 2 disbursements as and when funds are available, in accordance with his firm's published tariff. Details of Category 2 disbursements charged by the firm can be found in Appendix D.

- 6.12 Where no Creditors' Committee is appointed, the remuneration and disbursements of an Administrator shall be fixed by resolution of a decision of creditors or where the Administrator thinks that the company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the prescribed part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with insolvency legislation. We also seek approval for any unpaid pre-administration costs detailed in this report and our discharge from liability in the same manner.
- 6.13 In this case, we are seeking to approve the basis of our remuneration as follows:
- 6.14 By reference to the time properly spent by us and our staff in attending to matters arising in the Administration.
- 6.15 Further details about the proposed fee basis can be found in Section 8 below and Appendix C.
- 6.16 We be authorised to draw remuneration as and when funds are available.
- 6.17 We will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon our appointment as Administrators ceasing to have effect.

7.0 EXIT ROUTES

- 7.1 All Administrations automatically comes to an end after the period of one year, unless the Company's creditors agree to extend this period, or the Court orders the Administrator's term of office be extended for a specified period of time.
- 7.2 At the time of drafting these Proposals we do not believe that an extension to the period of Administration will be necessary, however we will confirm the position to creditors in a subsequent progress report in due course.
- 7.3 Based on information currently available, the information on the exit routes we believe may be appropriate in this Administration is/are set out below.

Dissolution of the Company

- 7.4 Based on present information, we think that a distribution will be available to the unsecured creditors from the Prescribed Part by virtue of section 176A(2)(a). This will be distributed in due course within the Administration and a notice will thereafter be filed at Court and with the Registrar of Companies with the Administrators' final report, for the dissolution of the Company.
- 7.5 The same notice will be filed and the Company moved to dissolution if we think that the Company has no property which might permit a distribution to its unsecured creditors. A copy of these documents will be sent to the Company and its creditors.
- 7.6 Our appointment will end following the registration of the notice by the Registrar of Companies.

8.0 PRE-ADMINISTRATION COSTS

- 8.1 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), and “unpaid pre-administration costs” are pre-administration costs which had not been paid when the company entered Administration.
- 8.2 Milsted Langdon LLP’s fees had been estimated at £20,000 plus VAT, disbursements and legal fees incurred in connection with advising the Company and securing the appointment of administrators and were agreed at a Board Meeting held on 17 April 2019.
- 8.3 However, given the significant level of work undertaken, including attending the 3 closing sites, assisting the Company with staff enquiries, dealing with agents to obtain the valuation of assets and assisting potential purchasers and other matters referred to above our fees have exceeded the level originally estimated.
- 8.4 Our pre-appointment fees therefore total £37,391.55 and as mentioned above approval of the secured and preferential creditors will be sought.
- 8.5 While the Company continued to trade to the date of Administration the aim was to ensure a smooth sale on completion of the Administration to preserve the name of the Company and ensure client loyalty.
- 8.6 Pre-appointment fees charged and expenses incurred by the administrator are as follows:

Charged by	Brief description of services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
Milsted Langdon LLP	Marketing of the company & negotiation of the sale to Smithson and Sons Limited	37,391.55	12,500	Aqua Italia Limited Ltd	24,891.55
Christie & Co	Valuation of sites	1,500.00	Nil	n/a	1,500.00
Veale Wasbrough Vizards LLP	Dealing with associated sale contract	14,365.00	Nil	n/a	14,365.00
IP_Bid	Online marketing campaign	195.00	Nil	n/a	195.00

- 8.7 The payment of unpaid pre-administration costs set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Administrators’ proposals. As we think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the prescribed part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with insolvency legislation.

9.0 ADMINISTRATORS' REMUNERATION

- 9.1 As Administrators we are required to provide creditors with details of the work we propose to undertake in the Administration and the expenses we consider will be, or are likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which our remuneration will be fixed.
- 9.2 In addition to this, where Administrators seeks to pass a resolution to agree the basis of their remuneration by reference to time properly spent by them and their staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.
- 9.3 In this case, we are seeking to agree that our remuneration be based on the time properly spent by us and our staff in dealing with the affairs of the Company. Our fees estimate and details of the work we propose to undertake in the Administration can be found at Appendix B and further information on the work done since our appointment to the date of this report can be found in section 2.
- 9.4 Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if we consider the estimate will be exceeded during the Administration, we are obliged to seek further approval for any increase in our remuneration. The fees estimate provides details of these matters where relevant and appropriate approval to the basis of our remuneration will be sought as outlined in section 6 of this report.
- 9.5 In circumstances where our initial investigations reveal matters for further detailed investigation or previously unknown assets to be realised, we reserve the right to refer back to establish how we are to be remunerated for such additional work, which may be proposed on a time cost basis.
- 9.6 We will provide updates on the expenses we consider will be, or are likely to be, incurred during this case with our progress reports in due course.
- 9.7 A copy of "A Creditors' Guide to Administrator's fees" is available on request or can be downloaded from <https://www.insolvency-advice.co.uk/services/information-for-creditors/>. If you would prefer this to be sent to you in hard copy please contact Dan Slater of this office on 0117 945 2500.
- 9.8 Attached as Appendix D is additional information in relation to my firm's policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.
- 9.9 Given the length of time we have been appointed no analysis of the time spent to date is available.

10.0 ESTIMATED OUTCOME

- 10.1 An estimate of the outcome of the Administration as at 9 May 2019 is attached as Appendix B. This indicates a payment in full to preferential creditors and a prescribed part dividend to unsecured creditors.
- 10.2 Based on the Estimated Financial Position of the Company the estimated value of the preferential creditors is £6,500 and the unsecured creditors is £1,060,635.

- 10.3 The Company granted a floating charge to Barclays Bank Plc on 20 May 2015. Accordingly, we are required to create a fund out of the Company's net floating charge property for unsecured creditors.
- 10.4 Based on present information, we estimate the value of the Company's net floating charge property to be £45,103. Arising from this, the value of the unsecured creditors' fund is estimated to be £12,021.

