

The Insolvency Act 1986

Notice of deemed approval of proposals

Name of Company

Euromark Marking and Coding Limited

Company number

07265770

In the

Manchester District Registry

Court case number

2105 of 2017

(full name of court)

(a) Insert full name(s) and address(es) of administrator(s)

I/We (a) Simon Franklin Plant
S F P
9 Ensign House Admirals Way
Marsh Wall London
E14 9XQ

Daniel Plant
S F P
9 Ensign House Admirals Way
Marsh Wall London

(b) Insert name and address of the registered office of company

having been appointed administrator(s) of (b) Euromark Marking and Coding Limited
, SFP, 9 Ensign House, Admirals Way, Marsh Wall, London, E14 9XQ

(c) Insert date of appointment

on (c) 6 February, 2017

(d) Insert name of applicant/appointer

by (d) Positive Cash Flow Finance Limited

hereby give notice that:

having made a statement under paragraph 52(1) of Schedule B1 and no meeting having been requisitioned under paragraph 52(2) of that Schedule, the proposals sent by me on (e) 17 March 2017 were deemed to have been approved on (e) 27 March 2017.

(e) Insert date

Signed


Joint Administrator(s)

Dated

27 March 2017

Presenter's details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form.

The contact information that you give will be visible to searchers of the public record

Simon Franklin Plant
S F P
9 Ensign House
Admirals Way
Marsh Wall
London
E14 9XQ

Tel: 020 7538 2222

DX Number:

When completed and signed please send it to the
Registrar of Companies at:-

Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

Companies House receipt of



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COMPANIES HOUSE

TUESDAY

**Schedule of Agreed Proposals of
Euromark Marking and Coding Limited (in Administration) ("the Company")
in accordance with the Insolvency Act 1986 ("the Act") and the Insolvency Rules 1986 ("the Rules")**

1. The following Proposals were deemed approved by creditors on 27 March 2017:
 - 1.1 The Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration, in particular that:
 - 1.1.1. they collect the deferred sale consideration in relation to the sale of the Company's business and assets;
 - 1.1.2. they investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company, whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company; and
 - 1.1.3. they do all such things and generally exercise all their powers as Joint Administrators as they consider desirable or expedient at their discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these Proposals.
 - 1.2 The Joint Administrators make distributions to any secured or preferential creditors in accordance with Paragraph 65 of Schedule B1 of the Act. Further, they may make a distribution to unsecured creditors, having first sought the court's permission in accordance with Paragraph 65(3) of Schedule B1 of the Act.
 - 1.3 The Joint Administrators end the Administration in one of the following ways, appropriate to the circumstances of the case at the time *[re-order to reflect what was contained in the Proposals]*:
 - 1.3.1. in the event that there is no remaining property that might permit a distribution to the Company's creditors, they shall file a notice of dissolution of the Company pursuant to Paragraph 84 of Schedule B1 of the Act; or
 - 1.3.2. however, in the unlikely event that the Joint Administrators think that a distribution will be made to unsecured creditors (and they have not sought the court's permission to pay the distribution whilst the Company is in Administration), they shall send to the registrar of companies notice to move the Company from Administration to Creditors' Voluntary Liquidation. In such circumstances, Simon Plant and Daniel Plant will be appointed Joint Liquidators and will be authorised to act either jointly or separately in undertaking their duties as Liquidator; or
 - 1.3.3. alternatively, and should there be no likely funds to distribute to unsecured creditors, the Joint Administrators may seek to place the Company into Compulsory Liquidation in order to bring proceedings that only a Liquidator may commence for the benefit of the estate. In such circumstances, Simon Plant and Daniel Plant may ask the court that they be appointed Joint Liquidators, to act either jointly or separately in undertaking their duties as Liquidator.
2. In addition, the following matters are subject to the approval of the secured creditor:
 - 2.1. the Joint Administrators' fees be fixed by reference to the time properly spent by them and their staff in attending to matters as set out in the fees estimate, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken, and that the Joint Administrators be authorised to draw fees as and when funds become available; and
 - 2.2. the Joint Administrators be authorised to recover all Category 2 disbursements, including the costs of SFP Property, calculated on the bases detailed in SFP's Summary.
3. Pursuant to R2.33(2b)(h) of the Rules, approval of the Joint Administrators' unpaid pre-Administration costs was not part of the Proposals, but is subject to the approval process as set out in R2.67A of the Rules.

Strictly Private and Confidential

Euromark Marking and Coding Limited (In Administration)

**Statement of Joint Administrators' Proposals
Pursuant to Paragraph 49(1) of
Schedule B1 to the Insolvency Act 1986**

Simon Franklin Plant

Daniel Plant

MIPA FABRP

MIPA FABRP

**SFP
9 Ensign House
Admirals Way
Marsh Wall
London
E14 9XQ**

Tel: +44 (207) 5382222

Fax: +44 (207) 5383322

These Proposals have been written and presented for the sole purpose of complying with the relevant provisions of the Insolvency Act 1986 (as amended). It may not be disclosed, disseminated or copied without our prior written permission, other than to those entitled under statute or otherwise as ordered by the Court, and no liability will be accepted to any other person or party who acts or refrains from acting on its contents.

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Euromark Marking and Coding Limited (In Administration)
Statement of Joint Administrators' Proposals
Pursuant to Paragraph 49(1) of Schedule B1 of the Insolvency Act 1986

1. Executive Summary	SECTION/APP. REFERENCE
1.1 The Company was placed into Administration on 6 February 2017. The purpose of rescuing the Company as a going concern was not achievable. The primary purpose of the Administration is therefore to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).	Section 5
1.2 The Company was incorporated on 26 May 2010, commencing trading in 2011 to supply inkjet coding machines, printing inks and consumables. Its registered office and trading premises were located at units 5 and 6 Croftwood Square, Martland Mill Industrial Estate, Wigan WN5 0LG.	Section 4 and Appendix II
1.3 It is understood that the Company was formed by the Director in May 2010 to supply inkjet coding machines, printing inks and consumables. A history of the Company's trading activity together with the events leading Positive to seek to place the Company into Administration are detailed in Section 4 .	Section 4 and Appendix III
1.4 In pursuing the second Administration objective, the Joint Administrators' strategy was to seek to achieve a sale of the business and assets on a going concern basis, as this would vastly improve the result for the secured and preferential creditors. The Joint Administrators have now completed a sale of the business and assets on a going concern basis. As the sale was negotiated after the Joint Administrators' appointment, the disclosure requirements of SIP16 do not apply. However, in the interest of transparency, relevant information in the form of a SIP16 Statement has been disclosed.	Section 6
1.5 The purpose of the Administration is still in the process of being achieved and there is still a significant amount of work to be undertaken. This includes collecting the deferred sale consideration, monitoring debtor recoveries, collecting payments in respect of the Licence to Occupy, continued investigations into the Company's affairs and statutory reporting. The Joint Administrators consider that it may be advisable for the Company to continue in Administration for the time being. However, they require the option of placing it into Creditors' Voluntary Liquidation for distribution purposes in the unlikely event that there are sufficient realisations for a dividend to unsecured creditors that they are unable to distribute in the Administration. Alternatively, the Joint Administrators will file notice of dissolution of the Company at Companies House should they take the view that the Company has no property which might permit a distribution to its creditors, unless they believe that they should present a winding up petition at court, so that a liquidator can be appointed to further investigate the Company's affairs. It is not proposed to convene a meeting of creditors.	Sections 7, 11 and 13
1.6 Questionnaires have been sent to creditors. Responses may assist the Joint Administrators with their general investigation duties. Accordingly, those who have not replied are urged to do so.	Section 14

2. Introduction

- 2.1 These Proposals are prepared pursuant to Schedule B1, Paragraph 49 of the Act in relation to the Company, the purpose of which is to provide creditors with a full update as to the present position and seek creditors' approval of the next stage of proceedings.
- 2.2 The Proposals also include information required to be provided to creditors pursuant to Rule 2.33 of the Rules. Definitions of the terms used in these Proposals are provided in **Appendix I** and all statutory information pertaining to the Company is set out in **Appendix II**.

3. The Joint Administrators' Appointment

- 3.1 On 6 February 2017, the Notice of Appointment was presented to the Court by solicitors Irwin Mitchell on behalf of the Company's invoice discounter, Positive.
- 3.2 The Notice of Appointment was endorsed with the number 2105 of 2017. Both Simon Franklin Plant and Daniel Plant were appointed Joint Administrators. Pursuant to Schedule B1, Paragraph 100(2) of the Act, any function may be exercised by either of the Joint Administrators.

4. Company History and Events Leading to the Administration

- 4.1 Albeit that statutory information is contained in **Appendix II**, these Proposals provide brief details in relation to the Company's history. This history has been compiled following conversations between the Team and the Director, subsequent to the placing of the Company into Administration.
- 4.2 The Company was incorporated on 26 May 2010 but did not commence trading at this time. The Company subsequently commenced trading in 2011 following the acquisition of a predecessor business, ECM after it was placed into Administration.
- 4.3 The Company was a supplier of inkjet coding machines, printing inks and consumables. In addition, the Company offered a maintenance service. Its client base included a number of blue-chip clients.
- 4.4 The Company operated from the Trading Premises and always has done so. Its registered office was also located at the Trading Premises.
- 4.5 The Company banked with Barclays and held a Barclaycard credit card, with a limit of £25,000.
- 4.6 The following table sets out the historic and current debentures and charges registered against the Company:

1)	Debenture Created 23 September 2016 Status Outstanding Persons entitled: Positive
2)	Debenture Created 22 June 2016 Status Outstanding Persons entitled: Goldcrest
3)	Debenture Created 20 July 2011 Status Satisfied on 19 November 2011 Persons entitled: Mr Lynch

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Statement of Joint Administrators' Proposals
Pursuant to Paragraph 49(1) of Schedule B1 of the Insolvency Act 1986

4)	Debenture Created 30 June 2011 Status Outstanding Persons entitled: Aldermore Invoice Finance, a division of Aldermore
5)	Legal Charge Created 4 January 2011 Status Satisfied on 19 November 2011 Persons entitled: Mr Lynch

- 4.7 The Director could not recall specific details but he believed that Mr Lynch had provided start-up capital to the business and in return, the Company granted two debentures (3 and 5 in the above table). Mr Lynch was subsequently repaid and the debentures were marked as satisfied.
- 4.8 To assist with cash-flow, the Company also entered into an invoice discounting facility with Aldermore, in 2011. By way of security, the Company granted Aldermore a debenture (4 in the table above).
- 4.9 During the first and second year of trading, the Company achieved a turnover of circa £1m. In 2013, a former contract web-designer for the Company, Mr Dev joined initially as a sales person to improve turnover. After a successful spell in sales however, his role evolved and Mr Dev soon became a General Manager, taking a more hands on role with the business' everyday operations. This included seeking additional finance.
- 4.10 In 2014, the Company is understood to have obtained a £250,000 loan from Funding Circle. The Director provided a personal guarantee in relation to the loan, by way of security. It is understood the loan was used partly as working capital and partly for an investment into an associated property business, LDL.
- 4.11 The Director explained that the Company's investment into LDL failed. Having advanced a total of around £400,000 during 2014 into LDL, the Company suffered from the failure in 2015 by way of bad debt.
- 4.12 The Company instructed a new accountant in 2015 to assist with finances. It is understood that the new accountant found the business to have been loss making historically, also calculating a significant legacy debt of several hundred thousand pounds with HMRC.
- 4.13 The Company had increased turnover to circa £2m by 2016. To assist with trading, the Company entered into a trade finance agreement with Goldcrest. By way of security, the Company granted Goldcrest a debenture (2 in the table above). This was a rolling facility and it is understood that Goldcrest was subsequently repaid.
- 4.14 In September 2016, the Company sought an alternative funder and entered into an invoice discounting agreement with Positive. By way of security, the Company granted Positive a debenture (1 in the table above). Positive are understood to have settled the Aldermore liability by way of inter-factor transfer.
- 4.15 By January 2017, the HMRC legacy debt had grown as a result of more recent trading liabilities, standing at circa £438,000. A time to pay arrangement was subsequently entered into with HMRC, with repayments of £20,000 per month commencing in January 2017 agreed upon. However, the Company defaulted on the first payment.
- 4.16 Positive had concerns about the viability of the business and subsequently demanded repayment of its facility, on 6 February 2017. The demand was not settled and accordingly, Positive subsequently sought the appointment of Administrators.