11.0 NEXT REPORT

- 11.1 The Administrators are required to provide a progress report within one month of the end of the first six months of the Administration.

12.0 PROPOSALS APPROVAL

- 12.1 As we think the Company has insufficient property to enable it to make a distribution to its unsecured creditors (other than a potential distribution of the prescribed part fund of any net floating charge property), we are not required to seek a decision from the unsecured creditors on the approval of our Proposals.

For and on behalf of
Aqua Italia Limited

SIMON ASHLEY ROWE
Administrator
Enc

**RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD FROM 3 MAY 2019
TO 9 MAY 2019** **APPENDIX A**

No transactions to date

SUMMARY ESTIMATED OUTCOME STATEMENT AS AT 9 MAY 2019
APPENDIX B

Aqua Italia Limited
Estimated Outcome Statement

	Received/ (Paid) to date	Estimated Future Receipts/ (Payments)	Estimated Outcome
	£	£	£
Assets Specifically Pledged			
Goodwill	45,000	101,247	146,247
Apportionment of pre-fee to fixed charge		(15,000)	(15,000)
Apportionment of Administrator's fee to fixed charge		(5,000)	(5,000)
Apportionment of Agents fees to fixed charge		(5,000)	(5,000)
Less: Due to Barclays Bank Plc		(121,247)	<u>(121,247)</u>
			-
Furniture & fittings	140,000		140,000
Less: Due to Lombard Finance Plc	(140,000)		<u>(140,000)</u>
			-
Assets Not Specifically Pledged			
Unencumbered furniture and fittings		80,000	80,000
Stock from South-West sites	30,000		30,000
Stock from other sites			-
Other assets		3	3
Cash at Bank	15,000		<u>15,000</u>
			125,003
Costs of the Administration			
Pre-Appointment fee		(22,000)	(22,000)
Pre-Appointment disbursements		(400)	(400)
Administrators' fees (estimated)		(28,000)	(28,000)
Administrators' disbursements (estimated)		(2,000)	(2,000)
Statutory advertising		(500)	(500)
Specific bond		(500)	(500)
Agent's fees		(5,000)	(5,000)
Legal fees (estimated)		(15,000)	<u>(15,000)</u>
			51,603
Preferential Creditors			
Employees' claims (Count = 55)		(6,500)	<u>(6,500)</u>
			45,103
Floating Charge Creditors			
Net Property		45,103	45,103
Prescribed part dividend		<u>(12,021)</u>	(12,021)
Due to Barclays Bank Plc		33,082	<u>33,082</u>
			-

Milsted Langdon LLP**Aqua Italia Limited****B - Company Creditors**

Key	Name	Address	£
CA00	A J Taylor Electrical Contractors	Unit 3, Centenary Industrial Estate, Brighton, BN2 4AW	144.00
CA01	AAES Electrical Services	21 Highfield Close, Newport Pagnell, Bucks, MK16 9AZ	140.40
CA02	Admor Mechanical Limited	15 Charlton Road, Kingswood, Bristol, BS15 1HG	168.00
CA03	Adur and Worthing Councils	Town Hall, Chapel Road, Worthing, BN11 1HA	13,595.79
CA04	Ajith Jayawickrema	7 South Field Road, Westbury On Trym, BS9 3BG	62,825.00
CA06	Alder King Property Consultants	Pembroke House, B28 3BA	7,500.00
CA07	Amas Limited - JLL	PO Box 55791, Docklands, E14 5WQ	36,962.54
CA08	A.S.P Catering	Elmcroft Farm, Cooks Lane, BS29 6DS	630.00
CB00	Barclays Merchant Services	PO BOX 4000, 51 Saffron Road, Wigston, LE18 9EN	11.40
CB01	Bath Tourism Plus	Abbey Chambers, Abbey Church Yard, Bath, BA1 1LY	894.00
CB02	Bath & North East Somerset Council	Public Protection, Lewis House, Manvers Street, Bath, BA1 1JG	24,595.50
CB03	Beezy	2A Freshfield Drive, Lancing, BN15 9LN	50.00
CB04	Bidfood	Blackmoss Lane, Scarisbrick, Ormskirk, L40 9RW	10,404.98
CB05	Bigha	11 Lambridge, Bath, Somerset, BA1 6BJ	250.00
CB06	BLM	4th Floor, St Thomas Court, Bristol, BS1 6JG	316.10
CB07	Bristol City Council	City Hal, PO Box 3176, Bristol, BS3 9FS	53,217.00
CB08	The Bristol Branch	14 The Pantagon, Sea Mills, Bristol, BS1 3LH	120.00
CB09	Business Stream	Edinburgh Business Park, 7 Lochside View, Edinburgh, EH12 9DH	950.28
CB0A	Barclays Bank Plc	1 Churchill Place, London, E14 5HP	1,000,000.00
CC00	C Carnevale	Carnevale House, Blundell Street, N7 9BN	19,786.06
CC01	Cherry Red Recruitment	Riverside, 1st Floor, Delphain House North, M3 5FS	4,320.00
CC02	Cheese Cellar Harvey & Brockless	Bromhall Farm, Worcester, WR5 2NT	7,051.62
CC03	Clarke Willmott LLP	1 Georges Square, Bath Street, Bristol, BS1 6BA	1,803.60
CC04	Clear View Window Cleaning Services	4 Little Spinney, Cranfield, MK43 0BWN	340.00
CC05	Clifton Coffee Roaster	C2 Island Trade Park, Avonmouth, Bristol, BS11 9FB	2,105.81
CC06	Crown Awnings	3 Poulton Close, Dover, Kent, CT17 0HL	62.10
CD00	Dial A Geek	The Firestation, 82-84 York Road, Bristol, BS3 4AL	2,215.92
CD01	Dogstar AV Limited	3 Robey Close, Linby, Nottingham, NG15 8AA	468.00
CD02	Doveton Press Limited	15 Willway Street, Bedminster, Bristol, BS3 4BG	1,332.00
CD03	Dual Energy	Premium House, The Esplanade, Worthing, BN11 2BJ	1,271.19

Signature

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13 May 2019 09:20

Milsted Langdon LLP
Aqua Italia Limited
B - Company Creditors

Key	Name	Address	£
CD04	Dyno Rod	Housesteads, Stockport Road, SK14 3QU	3,436.80
CE00	Elite Fire Limited	Unit 17 Northbrook Business Park, Wrotham, BN14 8PQ	138.00
CE01	Eset UK	Fifth Floor, Holland House, 20 Oxford Road, Bournemouth, Dorset, BH8 8EZ	138.00
CF00	Fairfax Meadow	6 Newmarket Drive, Osmaston Park Industrial Estate, DE24 8SW	54,187.11
CF01	FBH Associates	Hi Point, Thomas Street, Taunton, TA2 6HB	4,038.00
CF02	Fireshield Mas Fire Protection	Unit 29 Fourth Avenue, Westfield Industrial Estate, Midsomer Norton, BA3 4XE	651.84
CF03	Food and Drink Guide Limited	Suite 1.1, Albert House, 111-117 Victoria Street, Bristol, BS1 6AX	600.00
CG00	Garraways Eden Spring UK	Unit B, 3 Livingstone Boulevard, Hamilton International, G72 0BP	59.94
CG01	Gazprom Energy	5th Floor, Bauhaus, M3 3GY	21,257.19
CG02	Glass Consultants Limited	Unit 28 Barnack Trading Centre, Novers Hill Bristol, BS3 5QE	84.00
CG03	Glenco Plumbing and Heating	67 Walbrooke Avenue, Springfield, Milton Keynes, Buckinghamshire, MK6 3JP	1,550.00
CG04	Gulley Electrical	Barnwood Point, Corinium Avenue, Barnwood, Gloucester, GL4 3HX	868.13
CH00	Harveys Shop	6 Cliffe High Street, Lewes, East Sussex, BN7 2AH	456.05
CH01	HIT Hospitality Training	24A Cecil Pashley Way, Shoreham Airport, Shoreham By Sea, BN43 5FF	160.00
CH02	Hygiene Sue	2 London Road, Tunbridge Wells, Kent, TN1 1DQ	150.00
CH03	HM Revenue & Customs	Insolvency Claims Handling Unit (ICHU), Benton Park View, Longbenton, Newcastle, NE98 1ZZ	277,974.89
CI00	IBM UK	UK Head Office, IBM United Kingdom Limited, PO Box 41, North Harbour, Portsmouth, Hampshire, PO6 3AU	1,000.00
CI00	Jessops Construction Limited	The Firs, 67 London Road, Newark, NG24 1RZ	2,900.00
CI01	Johnston Publishing Limited	26 Alixpartners Uk Llp, The Zenith Building, 26 Spring Gardens, Manchester, Greater Manchester, M2 1AB	0.01
CK00	Direct Seafoods - Kingfisher Limited	Torbay Business Park, Woodview Road, TQ4 7HP	56,239.22
CK01	KRS	12 Orchard Close, Southwick, West Sussex, BN42 4NJ	251.75
CL00	Lace Street Capital Limited	Wainbridge House, Shepard Road, Gloucester, GL2 5EL	36,216.00
CL01	Lewes Chamber of Commerce	c/o The Town Hall, High Street, Lewes, BN7 2QS	100.00
CL02	Lewes District Council	Income section, Southover House, Southover Road, BN7 1AB	35,449.00
CL03	Lucas Reis	Landmark House, Station Road, Cheadle Hulme, Cheshire, SK8 7BS	5,400.00
CM00	M & J Seafood	PO Box 222, Ashford, TB24 8ZL	197.04
CM01	Marshfield Farm Ice Cream Limited	Marshfield, Chippenham, SN14 8LE	1,209.48
CM02	Maskell Butcher	18 Broadwater West, Wrotham, West Sussex, BN14 0JZ	24.87

Signature _____

Milsted Langdon LLP
Aqua Italia Limited
B - Company Creditors

Key	Name	Address	£
CM03	Matthew Clark Wholesales	Whitchurch Lane, Bristol, BS14 0JZ	19,084.55
CM04	MCFP Ltd	Unit B6, Telford Road, Bicester, OX26 4LD	165.00
CM05	Milton Keynes Council	Revenue Section, PO Box 5327, Civic Offices, MK9 3WB	28,547.25
CM06	Millenium Catering Equipment Limited	67 Woolmans, Fullers Slade, Milton Keynes	145.20
CM07	Mercedes-Benz	Mercedes-Benz Finance, Tongwell, Milton Keynes, MK15 8BA	783.11
CN00	Newgate Construction Limited	Unit 1 Septimus, Hawfield Business Park, BS14 0BN	220.80
CN01	Nisbets	Forthway, Avonmouth, Bristol, BS11 8TB	2,195.13
CO00	Oasys	Ampney House, Falcon Close, Quedgeley, Gloucestershire, GL2 4LS	21,002.21
CO01	Oasis Empire	Chatsworth House, 39 Chatsworth Road, Worthing, BN11 1LY	2,592.94
CO02	Olleco	Newquay Road, Stephenson St Industrial Estate, Newport, NP19 4PL	4,731.99
CP00	Partridge Ventilation Service & Maintenance Limited	Cardrew Industrial Estate, Redruth, Cornwall	9,948.00
CP01	Penta Foods Limited	30 Wellington Road, Sandhurst, GU47 9AY	9,186.39
CP02	Petticoat Management Team Limited	The Coach House, Ryeford, Stonehouse, GL10 3HG	2,153.00
CP03	PHS Group Plc	Western Industrial Estate, Caerphilly, CF83 1XH	3,014.52
CP04	Pickled	4 Norman Cottages, Green Lane, Winterbourne, Bristol, BS36 1RN	1,100.00
CP05	Plant Plan	Quartz House, Quartz Close (off Warren Park Park), LE19 4SA	1,583.94
CP06	PMF Investments Limited	Stoke Hill House, 10 Warminster Road, BA2 7GL	11,949.65
CP07	Performing Rights Society Limited	29-33 Berners Street, London	2,868.04
CR00	Rackspace	Unit 5, Millington Road, Hayes, UB3 4AZ	68.85
CR01	Rentakeeper	Lincoln Grounds, Castlethorpe, MK19 7HJ	561.60
CR02	Restaurants Brighton	Grant Street Lofid, 20 Grant Street, Brighton, BN2 9UN	1,507.20
CR03	Retail Power	Europa House, Southwick Square, Southwick, BN42 4FJ	79.20
CR04	Reynolds Catering Supplies Limited	National Distribution Centre, Britannia Road, EN8 7RQ	32,949.89
CR05	Rezarf Limited	31 Alma Vale Road, Clifton, BS8 2HL	715.50
CR06	Search	5th Floor, Atrium Court, 50 Waterloo Street, G2 6HQ	1,968.00
CS00	Security Group Distribution	Head office, Unit 9, Lays Farm Trading Estate, BS31 2SE	1,722.00
CS01	Shield Safety Group	12 Little Lever Street, Northern Quarter, Manchester, M1 1HR	67.50
CS02	Shred it	Ground Floor, 177 Cross Street, Sale, Manchester, M33 7JQ	96.30
CS03	S J Smith Stock Audit	11 South Lawn, Sidford, Sidmouth, EX10 9PD	2,205.00
CS04	Spectrum Facilities Maintenance limited	3rd Floor, The Offices, 53 King Street, M2 4LQ	13,190.66