- 4.17 At Appendix III is an estimated Statement of Affairs, which indicates that the Company was insolvent on a balance sheet basis with a deficiency to creditors of £401,857

5. The Purpose of the Administration

- 5.1 The purpose of an Administration is set out in Schedule B1, Paragraph 3(1) of the Act. In short, this provides that an Administrator of a company must perform his functions with the objective of:

- 5.1.1 rescuing the company as a going concern, or
- 5.1.2 achieving a better result for the creditors as a whole than would be likely to be achieved if the company were wound up (without first being in Administration), or
- 5.1.3 realising property in order to make a distribution to one or more secured or preferential creditors.

- 5.2 These objectives form a hierarchy. The rescue of a company is the priority. If this is not possible, the Administrator seeks to achieve a better result for the creditors as a whole. In the event that this cannot be achieved, then the Administrator is permitted to realise assets for the benefit of the preferential or secured creditors.

- 5.3 In the light of the insolvency of the Company, the initial purpose relating to its rescue could only be achieved through a CVA. This was not considered to be achievable given the nature of the Company's business and its financial circumstances, although the second purpose appeared to be a viable option.

- 5.4 The Joint Administrators have pursued the second objective of achieving a better result for creditors as a whole than would be likely if the Company had been wound up. Their strategy has been to pursue a sale of the business as a going concern, which has the advantage, not only of maximising asset realisations but also of limiting the crystallisation of some liabilities against the Company and protecting the Company's sales ledger from counterclaims and other disputes. Thus, the result for the secured and preferential creditors has been vastly improved and some unsecured creditors are also likely to benefit more than if the business had not been sold as a going concern.

- 5.5 In order to pursue a going concern sale, the Joint Administrators have maintained the Company as a trading entity whilst their professional agents have undertaken an active marketing campaign in order to locate potential purchasers.

- 5.6 A detailed account of how the Joint Administrators have sought to achieve the objective of the Administration is set out below.

6. Events Following the Joint Administrators' Appointment Leading to Post-appointment Strategy

- 6.1 Prior to the Joint Administrators' appointment on 6 February 2017, they arranged for a meeting to take place with the Team in order to discuss the post-appointment strategy and to provide a background of the Company's position. It was agreed that the Team and GTC would attend site on 6 February 2017 in order to assess the viability of continued trading.

- 6.2 After receiving confirmation that the Administration had commenced, various statutory duties were discharged including the following:

- 6.2.1 open insurance cover was obtained immediately on appointment;

- 6.2.2 a request for all accounts to be frozen was made, as well as a request for copy statements and additional information to be provided;
- 6.2.3 the Company's books and records were recovered from the Trading Premises and an inventory was prepared;
- 6.2.4 notification of the Administration and a request to change the Company's registered office were sent to the Registrar of Companies; and
- 6.2.5 instructions were issued to advertise the Administration.
- 6.3 On 6 February 2017, the Team attended the Trading Premises.
- 6.4 The Director was provided with the standard director's pack explaining the impact of the Administration and his fiduciary duties going forward. The valuation agent, GTC, was instructed to provide a valuation of the Company's business and assets and to assist the Joint Administrators in compiling a strategy to maximise realisations. Further, in the interest of security to carry out a change of locks to the Trading Premises.
- 6.5 Shortly after appointment, it was established that achieving the first Administration objective by long-term continued trading in Administration would not be viable. This was primarily due to a lack of funding, low stock levels, uncertainty surrounding the potential income, which may have resulted in a trading loss and the reliability of management. Accordingly, the Team focussed on seeking to achieve the second Administration objective and looked to discharge the Joint Administrators' initial statutory duties, glean general company information and establish a strategy to maximise the disposal of assets in short order, with the assistance of GTC.
- 6.6 The Team also commenced its review of the current debtor position.
- 6.7 The Team obtained details of the Company's workforce and established an appropriate consultation process. A meeting was called with all employees on 7 February 2017 in order to provide confirmation of the Joint Administrators' appointment, outline the Joint Administrators' initial strategy, and commence consultation. Shortly prior to the meeting, it was established that a number of staff had not made it back to the office in time for the meeting. Accordingly, it was agreed that circulating a letter by email that day to each of the staff members would be the most effective way of communicating the necessary information. In addition, a member of the Team held a physical meeting with the majority of staff on 9 February 2017, in order to provide an on-going update and to address queries.
- 6.9 The Joint Administrators are in the process of undertaking an orderly wind down of the Company's affairs.

7. General Progress In Relation to the Administration

The Sale of the Business and Assets

- 7.1 In accordance with the agreed strategy, GTC was instructed to undertake a valuation of the business and assets and to carry out a marketing exercise.
- 7.2 On 6 February 2017, GTC began gathering details about the Company's assets. Whilst this was being undertaken, a teaser advert was drafted providing a summary of the opportunity. This teaser document was subsequently placed on to the website of GTC on 7 February 2017 and circulated to a database of circa 1028 businesses interested in mergers and acquisitions. A deadline of noon on 10 February 2017

was provided for interest to be lodged by. This timeframe was considered by GTC to be an appropriate length in the circumstances.

- 7.3 Two registrations of interest in the business were initially received from associated parties.
- 7.4 Later in the week, another registration of interest was also lodged by a former consultant to the Company.
- 7.5 In the interest of timings, negotiations took place with relevant parties whilst the marketing campaign remained active. No sale would actually take place however, until all associated and non-associated interest was explored. In total eleven parties expressed an interest and three engaged in negotiations.
- 7.6 Negotiations took place with each of these over the course of several days, by way of meetings, emails and telephone calls.
- 7.7 Following a period of negotiation with each of the interested parties, only one offer was received by the end of the marketing period. This was from New Code in the sum of £80,000. The Director is also a director and shareholder of New Code.
- 7.8 GTC recommended looking to progress with the offer from New Code.
- 7.9 The Team discussed New Code's offer and were able to improve upon the deferred payment terms, reducing down from 18 months deferred to 13 months. By way of security, Mr Dev and the Director agreed to provide personal guarantees. Further, the Debenture would also be granted to the Company. The Licence to Occupy for a period of three months would also be granted to New Code.
- 7.10 Irwin Mitchell was instructed to circulate a draft SPA, the Debenture and the Licence to Occupy on 13 February 2017.
- 7.11 The Management initially advised that they would be instructing solicitors but subsequently decided not to do so. During the course of the day on 14 February 2017, various amendments were carried out on the draft documentation by the Team and the Management. The completion funds were transferred to Irwin Mitchell and final versions of the sale related documentation agreed upon.
- 7.12 The SPA, the Debenture and the Licence to Occupy subsequently completed at 20:04 on 14 February 2017.

Additional Information regarding the Sale

- 7.13 Attached at **Appendix II** are further details of the sale of the Company's business and assets.

The Employees

- 7.14 The employees were transferred to New Code pursuant to TUPE following completion of the sale of the business and assets on 14 February 2017.

Debtors

- 7.15 The Company's sales ledger has been assigned to Positive. As at the date of the placing of the Company into Administration, Positive's outstanding balance, excluding charges was £118,676 with the sales ledger standing at £242,252.

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Statement of Joint Administrators' Proposals
Pursuant to Paragraph 49(1) of Schedule B1 of the Insolvency Act 1986

- 7.16 Positive has advised that it will be collecting the ledger in-house. Accordingly, in order to assist with this, the Team attended the Trading Premises in order to glean copy invoices, supporting documentation and obtain system back-ups. Furthermore, meetings have been undertaken with the Director and finance staff in order to ascertain potential collection problems.
- 7.17 During the period from 6 February 2017 to 14 February 2017, additional invoicing of £16,638.90 was raised and applied to Positive's ledger.
- 7.18 Copy documentation has now been passed to Positive and the Joint Administrators will continue to monitor the position.
- 7.19 It is anticipated that Positive will recover its position in full because the supporting documentation appears reasonably clear and historically the ledger has performed well. Should this be the case, the Joint Administrators will arrange for a reassignment of the sales ledger before continuing collections for the benefit of the Administration estate.
- 7.20 Further information concerning collections will be provided in the First Report.

The Company's Trading Premises

- 7.21 The Trading Premises are occupied by the Company subject to lease agreements.
- 7.22 SFP Property has been instructed to provide the Joint Administrators with a valuation of the Company's leasehold interest, together with an appropriate disposal strategy. Furthermore, to liaise with the property owner in order to provide updates, attend to any property related queries and to oversee the execution of surrender or assignment.

Investigation into the Company's Affairs Prior to the Administration

- 7.23 The Joint Administrators are undertaking a review of the Company's trading activities in order to establish whether or not there are actions that may be taken for the benefit of the Administration and consequently to enable a conduct report to be submitted in respect of Company directors in office at the commencement of the Administration and any who resigned in the three years prior to the Administration.
- 7.24 Should any creditor have any concerns about the way in which the Company's business has been conducted or information on any potential recoveries for the estate, they are invited to bring them to the attention of the Joint Administrators as soon as they are able.

Additional Issues and Realisations

- 7.25 The Joint Administrators were informed that £41,000 was withdrawn from the Company's bank account just prior to the Company entering into Administration
- 7.26 The Joint Administrators discovered that the funds had been withdrawn by an employee who claimed to have been setting aside the funds for future payroll expenses. The Joint Administrators requested the funds be repaid forthwith.
- 7.27 The employee subsequently repaid £38,000 and advised that £3,000 had been spent.
- 7.28 The Joint Administrators explained that the employee was not entitled to take the £3,000 and an agreement was reached for this to be repaid over a period of ten months at a rate of £300 per month. This settlement agreement was completed at 20:04 on 14 February 2017.

- 7.29 The Company's books and records have been recovered from the Trading Premises. An inventory has been prepared and the books and records will continue to be stored by the Joint Administrators' agents.
- 7.30 In the interest security, a security guard was stationed at the Trading Premises over the weekend of 11 February 2017.

Instruction of Other Professionals

- 7.31 Independent professional agents, GTC were instructed to provide valuation advice and to assist with the disposal strategy. GTC were chosen for this assignment due to their geographical location, experience and understanding of insolvency scenarios and they have adequate professional indemnity insurance.
- 7.31 Irwin Mitchell is a legal practice which has a division specialising in insolvency matters. Irwin Mitchell was chosen for this assignment due to this specialism.

8. The Statement of Affairs and the Outcome for Creditors / Joint Administrators' Receipts and Payments

- 8.1 At **Appendix III** is an estimated Statement of Affairs completed by the Joint Administrators. A Statement of Affairs has been requested from the Director. To date, this form has not been returned. If the form is not received shortly, the Joint Administrators will take a view as to whether or not they understand the financial position sufficiently to release the Director from his obligation to submit a statutory Statement of Affairs.
- 8.2 Attached is also a list of creditors whose details have been obtained from the Company's records and whose claims have been lodged. Please note that the £0.00 balances denote claims that are yet to be lodged onto the Joint Administrators' system and appearance on this list does not mean that any claim has been rejected or agreed.
- 8.3 Section 176A of the Act requires Administrators to make a prescribed part of the company's net property, which is the balance remaining after discharging the preferential claims but before paying the floating charge-holder, available for the satisfaction of unsecured debts.
- 8.4 In this case, it is anticipated that the prescribed part provision will not apply, as it is likely that the secured creditor will be paid in full from book debt recoveries and thus there will be no residual liability due under its floating charge.
- 8.5 The Joint Administrators do not propose to make an application to court under Section 176A(5) of the Act to disapply the prescribed part provisions, because in any event it is anticipated that there will be no prescribed part.
- 8.6 As demonstrated in the Estimated Outcome Statement attached at **Appendix III**, on the basis of the costs incurred to date and the estimated further costs to be incurred in bringing the Administration to a conclusion, it is anticipated that there will be insufficient funds to pay a distribution to unsecured creditors. In addition, the Estimated Outcome Statement indicates there will be insufficient funds to pay all the fees and costs incurred in the Administration with the consequence that the Joint Administrators and their agents and advisers expect to suffer a shortfall on their combined costs in the region of £70,452, which will need to be written off.
- 8.7 Attached at **Appendix IV** is the Joint Administrators' receipts and payments account for the period from 6 February 2017 to 3 March 2017.

9. Statement of Pre-Administration Costs

9.1 Section 6 above summarises the work done prior to the Administration. This work was carried out before the Company entered Administration in order to determine that it was reasonably likely that the purpose of Administration would be achieved, to brief the Team and GTC in preparation for the appointment and with the assistance of solicitors, Irwin Mitchell to enable the necessary formalities to be completed to place the Company into Administration.