Signature _____

Milsted Langdon LLP
Aqua Italia Limited
B - Company Creditors

Key	Name	Address	£
CS05	Sunlight Service Group Limited	Intec 3, Intec Business Park, Wade Road, RG24 8NE	1,056.01
CT00	Thamesway Energy	2nd Floor Gloucester Chambers, Jubilee Square, Woking, Surrey, GU21 6GA	4,349.24
CT01	The People's Pension	Manor Royal, Crawley, West Sussex, RH10 9QP	1,178.15
CT02	Tastables of Brighton	Unit 7, Brighton Flower market, Crowhurst Road, BN1 8AP	750.37
CT03	Thamesway Energy	2nd Floor, Gloucester Chambers, GU21 6GA	4,349.24
CT04	The Real Olive Company Limited	5-8 Elton Street, Bristol, BS2 9EH	2,810.22
CT05	Tickford Security Systems Limited	55A Chicheley Street, Newport, Pagnell, MK16 9AP	178.80
CT06	Total Jobs Group	Wellesely Road, Sutton, SM2 5NP	384.00
CU00	Univent Systems Ltd	c/o Goodwins Credit Management Ltd, Suite 106-108 Navigation House, Port of Tyne, South Shields, NE34 0AB	2,946.00
CV00	Venture	Bank House, 1 Burlington Road, Redland, Bristol, BS6 6TJ	35,490.79
CW00	Waste Source Limited	Office 4, Tobacco Factory, Bedminster, Bristol, BS3 1TF	1,606.80
CW01	Wessex Water	1 Clevedon Walk, Nailsea, Bristol, BS48 1WA	5,338.48
CW02	What Rubbish Bristol Limited	28 Highbury Road, Bristol, BS7 0BZ	1,491.60
CW03	Whitton & Laing	20 Queen Street, Exeter, EX4 3SN	68.75
CW04	Winterhalter Limited	Winterhalter House, Roebuck Way, MK5 8WH	19,781.15
CY00	Yates Supplies	26 North Road, Yate, Bristol, BS37 7PA	10,021.34
104 Entries Totalling			2,026,472.97

Signature _____

Milsted Langdon LLP
Aqua Italia Limited
B2 - Company Creditors - Consumer Creditors

Key	Name	Address	£
0 Entries Totalling			0.00

Signature _____

AQUA ITALIA LIMIED (“THE COMPANY”)

FEES INFORMATION IN ACCORDANCE WITH THE INSOLVENCY (ENGLAND & WALES) RULES 2016 AND STATEMENT OF INSOLVENCY PRACTICE 9

Fees Overview

Prior to an insolvency practitioner agreeing the basis of his or her remuneration as Administrator, details of the work proposed to be done and the expenses it is considered will be, or are likely to be, incurred in dealing with a company’s affairs must be provided to creditors.

In addition, where the Administrator proposes to take all or any part of this remuneration based on the Administrators’ time and their staff will spend dealing with the affairs of the insolvent company, a *fees estimate* must also be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.

It should be noted that a *fees estimate* may be provided to a particular milestone or for a designated period in a case, where it is not possible to accurately estimate the work that will need to be done at the outset.

Creditors should be aware that the *fees estimate* is based on all of the information available now and may be subject to change due to unforeseen circumstances that may arise during the Administration. If it is considered that the *fees estimate* will be exceeded, the Administrator will provide an update and seek approval to increase the previously agreed *fees estimate*.

Work anticipated and the likely return to creditors

Some of the work undertaken by an insolvency practitioner is required by statute and may not necessarily provide a financial benefit to creditors. Examples of this work include investigations required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 or dealing with the claims of former employees via the National Insurance Fund.

Where the work to be done is anticipated to produce a financial benefit to creditors, this will be stated and it may be necessary for the Administrator to instruct third parties to assist in this process because of a particular expertise that the third party may bring such as valuation, tax or legal advice.

Where it is practical to do so, an Administrator will provide an indication of the likely return to creditors when seeking approval for the basis of his or her remuneration. Again, due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of a company’s assets at the outset of a case, this may not be possible. An Administrator is however, required by statute to provide periodic reports to creditors on the progress of a case which will include an update as to the likely return creditors may expect.

Proposed Fee Basis

In this case, it is being proposed that the basis of our remuneration as Administrator will be based on the time spent by us and our staff in dealing with the Company's affairs. Attached to this document is our *fees estimate*, together with an explanation of the work we propose undertaking.

Each part of the work to be undertaken will necessarily require different levels of expertise and therefore related cost. In order to aid understanding, for the purposes of our *fees estimate*, we have indicated an average blended rate of the grades of staff such as ourselves, the case manager, the case administrator and cashier when estimating the total hours to be spent on each part of the work.

This *fees estimate* is produced on the basis of all the work we currently propose will be necessary in the Administration. If we consider the *fees estimate* will be exceeded we will notify creditors accordingly, provide a revised estimate and seek further approval for our increased fees.

Each part of the work to be undertaken will necessarily require different levels of expertise and therefore related cost. In order to aid understanding, for the purposes of our *fees estimate*, we have indicated the rates and grades of staff such as ourselves, the case manager, the case administrator and cashier when estimating the total hours to be spent on each part of the work.

This *fees estimate* is produced on the basis of all the work we currently propose will be necessary in the Administration. If we consider the *fees estimate* will be exceeded, we will notify creditors accordingly and provide a revised estimate and seek further approval for our increased fees.

Outline of work to be done by the Administrator

Below are details of the work we propose undertaking in support of the above *fees estimate* for the Administration:

Administration (including statutory compliance & reporting)

Administrators are required to carry out certain tasks in nearly every insolvency assignment, namely administrative duties and dealing with the Company's creditors. Whilst these tasks are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not necessarily produce any direct financial benefit for creditors, but nonetheless still have to be undertaken.

This work includes:

- Notifying creditors of the Administrators' appointment and other associated formalities including statutory advertising and filing relevant statutory notices at Companies House
- Reporting to creditors regarding any pre-packaged sale of the business
- Preparing and issuing the Administrators' statement of proposals for achieving the purpose of the Administration and thereafter providing periodic progress reports to members and creditors (typically every 6 months)
- Lodging periodic returns with the Registrar of Companies for the Administration
- Complying with statutory duties in respect of the Administrators' specific penalty bond

- Creation and update of case files on the firm's insolvency software
- Redirection of the Company's mail to the Administrators' office where necessary
- Establishing and holding periodic meetings of the creditors' committee and associated filing formalities (if a committee is appointed)
- Securing the Company's books and records
- Pension regulatory reporting and auto-enrolment cancellation
- Completion and filing of the notice of the Company's insolvency to HMRC
- Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA) including the review of the Company's books and records and the identification of potential further asset realisations which may be pursued in the Administration
- Submitting a statutory report to the Insolvency Service under the CDDA
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter)
- Opening, maintaining and managing the Administration estate cashbook and bank account
- Dealing with all post-appointment VAT and corporation tax compliance
- Liaison with secured creditors, obtaining charge documents and validating the security
- Dealing with employees to provide support and assistance in lodging any claims they may be entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund and the Company. Liaising with (or appointing) union representatives and payroll providers and reviewing employment contracts as necessary

Realisation of assets

As outlined in our proposals we have completed a pre-pack sale of the business as referred to in our proposals and SIP 16 report. At present we are unaware of any further assets but should these be identified recovery will be pursued.

Legal costs in respect of the pre-pack sale are included in my SIP 16 report and Proposals and any sale of the assets at Milton Keynes is likely to be by way of an asset sale invoice.

Work done by us, our staff and any third parties engaged to assist in realising the Company's assets will, it is anticipated, provide a financial benefit to creditors. The pre-pack sale has realised assets to facilitate a distribution to secured creditors of the Company (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) and it may, depending on realisations and the extent of any 3rd party security, result in a distribution to the preferential creditors of the Company. Further information on the likely outcome of the Administration process will be provided in our subsequent progress reports.

Creditors (claims and distributions)

As Administrators, we will deal with all secured, preferential and unsecured creditor correspondence and claims as received, including any claims of creditors under retention of title. Based on the estimated outcome statement, we currently think that after taking into consideration the costs of realising the assets and dealing with the statutory formalities of the Administration process and the related costs, a distribution may be available to the secured and preferential and if to the unsecured creditors this would be via the Prescribed Part only. We will either deal with the review and adjudication of creditors' claims in the Administration or if appointed liquidators, if and when it is determined that a dividend is to be declared to creditors.

It should be noted that the above is based on the estimated outcome statement and the projected realisable value of the Company's assets which at this stage is unconfirmed, together with the anticipated costs of the Administration. We will confirm the likely return to creditors in my future progress reports.

Investigations

As Administrators, we are required to conduct investigations into the conduct of the directors of the Company and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 (Investigations by Office Holders in Administrations and Insolvent Liquidations).

This work may not necessarily lead to any financial benefit to creditors yet is work we are required to undertake by statute.

If, however, our initial investigations reveal that further recoveries may be available for the insolvent estate, all work undertaken to pursue these recoveries will also be estimated within this time category.

At this stage, we do not foresee any substantial investigation work will be required but if following the conclusion of my initial investigations we consider that further investigation work is then required to pursue assets of the Company, we will provide creditors with an update on our *fees estimate* in due course.

Administrators' Expenses

As also noted, we are required to provide creditors with details of the expenses we consider will be, or are likely to be, incurred in the Administration. These may include expenses such as agent's costs for assisting in the disposal and realisation of the Company's physical assets or other routine expenses associated with an insolvency case such as statutory advertising costs or the office holder's specific penalty bond.

Below is a summary of the expenses we consider will be, or are likely to be, incurred in this case. We will provide a further update to creditors in my subsequent progress reports.

Expense	Estimated cost £
Statutory advertising	160.80
Specific penalty bond	480.00
External storage of Company's books and records	71.25
Case related travel & subsistence	73.40
Category 2 disbursements charged by the firm:	
Mailing Fee and Photocopying	370.30

Milsted Langdon LLP's Charge-out rates and Category 2 disbursements policy

Attached to this document are details of our firm's current charge out rates and policy regarding the re-charge of Category 2 disbursements.

Category 2 disbursements require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Any Category 2 disbursements which this firm proposes to charge in this case are reflected in the table of expenses above. Approval to charge these will be sought from creditors when the basis of our remuneration as Administrators is fixed.