9.2 In conducting the above work, the following costs were incurred:

	£
SFP's time costs (see Appendix V)	10,058
SFP's disbursements – travel costs	750
GTC	2,000
Irwin Mitchell	225
SFP Property (0.8 hours spent at an average rate of £280 per hour)	280

9.3 Attached at **Appendix V** is a breakdown of the time costs of the Joint Administrators and their staff incurred prior to Administration and included within **Appendix VI** are SFP's charge-out rates and bases of disbursements. All the above costs remain unpaid.

9.4 The payment of the unpaid pre-Administration costs as an expense of the Administration is subject to approval under Rule 2.67A of the Rules and is not part of the proposals subject to approval under Paragraph 53 of Schedule B1 of the Act. Further explanation of the approval process is provided in **Section 13**.

10. The Joint Administrators' Costs

10.1 At **Appendix VI** is information to support the proposed basis of the Joint Administrators' fees, including a breakdown of time costs incurred to date, a detailed list of the work undertaken since appointment and anticipated to be undertaken in the future and estimates of the time costs and expenses anticipated to be incurred in future by the Joint Administrators.

10.2 **Section 13** below provides for approval of the bases of the Joint Administrators' fees and certain disbursements as a part of the Joint Administrators' formal proposals.

11. The Dispensing of a Meeting of Creditors

11.1 As explained in **Section 8.6** above, the Joint Administrators think that the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of Section 176A(2)(a) of the Act). Therefore, pursuant to Paragraph 52(1)(b) of Schedule B1 of the Act, no creditors' meeting is being convened.

11.2 Notwithstanding this, the Joint Administrators shall be required to summon a meeting of creditors if it is requested by the Company's creditors whose debts amount to at least 10% of the total debts of the Company, by way of service of a Form 2.21B, within 8 business days from the date on which the proposals are sent out.

11.3 If such a meeting is requested, it must be held within 28 days of the request being received by the Joint Administrators. Security must be given for the expenses of summoning and holding the meeting. At **Appendix VIII** is a copy of the Form 2.21B, should any creditor wish to request a meeting. If no meeting is requested, the proposals will be deemed to be approved pursuant to Rule 2.33(5) of the Rules. Also attached at **Appendix VII** is a form of proof of debt, which creditors are invited to complete and return, if they have not already done so.

12. EC Regulation on Insolvency Proceedings

- 12.1 For creditors' general information, the EC Regulation on insolvency proceedings applies in this case, and these proceedings are the main proceedings.

13. The Joint Administrators' Proposals

- 13.1 In order to achieve the purpose of the Administration, the Joint Administrators formally propose to creditors that:

- 13.1.1 the Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration, in particular that:

13.1.1.1 they collect the deferred sale consideration in relation to the sale of the Company's business and assets;

13.1.1.2 they investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company, whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company; and

13.1.1.3 they do all such things and generally exercise all their powers as Joint Administrators as they consider desirable or expedient at their discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these Proposals.

- 13.1.2 the Joint Administrators make distributions to any secured or preferential creditors in accordance with Paragraph 65 of Schedule B1 of the Act. Further, they may make a distribution to unsecured creditors, having first sought the court's permission in accordance with Paragraph 65(3) of Schedule B1 of the Act where necessary.

- 13.1.3 the Joint Administrators end the Administration in one of the following ways, appropriate to the circumstances of the case at the time:

13.1.3.1 in the event that there is no remaining property that might permit a distribution to the Company's creditors, they shall file a notice of dissolution of the Company pursuant to Paragraph 84 of Schedule B1 of the Act; or

13.1.3.2 however, in the unlikely event that the Joint Administrators think that a distribution will be made to unsecured creditors (and they have not sought the court's permission, and are otherwise unable, to pay the distribution whilst the Company is in Administration), they shall send to the registrar of companies notice to move the Company from Administration to Creditors' Voluntary Liquidation. In such circumstances, Simon Plant and Daniel Plant will be appointed Joint Liquidators and will be authorised to act either jointly or separately in undertaking their duties as Liquidator. Creditors may nominate a different person or persons as the proposed liquidator or liquidators, but they must make the nomination or nominations at any time after they receive these Proposals, but before they are approved. Information about the process of approval of the Proposals is set out at **Section 11**; or

13.1.3.3 alternatively, and should there be no likely funds to distribute to unsecured creditors, the Joint Administrators may seek to place the Company into Compulsory Liquidation in order to bring proceedings that only a Liquidator may commence for the benefit of the estate. In such circumstances, Simon Plant and Daniel Plant may ask the court that they be appointed Joint Liquidators, to act either jointly or separately in undertaking their duties as Liquidator.

13.3 In the event that no creditors' committee is formed, the following matters are subject to the approval of the secured creditor:

13.3.1 the Joint Administrators' fees be fixed by reference to the time properly spent by them and their staff in attending to matters as set out in the fees estimate, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken, and that the Joint Administrators be authorised to draw fees as and when funds become available; and

13.3.2 the Joint Administrators be authorised to recover all Category 2 disbursements, including the costs of SFP Property, calculated on the bases detailed in SFP's Summary.

13.4 As a separate matter, in the event that no creditors' committee is formed, approval of the Joint Administrators' unpaid pre-Administration costs, as set out in **Section 9** above is also subject to the approval of the secured creditor.

14. Ancillary

Creditors' Questionnaires

14.1 As previously stated in the first circular to the Company's creditors, responses that are received may prove integral to assisting with investigations into the Company's affairs. Accordingly, if you have not previously provided a completed questionnaire, please do so, at your earliest convenience.

Director's Conduct

14.2 Pursuant to the CDDA, it is the Joint Administrators' duty to submit a requisite form to the Insolvency Service concerning the Director's conduct.

14.3 The form must address all persons holding the position as director during the three years up to the date of the onset of insolvency. Please note that this is a standard requirement. Completed creditors' questionnaires may prove extremely helpful concerning this.

If any creditor has any queries in relation to the above, please do not hesitate to contact either of the Joint Administrators or the Senior Manager dealing with this matter, David Kemp, on 020 7538 2222 or by email to davidk@sfpgroup.com.

Dated this 13 March 2017


Simon Plant
Joint Administrator

DEFINITIONS

Independent Parties instructed to assist with the Administration

GTC	GTC Appraisals Limited
Irwin Mitchell	Irwin Mitchell LLP

Terms associated with SFP

SFP Property	SFP Property Limited
The Team	Any of the Joint Administrators, their staff members and members of staff of SFP Property
The ERA Department	The Employment Rights Act department

Other Parties

The Company	Euromark Marking and Coding Limited
The Director / Mr Luck	Shaun Luck
The Joint Administrators	Simon Franklin Plant and Daniel Plant
Positive	Positive Cashflow Finance Limited
Aldermore	Aldermore Bank Plc
Goldcrest	Goldcrest Distribution Limited
Mr Lynch	Neil John Lynch
Funding Circle	Funding Circle Limited
ECM	Euromark Coding and Marking Limited
New Code	New Code Partnership Limited
Barclays	Barclays Bank Plc
The Management	Mr Luck and Mr Dev
The Trading Premises	Units 5 and 6 Croftwood Square, Martland Park, Wigan WN5 0LG
The Court	Manchester District Registry
LDL	LDL Property Development Limited
Mr Dev	Martin Dev
RPO	Redundancy Payments Office
HMRC	HM Revenue & Customs

References to Statutory and other Regulatory Provisions and Documents

The Act	The Insolvency Act 1986
The Rules	The Insolvency Rules 1986 or the Insolvency (England & Wales) Rules 2016
ERA	Employment Rights Act 1996
TUPE	The Transfer of Undertakings (Protection of Employment) Regulations
ETO	Economic, technical or organisational
CDDA	Company Directors Disqualification Act 1986
SIP	Statement of Insolvency Practice
Notice of Intention	Notice of Intention to Appoint an Administrator
Notice of Appointment	Notice of Appointment of an Administrator by Holder of a Qualifying Floating Charge
CVA	Company Voluntary Arrangement
CVL	Creditors' Voluntary Liquidation
The Proposals	Statement of the Joint Administrators' Proposals
The Statement of Affairs	Estimated Statement of Affairs as at the date that the Company was placed into Administration
The First Report	The Joint Administrators' progress report for the first six month period from the date that the Company was placed into Administration
The Second Report	The Joint Administrators' progress report for the period from six months after appointment to the date specified in the report
The Last Report	The most recent progress report issued by the Joint Administrators
Review Period	Period covered by the Joint Administrators' progress report
NDA	Non-disclosure agreement
SPA	Sale and purchase agreement
Licence to Occupy	A licence to occupy the Trading Premises
Debenture	A debenture granted in favour of the Company to secure deferred sale consideration
The Release	Deed of release of the secured creditor's security
IPR	Intellectual property rights
A Connected Party/Connected	As defined by Section 249 of the Act (a copy of the statutory definition is overleaf)

Statutory Definition of a Connected Party

Section 249 of the Act states:

A person is connected with a company if:

- (a) he is a director or shadow director of the company or an associate of such a director or shadow director, or
- (b) he is an associate of the company;

and "associate" has the meaning given by Section 435 of the Act.

Section 435 of the Act states:

(2) A person is an associate of an individual if that person is:

- (a) the individual's husband or wife or civil partner,
- (b) a relative of
 - (i) the individual, or
 - (ii) the individual's husband or wife or civil partner, or
- (c) the husband or wife or civil partner of a relative of
 - (i) the individual, or
 - (ii) the individual's husband or wife or civil partner.

(3) A person is an associate of any person with whom he is in partnership, and of the husband or wife or civil partner or a relative of any individual with whom he is in partnership; and a Scottish firm is an associate of any person who is a member of the firm.

(4) A person is an associate of any person whom he employs or by whom he is employed.

(5) A person in his capacity as trustee of a trust other than

- (a) a trust arising under any of the second Group of Parts or the Bankruptcy (Scotland) Act 1985, or
- (b) a pension scheme or an employees' share scheme,

is an associate of another person if the beneficiaries of the trust include, or the terms of the trust confer a power that may be exercised for the benefit of, that other person or an associate of that other person.

(6) A company is an associate of another company

- (a) if the same person has control of both, or a person has control of one and persons who are his associates, or he and persons who are his associates, have control of the other, or
- (b) if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

(7) A company is an associate of another person if that person has control of it or if that person and persons who are his associates together have control of it.

(8) For the purposes of this section a person is a relative of an individual if he is that individual's brother, sister, uncle, aunt, nephew, niece, lineal ancestor, or lineal descendant, treating

- (a) any relationship of the half blood as a relationship of the whole blood and the stepchild or adopted child of any person as his child, and
- (b) an illegitimate child as the illegitimate child of his mother and reputed father;

and references in this section to a husband or wife include a former husband or wife and a reputed husband or wife and references to a civil partner include a former civil partner and a reputed civil partner.

(9) For the purposes of this section any director or other officer of a company is to be treated as employed by that company.

(10) For the purposes of this section a person is to be taken as having control of a company if

- (a) the directors of the company or of another company which has control of it (or any of them) are accustomed to act in accordance with his directions or instructions, or
- (b) he is entitled to exercise, or control the exercise of, one third or more of the voting power at any general meeting of the company or of another company which has the control of it;

and where two or more persons together satisfy either of the above conditions, they are to be taken as having control of the company.

(11) In this section "company" includes any body corporate (whether incorporated in Great Britain or elsewhere); and references to directors and other officers of a company and to voting power at any general meeting of a company have effect with any necessary modifications.

Euromark Marking and Coding Limited (in Administration)

Statement of Proposals

APPENDIX II

- **Statutory Information and Details of the Sale**

Statutory Information As Reflected At Companies House

Company Name: Euromark Marking and Coding Limited
Company Number: 07265770
Date of Incorporation: 26 May 2010
Previous Names: N/A
Nature of Business: Wholesale of Other Machinery and Equipment
Issued Share Capital: £200

	Name	Appointed	Resigned	Shareholding
Director(s):	Ian Luck	26 May 2010	18 August 2010	Nil
	Shaun Luck	17 August 2010	N/A	120
Company Secretary:	Sheila Knowles	26 May 2010	17 August 2010	Nil

Current Registered Office: 9 Ensign House
Admirals Way
Marsh Wall
Docklands
London E14 9XQ

Previous Registered Office: Unit 5 Croftwood Square,
Martland Park,
Wigan,
Lancashire,
WN5 0LG

Trading Address: As per previous registered office

Schedule of Outstanding Mortgages or Charges:

Name	Type of Charge	Registered
Positive	Debenture	26 September 2016
Goldcrest*	Debenture	27 June 2016
Aldermore*	Debenture	1 July 2011

*despite showing as outstanding at Companies House it is understood that both of these charges have been satisfied

Introduction

The Joint Administrators did not conduct negotiations with any interested parties until after their appointment. Consequently, the business and assets of the Company were not sold as a pre-pack and therefore SIP16 does not apply. However, in the interests of transparency, further details regarding the sale are provided below.

Prior to commencement of the Administration, SFP acted as advisors to Positive in relation to the options for the Company. For the avoidance of doubt, neither SFP nor its insolvency practitioners advised the Director(s) personally or any parties connected with the eventual purchaser, who where appropriate were encouraged to take independent advice. At all times prior to Administration, the Board of Directors remained responsible for, and in control of, the Company's affairs. During this time, the insolvency practitioners of SFP took their own steps to prepare for their potential appointment as Joint Administrators. At this point, there were clear advantages in looking to sell the Company's business and assets shortly on appointment, as this strategy would significantly reduce the ongoing costs of securing and maintaining the business and assets and it would avoid the substantial risks that the continued viability of the business and the value of the assets would deteriorate due to the commencement of a formal insolvency regime. Therefore, the insolvency practitioners, with the assistance of professional and independent agents, considered the most effective method of attracting interest in the business in order to progress a sale representing the best outcome for creditors as a whole once the Administration had commenced. This pre-Administration work did not involve any negotiations with any parties interested in acquiring the business or assets of the Company, including the party that eventually was successful in purchasing the business and assets.

Immediately on their appointment, the Joint Administrators, as officers of the court, took over from the Board responsibility for the management of the affairs, business and property of the Company. In the interests of the creditors as a whole, mindful of the need to achieve a statutory purpose of an Administration and in order to maximise realisations and minimise the accrual of ongoing liabilities, they commenced negotiations with a view to selling the business and assets as a going concern. In the Joint Administrators' opinion, the outcome achieved was the best available outcome for creditors as a whole in all the circumstances and the transaction enables the second statutory purpose of an Administration to be achieved. The Joint Administrators' Proposals provide further information regarding the statutory purpose pursued.

The source of the initial introduction to the insolvency practitioner and the date of the Joint Administrators' initial introduction

Simon Plant of SFP was initially introduced to the Company by Positive, the Company's invoice discounter, on 2 February 2017.

Pre-appointment matters

The extent of the Joint Administrators' (and that of their firm and/or any of their associates) involvement prior to the appointment

The Joint Administrators discussed the proposed appointment with Positive shortly prior to the placing of the Company into Administration.

The alternative courses of action that were considered, both prior to and within formal insolvency by the insolvency practitioners and the Company, and on appointment by the Joint Administrators with an explanation of the possible outcomes

Continuing to trade without entering into a formal insolvency procedure

The Company had exhausted its available cash resources and its cash constraints were impacting on its ability to continue trading. The prospects of acquiring new funding were poor and in any event it appeared unlikely that this would provide the Company with sufficient breathing space to enable it to take necessary restructuring measures and trade out of its difficulties.

Company Voluntary Arrangement

Consideration was given to whether a CVA could be proposed and implemented successfully. This was discounted as an option because the Company had insufficient finance to continue to trade successfully as well as support contributions to a CVA that would be acceptable to its major creditors. It was also clear that the Company was under significant pressure from its creditors and required the benefit of a moratorium, which would not have been available immediately if a CVA alone had

been explored.

Liquidation

The collective view of GTC and the Joint Administrators was that a going concern sale would be the best result for creditors as a whole. A going concern sale, which was unlikely to be successful in a liquidation, had the advantages of reducing the employees' and potentially the landlord's claims and avoiding a break in supplies to customers, which would enable value to be achieved for goodwill and ensure a more effective debt collections process. Accordingly, consideration was given also to liquidation but was discounted for this reason.

Pre-pack Administration sale

As explained above, the Company could not continue to trade in the medium term and therefore in order to maximise realisations it was important to use the short time available wisely in exploring and pursuing a going concern sale. Nevertheless, although time was of the essence and thus agents were engaged as quickly as possible, it was not considered critical that negotiations be conducted prior to the Joint Administrators' appointment. Therefore a pre-pack sale was not pursued, as it was considered advantageous for as much of the sale process as possible to be conducted once the Administration had commenced.

Whether efforts were made to consult major or representative creditors and the upshot of any consultations

The secured creditor, Positive, was consulted about the Company's circumstances and the proposed strategy. As the sale negotiations progressed, dialogue continued with Positive to ensure that a deed of release of its charge over the assets would be granted in the event that the sale was agreed.

In addition, attempts were made to contact HMRC however this was not achievable due to an Administration case worker not having been assigned. A fax was subsequently sent to the HMRC insolvency team requesting that the Joint Administrators be contacted once a case worker had been assigned, so that an update/dialogue could be undertaken.

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

The Company was maintained as a trading entity for a short period during Administration, from 6 February 2017 to 14 February 2017, when the going concern sale was concluded.

It was not considered that trading of the business during the Administration could continue over a significantly longer period, as the Company had insufficient finance in order to do so. In the circumstances, it was considered that the most effective strategy would be for GTC to market the Company's business and assets immediately on Administration in order to identify any interested parties with which the Joint Administrators could start negotiations after their appointment with a view to completing a sale shortly thereafter.

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

In view of the Company's overall financial position, it was considered inappropriate to seek additional working capital outside of Administration.

Details of registered charges with dates of creation

The charges registered against the Company are as follows:

<u>Name of charge-holder</u>	<u>Type of security</u>	<u>Date created</u>
Positive	Debenture	23 September 2016
Goldcrest	Debenture	22 June 2016*
Aldermore	Debenture	30 June 2011*

*it is understood that these charges have been settled despite not having been marked off at Companies House.

Any acquisition of the business or assets from an insolvency practitioner within the previous 24 months (or longer if considered relevant to creditors' understanding)

As far as the Joint Administrators are aware, neither the business nor its assets were acquired from an insolvency practitioner within the previous 24 months.

Marketing of the business and assets

The marketing activities conducted by the Company and / or the Joint Administrators and the effect of those activities, with reference to the marketing essentials

Attached is an explanation, which includes the reasons underpinning the marketing and media strategy used, provided by GTC. The Joint Administrators believe that the business was marketed as widely as possible proportionate to the nature and size of the business. They also believe that the marketing activity was carried out for as long as possible in the circumstances given the constraints on the Company's continued trading as described above and having regard to the costs accruing by the Joint Administrators and their staff in supervising ongoing trading. The business was marketed on the internet. The Joint Administrators are also satisfied as to the adequacy and independence of the marketing undertaken in the circumstances.

Valuation of the business and assets

The names and the professional qualifications of the valuers / advisers and confirmation that they have confirmed their independence and that they carry adequate professional indemnity insurance

Iain Gash (qualified by time spent, in excess of ten years) of GTC were instructed to act as independent valuer / advisor. GTC have confirmed their independence and carry adequate professional indemnity insurance.

The valuations obtained for the business or its underlying assets

Immediately after the commencement of the Administration, GTC carried out valuations of the Company's business and assets on both an in-situ and ex-situ basis, summarised as follows:

	In-situ basis £	Ex-situ basis £
Printing Inks and Consumables	12,000	2,000
Office Furniture and Equipment	4,000	800
Plant and Machinery	6,000	2,000

The summarised figures above represent the lowest acceptable offer values and not the most desirable sale price.

GTC reviewed the Company's financial and trading history, together with information on its contracts, work in progress, IPR, present circumstances and current market conditions, in order to consider the value of these assets and of the Company's goodwill. Both GTC and the Joint Administrators are satisfied that the realisations from these assets represent the best available outcome in all the circumstances.

No reliance has been placed on any valuations previously obtained by the Company or its lenders. In all respects regarding the sale, the Joint Administrators have sought independent advice from GTC.

A summary of the basis of valuation adopted by the Joint Administrators or their valuers / advisers

The valuation on an in-situ basis reflects the valuers' estimated amount for which the assets could be sold as a whole in their working place(s). The ex-situ basis reflects a sale whereby the assets are removed from the premises at the expense of the purchaser subject to a restricted marketing period that does not allow sufficient time for proper marketing, as would be available under normal market conditions.

The rationale for the basis of the valuations obtained and an explanation of the value achieved of the assets compared to those valuations

The Joint Administrators considered the bases of the valuations appropriate as they enabled them to consider any offer with the objective of selling the business and assets as a going concern, but also to gain an appreciation of the likely realisations in the event that sale negotiations were threatened to collapse and a forced sale of the assets became a real possibility.

As can be seen from this summary, the resulting sale compares favourably to the in-situ valuation.

If no valuation has been obtained, the reason for not having done so and how the Joint Administrators were satisfied as to the value of the assets

Not applicable; the assets were valued (see above).

The transaction

The date of the transaction

The sale was completed on 14 February 2017.

Purchaser and related parties

The identity of the purchaser

The purchaser is New Code.

Any connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates

Mr Luck is a common director and shareholder of the Company and New Code.

The names of any directors, or former directors (or their associates), of the Company who are involved in the management, financing, or ownership of the purchasing entity, or of any other entity to which any of the assets are transferred

Please see above.

In view of the sale of the business, the employment contract of Mr Luck has been transferred to New Code under the provisions of TUPE.

Further information on transactions impacting on more than one related company (e.g. a group transaction)

Not applicable; the transaction impacted only on the Company.

Whether any directors had given guarantees for amounts due from the Company to a prior financier and whether that financier is financing the new business

Mr Luck has given a personal guarantee to Positive in respect of the Company's factoring agreement. As far as the Joint Administrators are aware, Positive will not be providing an invoice finance facility to New Code.

Assets

Details of the assets involved and the nature of the transaction

The tangible assets sold were stock, plant and machinery and office furniture. The intangible assets were goodwill, work in progress, and contracts. The nature of the transaction was a going concern sale.

Sale consideration

The consideration for the transaction, terms of payment and any condition of the contract that could materially affect the consideration

Sale consideration totalled £80,000, of which £1,000 was received on completion and the remainder is to be paid on a deferred basis as follows:

£5,000 on 14 March 2017;
£6,000 on 14 April 2017;
£6,000 on 14 May 2017;
£6,000 on 14 June 2017;
£6,000 on 14 July 2017;
£6,000 on 14 August 2017;
£6,000 on 14 September 2017;
£7,000 on 14 October 2017;
£7,000 on 14 November 2017;
£7,000 on 14 December 2017;
£7,000 on 14 January 2018;
£7,000 on 14 February 2018; and
£3,000 on 14 March 2018.

The consideration disclosed under broad asset valuation categories and split between fixed and floating charge realisations (where applicable) and the method by which this allocation of consideration was applied

The total sale consideration of £80,000 has been apportioned to the asset categories as follows:

<u>Asset</u>	<u>Apportioned value</u>
Work in progress	£15,000
Stock	£20,000
Plant & machinery	£25,000
Office furniture & equipment	£10,000
Intellectual property & goodwill	£10,000

The apportionment of these asset categories is subject to confirmation by GTC.

Although the validity of the debentures have yet to be verified, they purport to grant a fixed charge over the book debts, freehold / leasehold property and goodwill and a floating charge over all other assets.

The Joint Administrators will look to allocate the sale consideration between fixed and floating charges when the solicitors have reviewed the security and when the sale consideration has been received in full.

Any options, buy-back agreements, deferred consideration or other conditions attached to the transaction

There are no options, buy-backs or other similar conditions attached to the sale.

The sale consideration is on a deferred basis, payable as follows:

£1,000 on completion;
£5,000 on 14 March 2017;
£6,000 on 14 April 2017;
£6,000 on 14 May 2017;
£6,000 on 14 June 2017;
£6,000 on 14 July 2017;
£6,000 on 14 August 2017;
£6,000 on 14 September 2017;
£7,000 on 14 October 2017;
£7,000 on 14 November 2017;
£7,000 on 14 December 2017;
£7,000 on 14 January 2018;

£7,000 on 14 February 2018; and
£3,000 on 14 March 2018.

Details of any security taken by the Joint Administrators in respect of any deferred consideration

The business and assets were secured by obtaining a personal guarantee from Mr Luck and Mr Dev. The business and assets were also secured by obtaining a debenture over New Code's assets.

If the sale is part of a wider transaction, a description of the other aspects of the transaction

The sale was not part of a wider transaction.

Connected Party Transactions

Pre-pack pool

As the sale was not a pre-pack to a Connected Party, an approach to the pre-pack pool was not possible.

Viability statement

As the sale was not a pre-pack involving a Connected Party, the Joint Administrators have not requested a viability statement.