It should be noted that our firm's charge-out rates may increase periodically. If any such increases impact on the *fees estimate* for the Administrators, creditors will be notified accordingly.

Aqua Italia Limited

Below is our fees estimate for the administration.

The work the administrators anticipate undertaking in relation to this estimate has been outlined above.
It is an estimate for the entire administration .

Estimated Hours from 3 May 2019					
	Partner / Director	Manager	Administrator	Assistant Admin / Support Staff / Cashiering	
Administration (inc statutory compliance & reporting)	30	40	45	15	147.58
Realisation of assets	6	2	1	0	238.89
Creditors (Claims & distributions)	8	15	25	1	132.53
Investigations	8	12	14	0	156.47

Total hours	52	69	85	16
Hourly rate	285	195	50	39

Total	14,820.00	13,455.00	4,250.00	624.00	222.00	33,149.00	149.32
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Disbursements	Cat 1 Costs	
Photocopying	Travel	73.40
Mailing Fee/photocopying	Archiving	71.25
	Advertising	160.80
	Bond	480.00

Calculations

Cat 2 costs
Photocopying

No. of Creditors	161
No. of sheets	7
Cost per sheet	0.1
	<u>112.7</u>

Mailing fee

No. of creditors	161
No. of mailings	1
Cost per item	1.6
	<u>257.6</u>

Cat1 costs
Travel

73.4

Archiving

No of Boxes	25
Cost per box	0.19
No of months	15
	<u>71.25</u>

Advertising

No of Adverts	2
Cost per advert	80.4
	<u>160.8</u>

**ADDITIONAL INFORMATION IN RELATION TO ADMINISTRATORS' FEES
PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9 AND FEES
ESTIMATE**

APPENDIX D

ADDITIONAL INFORMATION IN RELATION TO THE OFFICE HOLDER'S FEES PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9

1.0 STAFF ALLOCATION AND THE USE OF SUB-CONTRACTORS

- 1.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 1.2 The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. Our charge-out rate schedule below provides details of all grades of staff and their experience level.

2.0 PROFESSIONAL ADVISORS

- 2.1 On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Christie & Co (Valuers)	Fixed Fee
Veale Wasbrough Vizards LLP (Legal Advice)	Time Cost and Disbursements
IP-Bid (Online Market)	Fixed Fee

- 2.2 Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

3.0 DISBURSEMENTS

- 3.1 Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.
- 3.2 Category 2 disbursements do require approval from creditors. These are the costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, faxes and photocopying.

- 3.3 We would advise that Category 2 disbursements are currently charged by this firm at the following rates:

Disbursement	Charge
Faxes	50p per sheet
Internal room hire for creditors' meetings	£70
Mailing fees (including postage)	
VA Proposals	£4.00 per pack
Large - over 20 pages	£1.75 per pack
Large	£1.60 per pack
Small	75p per pack
Mileage	45p per mile
Photocopies	10p per sheet

4.0 CHARGE-OUT RATES

- 4.1 A schedule of our charge-out rates for this assignment is detailed below. These rates are reviewed on an annual basis but there have been no material increases in these rates since the commencement of this case.

	£/hr
Licensed Insolvency Practitioners	195-285
Managers and Supervisors	130-200
Case Administrators and other Administrative staff	33-100

- 4.2 Please note that this firm records its time in minimum units of 1 minute.

5.0 CREDITORS' GUIDE TO FEES

- 5.1 A Creditors' Guide to the manner in which remuneration charged in this case and the rules relating to this area are detailed in the guides available on our website at <https://www.insolvency-advice.co.uk/services/information-for-creditors/>.

ADMINISTRATORS' STATEMENT ON PRE-PACKAGED SALE

APPENDIX E

Aqua Italia Limited - In Administration (“the Company”)

Overview

Where a sale of all or part of a company’s business or assets is negotiated with a purchaser prior to the appointment of an Administrator and the Administrator effects the sale immediately on, or shortly after appointment, this is known as a pre-packaged sale.

Prior to the appointment of an Administrator, an insolvency practitioner may act in an advisory capacity to the company. During this time the insolvency practitioner’s role is not to advise the directors personally or any parties connected with any eventual purchaser of the company’s business or assets. We would confirm that the directors were advised to take their own independent advice on their position in this regard. It is also possible that a different insolvency practitioner may be the eventual Administrator and not the insolvency practitioner who provided the advice to the company before any formal appointment was made.

The role of an Administrator once the company has entered Administration is for him to perform his functions with the objective of either rescuing the company as a going concern or achieving a better result for the company’s creditors as a whole than would be likely if the company were wound up rather than being placed into Administration first.

If neither of these objectives is reasonably practicable, the third objective of realising property in order to make a distribution to one or more secured or preferential creditors of the company may be pursued, providing the Administrator avoids unnecessarily harming the interests of the creditors as a whole.

In this case, the Administrators have pursued the third objective of realising assets for the benefit of secured and preferential creditors and consider that the pre-packaged sale enables the statutory purpose of Administration to be achieved and that the outcome achieved was the best available for creditors as a whole in all the circumstances.

Set out below is further information containing a summary of the circumstances relevant to the pre-packaged sale of part of the Company’s business and assets to Smithson and Sons Limited in accordance with the provisions of Statement of Insolvency Practice 16 (SIP16).

Background

The Company is a mid-market casual dining group based in 7 locations across the South of England. These include two Bristol sites, Bath, Portishead, Lewes, Worthing and Milton Keynes. 144 staff were employed by the Company across the 7 sites.

The first Aqua restaurant was established in Bristol 20 years ago by Richard Smithson. The business was incorporated on 30 April 2010. Having built a solid foundation at the first site the decision was made to expand by opening another site in Bristol. Shortly after this, further sites were opened in Milton Keynes, Portishead and Bath. More recently sites were opened in Worthing and Lewes.

To fund this growth borrowing was sought from the Company's bankers, Barclays Bank Plc ("the Bank"), following various additional lends and restructurings this reached a peak of £1.5million.

Unfortunately, performance at Milton Keynes declined and the sites at Lewes and Worthing never reached the levels of revenue that were forecast. Furthermore, with the growth into the South-East came additional overhead costs and a stretching of the management team.

The board recognised that whilst they were still making a profit at EBITDA level it was not sufficient to meet the demands of its creditors and in particular meet the repayments to the Bank. As such an initial meeting was held with Milsted Langdon LLP in May 2018.

At this point it was decided that there was no need to instruct Milsted Langdon or for a formal insolvency process to be commenced but that the board should discuss the position with the Bank and look to restructure the loan in order to ease the pressure on the Company's cashflow.

The Bank consented to a restructuring of the debt and with this in place the Company continued to trade. However, after an initial period it became clear that the position had continued to worsen and so the board considered alternative strategies as unsecured liabilities were starting to build.

The Bank were unwilling to consider a further restructure of the debt so soon after the previous one and so the Board investigated whether it would be possible to present a CVA proposal which would allow for the sale of the three sites in the South-East, leaving a smaller business in the South-West with lower overheads and realising a sum sufficient to repay a proportion of the Bank's debt and provide for a return to the unsecured creditors.

The Bank stated that it was willing to explore this option and so the Company approached Christies' leisure sector specialists to give an indication of values for all the sites. Unfortunately, the values given for the three South-East sites would not have been sufficient to make a CVA of the type proposed viable. The board explored whether additional sites could have been sold to increase the value but this left the remaining business too small to manage the remaining bank debt.

As a consequence, discussions were had with the Bank over the appointment of an Administrator and an exploration of a sale of the business. To this end the directors instructed Milsted Langdon LLP on 17 April 2019 to act as prospective administrators and manage an accelerated sale process to see whether a buyer could be found for some or all of the sites.

Pressure was mounting from unsecured creditors and landlords and therefore it was necessary to file a notice of intention to appoint an Administrator on 18 April 2019. This gave the Company a moratorium during which no creditor could bring legal action against it and offered protection whilst a buyer was found.

Unfortunately, the moratorium can only last for 10 business days and therefore this limited the available time to find a buyer.

Initial introduction

We do not believe that there is any significant personal or professional relationship between the Company or its directors and Milsted Langdon LLP. We carried out the appropriate conflict review prior to accepting the appointment. As stated above we can confirm that we were formally engaged by the Company on 17 April 2019. The introduction came from the Company's accountant Open Administration Systems Limited.

Pre-appointment considerations

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

Trading the business

It was clear that the Company was already struggling with its cashflow and that it was struggling to produce sufficient income to cover its costs. With that in mind it was clear that trading in Administration could only occur if there were third-party funds to enable those costs to be covered. This was covered with the Bank through its advisors, but it was clear that there was no desire to extend further money.

We were also mindful that the asset of greatest value in the Company was its name and associated goodwill, its leases and chattels have negligible value on a break up basis (see below) and that trading in administration would be likely to damage this greatly.

The restaurant trade also has a mobile workforce which we would be in danger of losing over any trading period.

Lastly the rules regarding licencing on appointment of an administrator mean that they automatically lapse which would also disrupt trading.

Other alternative courses of action

In addition to the CVA alternative above the board also explored whether the Bank would be willing to dramatically restructure its debt, by writing off a large proportion of it, in order to leave the Company with a level of debt it could sustain but it was not possible to reach an agreement on this and it was clear that something would still need to be done to deal with the unsecured debt the Company had amassed.

Comparative outcome

The following table provides a comparative outcome of the going-concern valuation of the Company's assets against the outcome obtained via the pre-packaged sale and compares this with the likely realisations that would have been made via a sale of the Company's assets in a liquidation scenario or through a restricted marketing period post Administration.

Details of Assets	Going-concern (Willing buyer) valuation £	Value achieved through the pre- packaged sale in Administration £	Anticipated value in Liquidation, or under a restricted marketing period post Administration £
Furniture and equipment	80,000	80,000	40,000
Leases and misc	277,500	48,753	0
Stock	(est) 70,000	30,000	0
Goodwill	277,500	146,247	0
Total	705,000	305,000	40,000

The following charges are registered against the Company:

Charge in favour of	Date of Creation
Barclays Bank PLC	20 May 2015
Marcatrin Limited – rent deposit deed	10 May 2011

6 further charges registered against the Company were satisfied prior to Administration.

During the sales and administration period we have engaged with the Bank and its advisors, PWC, on how to proceed and how to achieve the best outcome for all parties.

Marketing of the business and assets

Marketing a business is an important element in ensuring that the best available consideration is obtained for it in the interests of the Company's creditors as a whole. The Administrators advised the Company prior to their appointment, that any marketing should conform to the marketing essentials set out in SIP16 which includes the following key considerations:

- The business should be marketed as widely as possible, proportionate to its nature and size in the time available using whatever media or other sources that are likely to achieve this outcome;
- Previous marketing of the business prior to the Administrator's involvement may not provide justification to avoid further marketing. The Administrator must be satisfied as to the adequacy and independence of any prior marketing undertaken by the Company;
- Marketing should have been undertaken for an appropriate length of time to satisfy the Administrator that the best outcome for creditors as a whole has been achieved;
- Any marketing attempts must by default, include the use of the internet.

Milsted Langdon LLP were instructed to manage the sale process to ensure that it was independent of the directors (who had expressed an interest in acquiring some of the sites) and handled appropriately. In addition to this the Bank requested that PWC were instructed to represent its interests.

A sales flyer was prepared and distributed to Milsted Langdon's list of potential buyers, it was also provided to PWC and Christies & Co ("Christies") so that they could approach their contacts in an attempt to find potential buyers.

It was also listed on a number of independent mailing lists and businesses for sale websites to achieve the widest possible marketing. Whilst we were conscious that the timescale was very short (offers were requested for 29 April 2019 in order to achieve a completion date of 3 May 2019) the sites all produced a positive contribution and therefore could be of interest to other businesses in that market.