THE AGENTS' EXPLANATION OF THE SALE PROCESS

Euromark Marking and Coding Limited (In Administration) ("the Company")	
At the point when you received the instruction to value and market the Company's business/assets, were you independent?	Yes.
Describe any marketing previously undertaken by the Company or by any party instructed by the Company.	We are not aware of any previous marketing being undertaken.
If this marketing by the Company was considered sufficiently adequate and independent to avoid (or reduce the extent of) further marketing, explain the reasons why.	N/A
Describe any characteristics of the Company's business/assets that significantly impacted on the marketing strategy devised, particularly where widespread and overt marketing was considered inappropriate or disadvantageous.	No characteristics of the business and assets significantly impacted on the marketing strategy other than that of the timescales and restrictions subsequent to your appointment as Administrators.
Describe the marketing strategy undertaken and the reasons why this strategy was followed.	Due to the restrictions of time and with the need to hasten a sale at the earliest opportunity, it was decided to place an advert on our website and send out a market specific mailshot as this would broadcast the sale opportunity to potential buyers in the shortest timeframe.
In what other main ways could a sale of the business/assets have been pursued and why were these options not chosen?	The sale could have been marketed in relevant trade journals. However, as copy deadlines could not be met it was decided to continue as described above.
What exposure was given to the proposed sale on the internet?	The sale was exposed via our website www.gtcappraisals.com .
Were the business/assets marketed via any specialist media? Were particular profiles of potential interested parties targeted?	No. Please refer to comments above.
For how long were the business/assets marketed? Why was this length of time settled on?	The business and assets were marketed for four days. This length of time was agreed having had regard to considerations of continuing to trade the business and the costs and liabilities arising from doing so and the possible implications with respect to the collection of debtors if continuation of trade ceased.

How many parties: (i) expressed an initial interest in the business/assets; (ii) completed non-disclosure agreements; and (iii) engaged in negotiations?	11 parties expressed and initial interest. 6 parties completed the NDA. 3 parties engaged in negotiations.
Describe briefly how interest was progressed and how this led to the final offer(s) being made.	Momentum in interest rapidly increased the on the second to last day of marketing with final offers being received as per the deadline to submit interest.
If more than one offer was received, how was the final purchaser decided upon?	After all avenues of interest were exhausted and with two of the three offerors retracting bids; only one viable offer remained. Based on the situation it was agreed to proceed with this bid.
In conclusion, describe how, in your view, the marketing strategy has achieved the best available outcome in all the circumstances.	Due to the limited market for Hitachi coding products and with the only other UK competitor not wishing to pursue the purchase of the business and assets, the best outcome was to affect a sale to existing management who had the best chance of continuing to trade the business with the support of the staff having made no redundancies.
Completed by:	Iain Gash
Professional qualification(s):	17 years General Practice, 17 years' practical experience
Date completed:	27.02.2017

Note: the Joint Administrators intend including your answers above in the Joint Administrators' Proposals. Therefore it will also be filed at Companies House and thus it will be in the public domain within the next two months. Please explain whether you would recommend that any information provided above should avoid disclosure in this manner.

Euromark Marking and Coding Limited (in Administration)

Statement of Proposals

APPENDIX III

- **Estimated Statement of Affairs as at 06 February 2017 / Creditors' Details / Estimated Outcome Statement**

EUROMARK MARKING AND CODING LIMITED (IN ADMINISTRATION)

ESTIMATED STATEMENT OF AFFAIRS AS AT 6 FEBRUARY 2017

	Notes	Book Value £	Estimated to realise £
Assets (specifically pledged)			
Sales ledger	1	242,252	157,464
Additional invoicing	1	16,639	16,639
Less: Positive current account	1	-118,676	-118,676
Less: Positive estimated charges	1	-49,225	-49,225
Sale of business and assets (fixed charge)	2	10,000	10,000
		<hr/>	<hr/>
Estimated surplus as regards Positive		100,990	16,202
Assets (not specifically pledged)			
Sale of business and assets (floating charge)	2	70,000	70,000
Antecedent Recovery	3	41,000	41,000
		<hr/>	<hr/>
Estimated funds available to creditors		<u>170,990</u>	127,202
Liabilities			
Preferential creditors	4		<hr/> 0
Estimated funds available to unsecured creditors			127,202
Unsecured Creditors			
HM Revenue & Customs - VAT / PAYE / NIC	5	-458,000	
Trade creditors	5	<u>-71,059</u>	
			-529,059
Estimated total deficiency as regards creditors			<u><u>-401,857</u></u>

NB: subject to the costs and expenses of the Administration

Euromark Marking and Coding Limited (In Administration)
Notes to the Estimated Statement of Affairs as at 6 February 2017

1. The Company's sales ledger has been assigned to Positive. As at the date of Administration, Positive's outstanding balance excluding charges was £118,676 with the sales ledger standing at £242,252. A bad debt provision of 35% has been applied to the ledger. In addition, further invoices totalling £16,639 in relation to work completed prior to Administration have since been issued. Positive's level of charges has yet to be ascertained, however these have been estimated for the purposes of this statement.
2. The Company's business and assets were sold to New Code for the sum of £80,000. The apportionment of the sale consideration between fixed and floating charge assets is subject to confirmation by GTC.
3. The Joint Administrators identified that an employee had withdrawn the sum of £41,000 from the Company's bank account. The sum of £38,000 has been repaid by the employee and an agreement has been reached for the employee to repay £3,000 on a deferred basis.
4. No preferential claims are anticipated as all employees of the Company were transferred to New Code pursuant to TUPE.
5. These figures have been taken from the Company's records and are subject to change once creditors come forward and submit their proof of debt forms.

S F P
Euromark Marking and Coding Limited

Key	Name	Address	£
CA00	Allen Coding GMBH	UNIT 9 GATEWAY, 1000 WHITTLE WAY, ARLINGTON BUSINESS PARK, STEVENAGE, HERTFORDSHIRE, SG1 2FP	21,000.00
CA01	Americk Systems Labelling	TENTH AVENUE, DEESIDE IND PARK, DEESIDE, FLINTSHIRE, CH5 2AU	870.00
CA02	Atlas Plastics & Fabrication	3 Princess St, Leigh, WN7 2RA	570.00
CA03	Arco Limited	PO Box 21, Waverley Street, Hull, HU1 2SJ	300.56
CA04	A & M Tyre Specialists	LICHFIELD STREET, PEMBERTON, WIGAN	51.48
CA05	Anser Coding Inc	34F No.99 Sec 1, Xintai 5th Rd Xizhi District, New Taipei City 221, TAIWAN	25,000.00
CB00	Brabbin & Rudd	WALKER STREET, OFF SPA ROAD, BOLTON, BL1 4TB	661.37
CB01	Biffa Waste Services Limited	P O BOX 645, HIGH WYCOMBE, HP12 3WF	600.13
CC00	Conveyors Direct Online Limited	UNIT 6, FISHBURN IND ESTATE, FISHBURN, STOCKTON ON TEES, TS21 4AJ	1,864.80
CC01	Cathedral Leasing Limited	300 RELAY POINT, RELAY DRIVE, TAINWORTH, STAFFORDSHIRE, B77 5PA	106.13
CE00	EJS Engineering Limited	UNIT 5C, CRICKET BUSINESS PK, CRICKET ST, WIGAN, LANCs, WN6 7TP	1,000.00
CF00	Fam SRL	Via Leoncavallo, 20832 Desio (MB), ITALY	756.70
CG00	GM Chamber of Commerce	Elliot House, 151 Deansgate, Manchester, M3 3WD	342.00
CH00	HM Revenue & Customs	Insolvency & Securities, 3rd Floor, Euston Tower, 286 Euston Road, London, NW1 3UQ	458,000.00
CH01	HM Revenue & Customs	Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4RS	0.00
CH02	HM Revenue & Customs	Insolvency Operations, 5th Floor, Regian House, James Street, Liverpool, L75 1AD	0.00
CH03	HM Revenue & Customs	Room BP3202, Warkworth House, Benton Park View, Longbenton, Newcastle Upon Tyne, NE98 1ZZ	0.00
CH04	Hays Specialist Recruitment Limited	Hayes House, 40-44 Coombe Road, New Malden, Surrey, KT3 4QF	4,768.50
CI00	Involvement Packaging Limited	HYDE POINT, DUNKIRK LANE, HYDE, CHESHIRE, SK14 4PL	1,954.94
CJ00	JMT Indisplay Limited	UNIT A VENTURA PK, OLD PARKBURY LANE, COLNEY ST, ST ALBANS, HERTS, AL2 2DB	163.20
CK00	Konica Minolta Bus Solutions UK Limited	MILLS GRAY RD, BASILDON, ESSEX, SS14 3AR	1,764.26
CL00	Label Line UK Limited	UNIT 10, WEBBER ESTATES, WEBBER RD, KNOWSLEY IND PK, MERSEYSIDE, L33 7SQ	940.02
CM00	Minster Cleaning Services	TANNERY LANE, PENKETH WARRINGTON, CHESHIRE, WA5 2UD	2,031.01
CM01	Martin Dev	5 Croftwood Square, Martland Park, Wigan, WN5 0LG	0.00
CP00	Protel Associates Limited	PO BOX 761, BISHOPS LYDEARD, TAUNTON, TA4 3WY	279.50
CP01	Positive Cashflow Finance Limited	Castlefield House, Liverpool Road, Manchester, M3 4SB	0.00
CP02	Panasonic Electric Works UK Limited	Sunrise Parkway, Linford Wood, Milton Keynes, MK14 6LF	
CQ00	Quickline Couriers Limited	PO BOX 318, RUNCORN, WA7 9DB	1,962.00
CR00	R.E. Bowers & Freeman Limited	15 Saffron Road, South Wigston, Leicester, LE18 4TG	217.87
CR01	Rajapack Limited	UNIT 1, MARSTON GATE, RIDGMONT, BEDFORD, MK43 0YL	215.27
CS00	S & D Politt Limited	140 Bradley Hall, Trading Estate, Bradley Lane, Standish, Wigan, WN6 0XQ	498.16
CS01	SMG Compliance Limited	DALLAM COURT, DALLAM LANE, WARRINGTON, CHESHIRE, WA2 7LT	191.04
CT00	TNT Express (UK) Limited	PO BOX 4 RAMSBOTTOM, BURY, LANCASHIRE, BL0 9AR	946.36
CT01	The Printing House Limited	MARSHFIELD BANK, EMPLOYMENT PK, MARSHFIELD BANK CREWE, CHESHIRE, CW2 8UY	524.40
CT02	TV Licensing	Darlington, DL98 1TL	145.50
CU00	Ultrawave Limited	EASTGATE BUSINESS PARK, WENTLOOG AVENUE, CARDIFF, CF3 2EY	922.74
CU01	United Utilities Water Plc	PO BOX 450, WARRINGTON, WA55 1WA	410.77
56 Entries Totalling			529,058.71



Euromark Marking and Coding Limited (in Administration)

Estimated Outcome Statement as at 3 March 2017

	Notes	Statement of Affairs (book value) £	Actual position as at 3 March 2017 £	Estimated future £	Final outcome £
Assets Specifically Pledged					
Sales Ledger	1	242,252	-	157,464	157,464
Additional Invoicing	1	16,639	-	16,639	16,639
Less: Positive Current Account	1	(118,676)	-	(118,676)	(118,676)
Less: Positive's Estimated Charges	1	(49,225)	-	(49,225)	(49,225)
Sale of Business and Assets (Fixed Charge)	2	10,000	-	10,000	10,000
Estimated surplus		100,990	-	16,202	16,202
Assets not Specifically Pledged					
Sale of Business and Assets (Floating Charge)	2	70,000	-	70,000	70,000
Antecedent Transaction	3	41,000	38,000	3,000	41,000
			-	-	-
Estimated total surplus available to creditors		211,990	38,000	89,202	127,202
Expenditure					
Costs incurred pre-Administration					
SFP Property Pre-Appointment Fees	4		(280)	-	(280)
Pre-Appointment Joint Administrators' Fees	4		(10,808)	-	(10,808)
Agents'/Valuers' Fees	4		(2,000)	-	(2,000)
Legal Fees	4		(225)	-	(225)
Costs incurred during Administration					
SFP Property Fees and Expenses	5		(5,590)	(9,795)	(15,500)
Joint Administrators' Remuneration	5		(54,251)	(79,749)	(134,000)
Joint Administrators' other Category 1 Expenses	6		(4,000)	(590)	(4,590)
Joint Administrators' other Category 2 Expenses	6		(667)	-	(667)
Agents'/Valuers' Fees	7		(10,000)	(2,500)	(12,500)
Legal Fees	8		(13,000)	(2,500)	(15,500)
Statutory Advertising	9		(85)	-	(85)
Insurance	10		-	(1,500)	(1,500)
Total expenditure			(100,906)	(96,634)	(197,655)
Estimated total surplus/(deficit) to creditors			(62,906)	(7,432)	(70,453)

NB All figures are subject to change and exclude VAT.

Notes

- The Company's sales ledger has been assigned to Positive. As at the date of Administration, Positive's outstanding balance excluding charges was £118,676 with the sales ledger standing at £242,252. A bad debt provision of 35% has been applied to the ledger. In addition, further invoices totalling £16,639 in relation to work completed prior to Administration have since been issued. Positive's level of charges has yet to be ascertained, however these have been estimated for the purposes of this statement.
- The Company's business and assets were sold to New Code for the sum of £80,000. The apportionment of the sale consideration between fixed and floating charge assets is subject to confirmation by GTC.
- The Joint Administrators identified that an employee had withdrawn the sum of £41,000 from the Company's bank account. The sum of £38,000 has been repaid by the employee and an agreement has been reached for the employee to repay £3,000 on a deferred basis.
- See the body of the accompanying report for further information regarding the work carried out prior to Administration.
- The 'Actual position' column includes costs incurred, whether or not they have been drawn.
The 'Estimated future' column includes costs anticipated to be incurred in finalising the case.
The Joint Administrators instructed SFP Property Limited to assist them with property matters arising in the Administration.
- See the body of the accompanying report for further information on the Joint Administrators' disbursements. In particular, the Joint Administrators have incurred an expense of circa £1,000 in relation to security costs.
- GTC's costs for conducting a valuation of the business and assets, marketing them for sale and providing assistance with any third party claims, have been estimated.
- The Joint Administrators instructed solicitors, Irwin Mitchell, to undertake a general validity review and assist with sale documentation. These costs have been estimated.
- Statutory advertising services are provided by Courts Advertising. The Joint Administrators are awaiting receipt of its invoice.
- Insurance services are provided by Willis Towers Watson and the amount has been estimated. An invoice will be received in due course.

Euromark Marking and Coding Limited (in Administration)

Statement of Proposals

APPENDIX IV

- **The Joint Administrators' Receipts and Payments Account to 3 March 2017**

EUROMARK MARKING AND CODING LIMITED
(IN ADMINISTRATION)

THE JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT
FROM 6 FEBRUARY 2017 TO 3 MARCH 2017

	Notes	Statement of Affairs £	From 6/2/2017 to 03/03/2017 £
RECEIPTS			
<i>Antecedent Recovery</i>		41,000.00	38,000.00
Sale of Business and assets	1	80,000.00	-
TOTAL RECEIPTS			<u>38,000.00</u>
PAYMENTS			
<i>Redirection of Mail</i>			260.00
Statutory Advertising			84.60
TOTAL PAYMENTS			<u>344.60</u>
BALANCE IN HAND			<u><u>37,655.40</u></u>
REPRESENTED BY			
VAT Receivable			16.92
Interest Bearing Current Account			37,638.48
BALANCE IN HAND			<u><u>37,655.40</u></u>

Notes

1) Completion funds of £1,000 were sent to Irwin Mitchell. These funds have been requested to be transferred to the Administration estate.

Euromark Marking and Coding Limited (in Administration)

Statement of Proposals

APPENDIX V

- **Breakdown of the Joint Administrators' Pre-Administration Time Costs**

EUROMARK MARKING AND CODING LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME INCURRED FOR THE PRE-APPOINTMENT PERIOD

	Time spent over the period under review - PRE-APPOINTMENT					
CLASSIFICATION OF WORK FUNCTION	Directors (all)	Managers (all)	Administrators (all)	Assistant	Total Hours incurred	Total Costs £
Statutory and General Administration	12.00	7.60	5.10	3.40	28.10	10,006.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of assets	0.00	0.00	0.00	0.00	0.00	0.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00
Creditors and Members	0.00	0.20	0.00	0.00	0.20	52.00
Total	12.00	7.80	5.10	3.40	28.30	10,058.00

See Appendix for Summary Charge Out Rates for staff

Euromark Marking and Coding Limited (In Administration)

Statement of Proposals

APPENDIX VI

- **Proposals for Fixing the Basis of the Joint Administrators' Fees**

Euromark Marking and Coding Limited (In Administration)

Proposals for Fixing the Basis of the Joint Administrators' Fees

Contents

- 1. The Joint Administrators' Fees**
- 2. The Joint Administrators' Expenses**
- 3. Proposed Work to be Undertaken**
- 4. Other Information to Support the Fees and Expenses Estimates**
- 5. Approval Process**

Attachments

- A. Breakdown of Time Costs for SFP**
- B. Charge-out Rates and Bases of Disbursements ("SFP's Summary")**
- C. Breakdown of Time Costs for SFP Property**
- D. The Joint Administrators' Fees Estimate**
- E. The Joint Administrators' Expenses Estimate**

1. The Joint Administrators' Fees

- 1.1 As explained in the Proposals, the Joint Administrators propose to fix their fees by reference to the time properly given by them and their staff in attending to matters arising in the Administration.
- 1.2 Attached at A is a breakdown of the time costs incurred in the Administration to date. The Proposals describe briefly the work undertaken to date and attachment D provides a detailed list of work undertaken and proposed to be undertaken by the Joint Administrators and their staff. As explained in the Proposals, the Team attended at the Trading Premises for 7 days to deal with all aspects of the Company's business including liaising with employees and suppliers to ensure that a going concern sale remained viable. Although significant time costs were incurred in this activity largely categorised as Statutory and General Administration in attachment A), the Joint Administrators consider this strategy was justified in view of the substantially enhanced realisations and reduced contingent claims of some creditors, in particular the employees, achieved by the successful going concern sale.
- 1.3 The charge-out rates of the Joint Administrators and their staff are detailed in attachment B. The grades of staff instructed to assist in this matter and their key responsibilities include:
 - 1.3.1 Support Staff: maintenance of the creditor contact database, assisting with creditor queries and sending reports to creditors;
 - 1.3.2 Administrators: on-site attendance, reviewing the Company's position and affairs, employee matters, liaising with creditors and debtors, and managing the Treasury function of the case; and
 - 1.3.3 Managers: on-site attendance, reviewing the Company's position and affairs, preparing statutory reports to creditors, returns to Companies House, other statutory matters and overseeing the tax and VAT aspects of the case.
- 1.4 In view of the complex issues arising in this case, it has proven necessary to involve the manager to a greater degree than otherwise would have been the case.
- 1.5 Creditors may access a Guide to Administrators' Fees at <http://panel.sfpgroup.com> or a hard copy will be provided on request.
- 1.6 Further information is set out below and in the attachments to explain the future time costs that the Joint Administrators anticipate incurring in this Administration.

2. The Joint Administrators' Expenses

- 2.1 The Joint Administrators' expenses may be divided into two categories:
 - 2.1.1 Category 1 expenses are costs that can be specifically identified as relating to the administration of the case. These are charged to the estate at cost with no uplift. These include, but are not limited to, such items as advertising, bonding and other insurance premiums and properly reimbursed expenses. Legislation provides that administrators may discharge Category 1 expenses from the funds held in the insolvent estate without further recourse to creditors.
 - 2.1.2 Category 2 expenses are costs that are also directly referable to the appointment in question but not to a payment to an independent third party. Payments may only be made in relation to Category 2 expenses after the relevant creditors have approved the bases of their calculation.
- 2.2 As explained in the Proposals, the Joint Administrators have instructed SFP Property to assist with the property matters arising in the Administration. SFP Property has been established by SFP to perform functions that either the office holders or outside agencies could undertake. It is considered that by virtue

of the specialist nature of SFP Property and its close proximity to SFP, it will achieve better results than the office holders, their team or any outside agencies would be able to accomplish.

- 2.3 Attachment B provides a summary of the charge-out rates for SFP Property. Also set out in that attachment are the bases of other Category 2 expenses that the Joint Administrators propose to recover from the insolvent estate, such as the stationery and photocopying costs relating to the issuing of reports to creditors.
- 2.4 A breakdown of the time costs incurred by SFP Property since the start of the Administration is attached at C. For further information regarding the work carried out to date by SFP Property, please refer to the Proposals.

3. Proposed Work to be Undertaken

- 3.1 Substantial work needs to be undertaken in order to progress and conclude the Administration. Set out in attachment D is a detailed list of tasks that the Joint Administrators propose that they and their staff will undertake together with estimates of the time these tasks will take to carry out. The most material tasks are summarised below. The Estimated Outcome Statement at Appendix III of the Joint Administrators' Proposals provides an overview of the financial benefit that this work is expected to bring to creditors.

Statutory and General Administration

- 3.2 The Joint Administrators are required to meet a considerable number of statutory and regulatory requirements. Whilst many of these tasks do not have a direct benefit in enhancing realisations for the insolvent estate, they assist in 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.

- 3.3 Primarily, these tasks will include:

- 3.3.1 issuing these Proposals, seeking relevant creditors' approvals and issuing notice of the outcome;
- 3.3.2 drafting and issuing 6-monthly progress reports to creditors and filing statutory documents with the Registrar of Companies;
- 3.3.3 consulting with and instructing staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient progress;
- 3.3.4 consulting with SFP Property to receive progress updates and to agree strategies;
- 3.3.5 maintaining case files, which must include records to show and explain the Administration and any decisions made by the Joint Administrators that materially affect the Administration;
- 3.3.6 monitoring and maintaining an adequate statutory bond;
- 3.3.7 conducting periodic case reviews to ensure that the Administration is progressing efficiently, effectively and in line with the statutory requirements;
- 3.3.8 maintaining and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments;
- 3.3.9 completing periodic tax returns and settling any associated liabilities;
- 3.3.10 considering whether an extension to the Administration is necessary and, if so, seeking approval for this from the relevant creditors or the court and issuing notice of the outcome; and
- 3.3.11 considering which exit route from Administration is appropriate and issuing and filing the necessary documents, including a final report, to effect the exit.

Investigations

- 3.4 The Joint Administrators will examine the conduct of the Company and its directors (past and present) prior to the Administration with the objective of identifying what assets are available for realising for the benefit of creditors, including any potential actions against the directors or other parties, such as transactions at an undervalue or preferences. This work will also provide information to enable a statutory report on the conduct of the directors to be submitted to the Insolvency Service.

- 3.5 In the early stages, this work will involve examining the Company's books and records, considering information received from creditors and the Company's accountants and seeking information from the Company's directors by means of questionnaires and/or interviews.
- 3.6 As explained in the Joint Administrators' Proposals, certain transactions have been identified requiring further investigation. In the event that other questionable transactions are identified, it may be necessary to conduct further investigations and instruct solicitors to assist in deciding on the next steps in pursuing a recovery. If the Joint Administrators encounter resistance in obtaining a recovery, formal legal action may be appropriate.
- 3.7 At this early stage, it is difficult to estimate the likely time costs and expenses that may be incurred in this work and the likely financial benefit to creditors that may result from these efforts. The Fees and Expenses Estimates attached reflect the anticipated work in identifying potential causes of action. If any are identified and the Joint Administrators consider that additional work is required, additional legal costs may be incurred and the Joint Administrators may revert to the relevant creditors to seek approval for additional fees.

The Sale of the Business and Assets

- 3.8 As explained in the Joint Administrators' Proposals, the Company's business and assets have been sold. The Joint Administrators will continue to collect deferred consideration payments as and when they become due. For the purpose of the Fees Estimate, it is assumed that payments will be received as scheduled in the SPA, however it should be borne in mind that additional work may be required in order to pursue late payments. The Joint Administrators will report the impact of any such work on the Fees Estimate in due course where appropriate.

Debtors

- 3.9 As explained in their Proposals, the Joint Administrators are currently monitoring and assisting where required Positive's efforts to collect the Company's sales ledger. This work will continue until such time as Positive is in a position to reassign the remaining ledger to the Company. If this occurs, the Joint Administrators will take steps to collect the remaining book debts, which is likely to involve resolving disputes and queries raised and pursuing recoveries with the assistance of solicitors where appropriate.

The Company's Trading Premises

- 3.10 As explained in the Joint Administrators' Proposals, SFP Property has been instructed to value the Company's interest in the Trading Premises and propose an appropriate disposal strategy for it. The Joint Administrators will consider the appropriate strategy and likely will instruct SFP Property to proceed to realise any value in the interest where possible or conclude the Company's interest in a cost-effective manner.