In total the above resulted in 10 organisations requesting an NDA in order that they could receive further detailed information.

These parties were provided with an information memorandum and various internal documents of the Company's in order to assess whether they were interested in making an offer.

In the end only one offer was received on 29 April 2019 which is detailed below. Two other parties suggested that they could have put forward an offer if more time had been available but having considered this and discussed it with the Bank's advisors it was agreed that any extension to this deadline would likely mean that the deal could not be completed before the statutory deadline of the 3 May 2019.

The details of the accepted offer are set out below.

Valuation of the business and assets

As we believed we would be able to sell the business, we sought a market value to compare offers. In the event that offers for any one site may have been lower than the total value, we also sought individual valuations so that we could assess whether any offer merited acceptance, or if we should sell the assets on a piecemeal basis.

A valuation was obtained on two bases, one being that a willing buyer would purchase the assets, as this is what was hoped for by conducting a pre-pack sale. However, if this value proved to be unachievable, then a valuation was also obtained on a forced sale basis to act as a guide when considering any alternative offers received.

We received a professional valuation from Christies based on their work when looking at the CVA. Additionally, a review was requested from Gordon Brothers Europe of the value of the equipment on the sites, should they need to be sold independently of the restaurants themselves. Both agents have confirmed their independence and that they carry adequate professional indemnity insurance.

Details of the assets sold and the nature of the transaction

Smithson & Sons Limited (“the Purchaser”) is connected to the Company. Richard Smithson is a director and shareholder of both and Ben Smithson is a director of both companies.

There is no connection between the Purchaser and the secured creditors of the Company and the same bank is not assisting the Purchaser.

The transaction completed on 3 May 2019.

Richard Smithson provided a personal guarantee to Lombard North Central Plc in respect of finance over some of the Company’s fixtures and fittings. The Purchaser has agreed to take this equipment and the corresponding liability (approx. £140,000) over from the Company.

Connected Party transactions

Where there are connections between an insolvent company and the purchasing entity, the purchaser meets the definition of a “connected party”. Following recommendations made to the Department for Business, Energy & Industrial Strategy about pre-packaged sales to connected parties, it was felt that some of the concerns expressed about such transactions in the context of insolvency, may be overcome by having an independent party review the proposed sale and offer an opinion on the appropriateness of the grounds for the sale. This may provide reassurance to creditors that an independent person has considered the reasonableness of the proposed transaction.

As the transaction meets the definition of a connected party sale, the transaction is eligible for review by the Pre-Pack Pool (**the Pool**). The pool is an independent body of experienced business people and has been set up in response to a series of recommendations contained in an independent review of pre-packaged sales in administrations. A Pool member will offer an opinion on the purchase of a business and/or its assets by a party connected to a company where a pre-packaged sale is proposed by an Administrator.

The Pool, through its members, operates only to review and opine on applications made voluntarily by connected parties. Further information on the work of the Pool can be found in the ‘Questions and Answers about the Pre-Pack Pool’ document on the Pool’s website at www.prepackpool.co.uk

The Purchaser was made aware of the option to approach the Pool and the potential for enhanced stakeholder confidence from the connected party approaching the Pool and preparing a viability statement for the purchasing entity.

In this case, the Pool has not been approached by the Purchaser.

Viability statement

A viability review can be drawn up by a connected party wishing to make a pre-packaged purchase. The review should cover the greater of 12 months or the period over which any consideration is to be deferred in order to demonstrate how the purchasing entity will survive for this period from the date of the proposed purchase.

As Administrators, we requested that the Purchaser provide us with a copy of their viability statement and this is attached to this statement.

Assets

The assets sold include, for the four sites in the south-west;

- Assignment of leases and rights therein,
- Stock (wet and dry) subject to third-party rights,
- Furniture and fittings and
- Goodwill.

In addition, the Purchaser also acquired the equipment under finance with Lombard at the Worthing and Lewes sites.

Sale consideration

The consideration was payable in two instalments. The first payment of £75,000 was paid on completion 3 May 2019 and we can confirm this has been received.

The balancing payment is due on 17 May 2019. In order to protect the interests of the estate we took a personal guarantee from Richard Smithson to pay any part of the purchase price that is not paid on the due date.

AQUA

Viability Statement

Smithson & Sons Ltd propose to take over the four South West sites, including Bristol (Welshback), Bristol (Clifton), Bath and Portishead.

It is clear that the sites run effectively as they stand producing a healthy Ebitda in the sites. The brand itself is very successful in the South West and has a very good reputation trading for 20 years. Smithson & Sons would continue to build on this strength in the following areas:

1. Development:

- Refocus menus and target the core strengths of the business such as its lunch time menu, great eclectic mix of dishes, Saturday brunches & Sunday roasts
- Streamline operations and make it easier to run and manage the restaurants through training, menu development, engagement of operational procedures
- Become more local and deliver the family ethos and brand
- Become more relevant in the new emerging drinks and food markets of Veganism & Low Alcohol beverages

2. People:

- Review all teams and build on the strengths in the operation
- Retrain on basic service strategies to ensure excellence is being provided
- Removal of the tipping policy to encourage better service standards and attract staff
- Work closely with the existing management to boost performance without stretching people's job tasks too thinly

3. Control & Standards:

- Ensure that operational procedures are maintained and followed
- Re set the structure in the sites so that everyone is made accountable for performance and actions
- Continue with the current operational systems such as Polaris to ensure that margins and labour management are being maintained

4. Purchasing:

- Review all suppliers and assess all pricing and improve on margins
- Continue to work with existing suppliers and build on quality and consistency
- Work with more local suppliers and build relationships to take Aqua to the next level
- Look to improve on existing products with greater quality and being more appealing to the discerning market

5. Marketing:

- Launch new campaigns and create more awareness in the market around new menus, teams, family ethos, fresh produce
- Build on key marketable strategies already in place; lunch & early dinner menu, bottomless brunch, 241 Bellini, Sunday roast