Other Realisations

- 3.11 The Joint Administrators have entered into a settlement agreement with an employee concerning the repayment of £3,000 withdrawn from the Company's bank account. The Joint Administrators will monitor and collect these payments.

Creditors

- 3.12 At present, it appears unlikely that there will be sufficient funds to pay a distribution either to preferential or to non-preferential unsecured creditors. The Fees Estimate attached at D has been created on the assumption that no dividends will be paid from the Administration and that it will terminate by means of filing a notice of move to dissolution.

3.13 Irrespective of whether sufficient realisations are achieved to pay a dividend to unsecured creditors, the Joint Administrators envisage carrying out the following key tasks:

- 3.13.1** liaising with the secured creditors in relation to the sale of assets subject to their security;
- 3.13.2** with the assistance of solicitors, examining the validity of the secured creditors' claims and, where relevant, paying distributions to the secured creditors;
- 3.13.3** *responding to creditors' queries and logging their claims and supporting information; and*
- 3.13.4** maintaining the database as regards creditors' contact details and claims.

3.14 If there are sufficient funds to pay a distribution to preferential creditors, the following additional tasks will be carried out:

- 3.14.1** issuing a Notice of Proposed Distribution in accordance with statute;
- 3.14.2** agreeing the employees' and the RPO's claims;
- 3.14.3** *calculating and paying a distribution to preferential creditors;*
- 3.14.4** setting up a new tax reference to enable the PAYE/Ni deductions to be paid by means of an online return to HMRC; and
- 3.14.5** dealing with unclaimed dividends.

3.15 If there are sufficient funds to pay a dividend to non-preferential unsecured creditors (by way of a prescribed part), the following additional tasks will be carried out:

- 3.15.1** *issuing and advertising Notice of Proposed Distribution in accordance with statute;*
- 3.15.2** reviewing the tax claims submitted by HMRC and, where it is appropriate, examining the Company's records to adjudicate on HMRC's claims;
- 3.15.3** agreeing the employees' and the RPO's non-preferential claims;
- 3.15.4** setting up a new tax reference to enable any PAYE/Ni deductions from the dividend to be paid by means of an online return to HMRC;
- 3.15.5** adjudicating on all other unsecured creditors' claims, including seeking further information and seeking legal advice where necessary;
- 3.15.6** dealing with any appeals to the Joint Administrators' decisions to reject claims;
- 3.15.7** calculating a prescribed part dividend;
- 3.15.8** declaring and paying dividends to unsecured creditors; and
- 3.15.9** dealing with unclaimed dividends.

3.16 Although adjudicating on creditors' claims can be a complicated and time-intensive process, office holders are required to distribute the Company's funds only to parties who have valid claims and in line with the statutory order of priority. Therefore, whilst the time costs incurred in much of this work may not appear to bring direct financial benefit to creditors, it will ensure that the statutory provisions are complied with and that distributions are made in accordance with creditors' statutory entitlements.

4. Other Information to Support the Fees and Expenses Estimates

4.1 Attached at D is an estimate of the time that the Joint Administrators envisage the above work will take to complete. Attachment E provides their estimate of the expenses that have been or are likely to be incurred and includes the costs likely to be incurred by SFP Property.

4.2 Please note that the estimates have been provided on the assumptions given below. In the event that it proves necessary for the Joint Administrators to incur additional expenses in performing their duties, they will provide further details in their progress reports, but there is no statutory obligation to ask creditors to approve any adjusted Expenses Estimate. In the event that the Joint Administrators incur time costs in excess of the Fees Estimate, they will only revert to the relevant creditors for approval if they propose to draw any fees in addition to those estimated from the insolvent estate.

4.3 In summary, the Joint Administrators propose that their fees be fixed on the basis of time costs and they estimate that they and their staff will spend time totalling £134,000 in conducting the tasks described. This estimate includes the time spent to date of £54,250.50, as described in attachment A.

- 4.4 You will note from the Estimated Outcome Statement appended to the Joint Administrators' Proposals that the Joint Administrators anticipate there will be insufficient funds to pay all the fees and costs incurred in the Administration. As the Joint Administrators expect to discharge the expenses incurred by independent parties in priority to their fees and those of SFP Property, it is anticipated that a significant proportion of those fees will not be recovered from the estate.
- 4.5 The Fees and Expenses Estimates have been compiled on the assumptions set out below. Please note that these are assumptions only for the purposes of preparing the Estimates in accordance with the statutory provisions. It has been assumed that:
- 4.5.1 investigations to the extent described in paragraphs 3.4 to 3.7 above will be carried out;
 - 4.5.2 no exceptional work will need to be conducted in order to realise the remaining assets and collect in the deferred consideration; and
 - 4.5.3 there will be no need to extend the Administration for more than one year, approval for which will be sought from the relevant creditors at an appropriate time.
- 4.6 On the basis of these assumptions, the Joint Administrators do not anticipate that it will be necessary to seek additional approval from the relevant creditors for fees in excess of the Fees Estimate. However, in the event that the Administration does not proceed as envisaged, the Joint Administrators will seek approval for any fees in addition to those estimated that they wish to draw from the insolvent estate.

5. Approval Process

- 5.1 As explained in the Joint Administrators' Proposals, the basis of the Joint Administrators' fees is to be approved by the secured creditor. Therefore, this information is provided to other creditors for information purposes only.

Euromark Marking and Coding Limited (in Administration)

Appendix VI
Proposals for Fixing the Basis of the Joint Administrators' Fees

Attachment A

- **Breakdown of Time Costs of SFP**

EUROMARK MARKING AND CODING LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME INCURRED FOR THE PERIOD 06 FEBRUARY 2017 TO 03 MARCH 2017

CLASSIFICATION OF WORK FUNCTION	Time spent over the period under review 06 FEBRUARY 2017 TO 03 MARCH 2017						Total Time spent 06 FEBRUARY 2017 TO 03 MARCH 2017		
	Directors (all)	Managers (all)	Administrators (all)	Assistant	Total Hours incurred	Total Costs £	Total hours incurred	Average rate £/hour	Total Costs £
Statutory and General Administration	16.00	47.30	10.60	35.80	109.70	28,890.00	109.70	263.35	28,890.00
Investigations	0.00	0.00	1.00	0.00	1.00	225.00	1.00	225.00	225.00
Realisation of assets	5.20	27.70	13.60	0.00	46.50	14,983.00	46.50	322.22	14,983.00
Trading	2.00	0.00	0.00	0.00	2.00	1,000.00	2.00	500.00	1,000.00
Creditors and Members	2.70	25.90	0.10	2.70	31.40	9,152.50	31.40	291.48	9,152.50
Total	25.90	100.90	25.30	38.50	190.60	54,250.50	190.60	284.63	54,250.50

See Appendix for Summary Charge Out Rates for staff

Euromark Marking and Coding Limited (in Administration)

Appendix VI
Proposals for Fixing the Basis of the Joint Administrators' Fees

Attachment B

- **Charge-out Rates and Bases of Disbursements**

Charge-out rates for office holders and their staff and bases of calculation of disbursements

Time costs of office holders and their staff are recorded in 6-minute units at the charge-out rates shown.

These rates are reviewed periodically and are subject to inflationary or other adjustments. Up-to-date schedules of charge-out rates will be provided in all future reports.

For further information regarding fees, please download the relevant Guide at <http://panel.sfggroup.com/> or a hard copy will be provided on request.

Further information regarding insolvency processes in general is available at www.creditorinsolvencyguide.co.uk

SFP Restructuring Limited	
Grade	Rate £/hr
Director 2	500
Director 1	450
Senior Manager 2	350
Senior Manager 1	325
Manager 2	300
Manager 1	275
Assistant Manager	260
Senior Administrator 2	250
Senior Administrator 1	225
Administrator 2	175
Administrator 1	150
Assistant	100
Data Store Administrator	75

Category 1 Disbursements

Category 1 disbursements are costs that can be specifically identified as relating to the administration of the case. These are charged to the estate at cost, with no uplift. These include, but are not limited to, such items as advertising, bonding and other insurance premiums, and properly reimbursed expenses. Postage directly incurred on the case is also charged at cost as at Category 1 disbursement. Legislation provides that office holders may discharge Category 1 disbursements from the funds held in the insolvent estate without further recourse to creditors.

Category 2 Disbursements

Category 2 disbursements are costs that are also directly referable to the appointment in question but not to a payment to an independent third party. Payments may only be made in relation to Category 2 disbursements after the relevant creditors (or committee) have approved the bases of their calculation. Set out below are the bases of the office holder's disbursements in this category.

<u>Stationery / Photocopying – standard charge</u>		<u>Stationery / Photocopying – exceptional charge</u>		<u>Mileage</u>	
A single charge will be made based upon the number of circulars expected to be sent to creditors and members. The charge therefore is dependent upon the type of insolvency and the number of creditors and members.		In the event that an exceptional circular (i.e. not including expected circulars such as notices of appointment) is sent to at least 100 recipients, it will be charged on the following basis.		(Note: if, as an alternative to using the pool or personal car, public transport is used, the costs will be charged as a Category 1 disbursement.)	
	Charge per creditor / member (£)		Per page / envelope (£)		Per mile (£)
Administration ("ADM")	1.00	1 page of headed paper	0.12	Pool car	1.10
CVL (following ADM)	0.60	1 page of continuation paper	0.10	Director's / staff's	
CVL (not following ADM)	0.50	1 page of photocopying paper	0.02	personal car	0.45
CVA (one year duration)	0.60	Envelopes (all sizes)	0.10	Additional cost for	
CVA (each additional year)	0.40			each passenger	
Compulsory Liquidation	0.50			in colleague's	
(note: only creditors charged)				personal car	0.05
Bankruptcy	0.50				

Category 2 Disbursements (continued)			
Charges for Record Archiving		SFP Property Limited	
<p>In most cases, the office holders' staff arrange for collection of the company's books and records and create an inventory. The records are then delivered to the storage facilities of an independent agent, who will then be responsible for the records' ongoing storage, responding to retrieval requests and the records' eventual destruction (usually 12 months after the company's dissolution). SFP charges on the following bases (exclusive of staff time costs and the costs of the independent agents):</p>		<p>SFP Property Limited is an entity associated with the office holders. Time is charged on 6-minute units at the rates listed below.</p>	
	<u>Charge</u>	<u>Grade</u>	<u>Rate £/hr</u>
Provision of archive boxes	£5 per box	Director	350
Retrieval costs from site	£1.10 per mile	Senior Manager 2	275
Same Day Delivery (up to 10 items)	£22.50	Senior Manager 1	250
Per item thereafter	£1.50	Manager 2	225
Delivery to third party offices (up to 10 items)	£15.00	Manager 1	200
Per item thereafter	£1.50	Senior Administrator 2	175
		Senior Administrator 1	155
		Administrator 2	135
		Administrator 1	115
		Assistant	100
		<p>SFP Property Limited may also incur direct expenses, such as Land Registry fees, which will be charged to the insolvent estate at cost.</p>	

Euromark Marking and Coding Limited (in Administration)

Appendix VI
Proposals for Fixing the Basis of the Joint Administrators' Fees

Attachment C

- **Breakdown of Time Costs of SFP Property**

EUROMARK MARKING AND CODING LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME INCURRED FOR THE PERIOD 06 FEBRUARY 2017 TO 03 MARCH 2017

CLASSIFICATION OF WORK FUNCTION	Time spent over the period under review 06 FEBRUARY 2017 TO 03 MARCH 2017						Total Time spent 06 FEBRUARY 2017 TO 03 MARCH 2017		
	Directors (all)	Managers (all)	Administrators (all)	Assistant	Total Hours Incurred	Total Costs £	Total hours incurred	Average rate £/hour	Total Costs £
Statutory and General Administration	0.50	0.00	0.00	0.00	0.50	175.00	0.50	350.00	175.00
Investigations	0.00	0.00	0.00	0.80	0.80	80.00	0.80	100.00	80.00
Realisation of assets	9.70	0.00	14.00	3.30	27.00	5,335.00	27.00	197.59	5,335.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors and Members	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	10.20	0.00	14.00	4.10	28.30	5,590.00	28.30	197.53	5,590.00

See Appendix for Summary Charge Out Rates for staff

Euromark Marking and Coding Limited (in Administration)

Appendix VI
Proposals for Fixing the Basis of the Joint Administrators' Fees

Attachment D

- **The Joint Administrators' Fees Estimate**

Euromark Marking and Coding Limited (in Administration)

The Joint Administrators' Fees Estimate as at 3 March 2017

Below is the Joint Administrators' fees estimate in respect of the above case for the purpose of obtaining approval of the basis of the office holders' fees. The total time costs estimated to be incurred is £134,000 for 518 hours at an average hourly rate of £260.62. Please note that this estimate includes time costs already incurred, details of which are provided at attachment A.

This firm's current charge-out rates may be found at attachment B.

Legislation requires fees estimates to detail the work that the office holders propose to undertake and the time that they estimate the work will take to complete. For the sake of completeness, this estimate lists all the tasks that the Joint Administrators and their staff *may* undertake (including those already undertaken), but the estimate of hours reflects only the time that the Joint Administrators anticipate is *likely* to be incurred, given the circumstances of the case as they are understood at present. To assist creditors in understanding the most material tasks that the Joint Administrators expect to undertake, please refer to the accompanying Fees Proposal (Appendix VI).

This estimate of time covers the work anticipated to be undertaken to the completion of the Administration, subject to the assumptions listed in Section 4 of Appendix VI. The Joint Administrators do not anticipate that it will be necessary to seek approval for fees in excess of this estimate. However, should additional work be necessary beyond what is contemplated, further approval may be sought from the relevant creditors.

Time cost categories	Tasks Included	No. of hours estimated to be incurred
Statutory and General Administration	(including 109.7 hours spent to date)	240
Case planning	Discussions regarding strategies to be pursued Meetings with office holders, team members, SFP Property and independent advisers to consider practical, technical and legal aspects of the case Receiving and considering progress reports from SFP Property Organising tasks and updating team members and office holders Travelling to/from company premises to initiate the insolvency process and perform statutory and general administration tasks	
Administrative set-up	Setting up appointment on internal systems and databases Creating files and informing departments of appointment Support staff's creation of standard letters and forms Entering creditors' names and addresses onto database	
Appointment notification	Statutory notices and advertisements on appointment Initial meeting with company officers Notifying insurers, bank and other third parties	
Records of insolvent and office holder	Collecting the company's books and records Seeking delivery of books and records from third parties Creating an inventory of the company's books and records Retrieving and reviewing books and records from storage Maintaining office holders' files, filing electronic and hard copy correspondence Support staff's processing of the teams' instructions to issue letters Completing checklists Maintaining statutory and case progression task lists and diaries	
Statutory duties	Preparing, circulating and filing Proposals and statutory fee-related information Where consideration of the Proposals is conducted by correspondence: Preparing and issuing meeting notices and voting forms Advertising meeting by correspondence Collating and examining proofs and votes to decide on resolutions Responding to queries and questions regarding Proposals and business by correspondence Holding meeting by correspondence and completing summary in lieu of minutes Issuing and filing Notice of Result of Meeting Where a meeting of creditors (whether by correspondence or physically) is dispensed with: Liaising with secured creditors (and preferential creditors, where appropriate) to seek approval of statutory matters Responding to queries and questions regarding Proposals Issuing and filing Notice of Deemed Approval In the event that creditors requisition a physical meeting: Preparing and issuing meeting notices and voting forms Advertising meeting Collating and examining proofs and proxies Responding to queries and questions regarding Proposals and meeting Holding meeting and completing minutes Issuing and filing Notice of Result of Meeting Preparing, circulating and filing six monthly progress reports, extension reports (where appropriate), final report and associated statutory notices Seeking approval of extension from relevant creditors and issuing notice of extension (where	

Time cost categories	Tasks included	No. of hours estimated to be incurred
	appropriate) In the event that a court extension is required: Preparing application to court for an extension and accompanying witness statement with the assistance of solicitors Liaising with solicitors regarding the application and court order Issuing and filing notice of extension Posting all statutory reports and notices to the firm's website for access and mailing to all creditors	
Estate accounting	Correspondence regarding opening and closing accounts Requesting bank statements Bank account reconciliations Raising fee and disbursement invoices Reviewing suppliers' invoices and approving for payment Banking remittances and issuing cheques/BACS payments Maintaining the estate cash book and journalising transactions Periodic reviews of the summary of receipts and payments to ensure its accuracy	
Post-appointment tax	Calculating corporation tax due on post-appointment disposals and submitting tax returns Arranging VAT de-registration Completing VAT returns and applying for VAT refunds after de-registration Dealing with tax-related correspondence	
Compliance	Completing statutory due diligence checks and an ethics review regarding the appointment Pursuing relevant parties for evidence of identity Seeking solicitors' advice on the validity of the appointment Carrying out periodic file reviews Periodic reviews of the application of ethical, anti-money laundering and anti-bribery threats and safeguards Arranging the statutory bond and periodically reviewing its adequacy Assessing the options for exiting the Administration and obtaining internal clearance for closure and the exit route chosen Periodically reviewing the cash book receipts and payments account for accuracy	
Information technology	IT department's support of the case administration team as regards maintaining, and extracting data from, the company's computer systems	
Investigations (including 1 hours spent to date)		76
Case preparation	Pursuing the return of directors' questionnaires	
Initial review	Reviewing questionnaires submitted by creditors and directors	
Investigations	Correspondence to request information on the company's dealings and to make further enquiries of third parties Reviewing the company's books and records to identify inconsistencies or unusual transactions Review of specific transactions and exchanges with directors and accountants regarding certain transactions Undertaking background searches Liaising with the committee or (major) creditors about further action to be taken	
Pursuing claims identified	In the event that one or more causes of action are identified for pursuit: Liaising with solicitors regarding examinations Attendance at examination Reviewing examination transcripts Liaising with solicitors regarding outcome of examinations and further actions available Meetings internally to discuss progress and strategy of litigation Seeking funding from creditors Instructing agents to assist in investigations Reviewing terms of solicitors' conditional fee agreements Preparing brief to solicitors/Counsel Liaising with solicitors regarding recovery actions Dealing with ATE insurers Attending to negotiations Attending to settlement matters and agreements Pursuing settlement and other payments	
Reports	Preparing and submitting statutory reports to the Insolvency Service Liaising with the Insolvency Service Assisting the Insolvency Service with its investigations	
Administrative work	Other correspondence Support staff's assistance with correspondence and maintaining files	
Handling and examining records	Extracting data from the company's computer systems Collecting the company's books and records for investigation purposes Travelling associated with the above	

Time cost categories	Tasks Included	No. of hours estimated to be incurred
Strategy and planning	Internal meetings to discuss findings, potential actions and strategies for further investigations	
Realisation of Assets (including 46.50 hours spent to date)		140
Identification, securing, insuring assets	<p>Identifying assets by consulting with directors, employees and third parties</p> <p>Reviewing fixed asset register and other company records</p> <p>Correspondence with insurer regarding initial and ongoing insurance requirements</p> <p>Reviewing insurance policies</p> <p>Seeking insurance refunds</p> <p>Correspondence with previous brokers/insurers</p> <p>Terminating insurances and agreeing final bills</p> <p>Depending on the existence, location and condition of physical assets:</p> <p>Physical examination of company premises</p> <p>Investigating the company's security arrangements and arranging changes where appropriate</p> <p>Reviewing and amending where appropriate the security and viability of the company's computer systems</p> <p>Undertaking and/or instructing specialists to undertake risk assessments, environmental and health and safety reviews</p> <p>Identification of potential issues requiring attention of insurance specialists</p>	
Retention of title	<p>In the event of receiving retention of title claim(s):</p> <p>Dealing with initial notifications of creditor's intention to claim</p> <p>Liaising with agents to process claims</p> <p>Meeting claimant on site to identify goods</p> <p>Examining retention of title claim documentation and adjudicating on claims</p> <p>Exchanges with solicitors in deciding complex claims and dealing with disputes</p> <p>Correspondence with claimant notifying of the outcome of adjudication and dealing with additional responses</p> <p>Settlement of claim, where appropriate</p>	
Property - negotiations	<p>Depending on the property interests in existence:</p> <p>Instructing agents as regards valuations and proposed marketing strategies</p> <p>Discussing and agreeing strategies with office holders, teams and SFP Property/agents</p> <p>Undertaking oral and written negotiations with interested parties</p> <p>Dealing with tenant issues (if any)</p> <p>Liaising with secured creditors, landlords and any LPA Receivers</p> <p>Reviewing draft sale documentation</p> <p>Liaising with SFP Property, agents and solicitors</p> <p>Undertaking work regarding utilities and business rates, including seeking refunds where possible</p> <p>Liaising with HMRC as regards option to tax</p>	
Property – professional advice	<p>Depending on the property interests in existence:</p> <p>Agreeing method statement with SFP Property/agents</p> <p>Reviewing valuation report</p> <p>Invoicing for and collection of rent from tenants or licensees</p> <p>Reviewing updates from SFP Property/agents</p> <p>Discussions and meetings with the office holders, teams and SFP Property/agents regarding strategies</p> <p>Reviewing completion statement</p>	
In-situ sale	<p>In the event that an in-situ sale is progressed:</p> <p>Instructing and liaising with agents as regards valuations and marketing strategies</p> <p>Considering agents' updates on efforts to sell business and assets, reviewing strategies and discussing offers received</p> <p>Liaising with potential purchasers</p> <p>Agreeing licences to trade/occupy</p> <p>Assessment and review of offers received</p> <p>Negotiating with intended purchaser</p> <p>Liaising with secured creditors and seeking releases</p> <p>Compiling information for SPA</p> <p>Reviewing drafts of SPA and supporting documents (e.g. personal guarantees, debentures)</p> <p>Exchanges with solicitors to agree the terms of the SPA</p> <p>Pursuing deferred sale consideration</p>	
Asset sale and other realisations	<p>In the event that assets are sold ex-situ:</p> <p>Instructing and liaising with agents as regards valuations and marketing strategies</p> <p>Liaising with landlords as regards access to and ownership of assets</p> <p>Considering agents' updates on efforts to sell assets, reviewing strategies and discussing offers received</p> <p>Liaising with potential purchasers</p> <p>Assessment and review of offers received</p> <p>Negotiating with intended purchaser</p>	

Time cost categories	Tasks Included	No. of hours estimated to be incurred
	Liaising with secured creditors and seeking releases Compiling information for SPA (if any) Reviewing drafts of SPA and supporting documents (e.g. personal guarantees, debentures) Exchanges with solicitors to agree SPA Pursuing sales consideration Depending on the existence of relevant assets: Liaising with agents and owners/lessors of leased assets Reviewing stock values Analysing the value in WIP and costs to complete Contracting with service-providers/suppliers to complete WIP Arranging for post-appointment sales invoices to be issued and pursuing payments Liaising with insurance companies and directors to pursue insurance claims Examining company records to support tax refunds Exchanges with HMRC regarding tax refunds Pursuing transfer of credit balances from banks	
Debt collection - reporting	Depending on the existence of book debts: Discussions with office-holders, teams, agents and solicitors regarding collection strategies	
Debt collection – communications	Depending on the existence of book debts: Correspondence with debtors Receiving updates from any factoring companies Where relevant, agreeing debt collection agency agreements and monitoring agents' progress Submitting VAT bad debt relief claims Responding to factoring company's queries and providing documents/information to support debts Liaising with debt collectors and solicitors Resolving disputes, including communicating with directors/former staff Pursuing credit insurance claims	
Debt collection – review of sales ledger	Monitoring monies received into pre-appointment bank account and seeking transfer to office holders' account Collecting and reviewing supporting documentation including associated travelling Reconciling debtors' accounts with reference to monies received pre and post appointment Reviewing and assessing debtors' ledgers Dealing with any reassignment of ledger	
Trading (including 2 hours spent to date)		2
Planning	Collecting information on the company's asset and trading positions to devise an initial strategy Analysing work in progress Meetings to discuss trading position and decide trading-on strategies Assessing security of premises, computer system, equipment and stock Taking steps to address security risks, e.g. changing locks, access to computer systems Undertaking and/or instructing specialists to undertake risk assessments, environmental and health and safety reviews Identification of potential issues requiring attention of insurance specialists	
Management and monitoring	Liaising with management and staff Site supervision Organising wind-down and closure of business operations (where a business sale has not been achieved) or an orderly hand-over with purchaser	
Customers	Concluding any completed work / WIP by: Liaising with customers to confirm orders and secure undertakings Authorising the release of goods Managing the sales invoicing process	
Suppliers	Concluding any completed work / WIP by: Liaising with suppliers to secure supplies and credit terms Providing undertakings where necessary Negotiating with ransom creditors Establishing new accounts with utility providers Authorising purchase orders Approving the delivery of goods Dealing with retention of title claims where these impact on work in progress	
ERA	Arranging for the election of employee representatives Consultation with staff, employee and Union representatives and sub-contractors Contacting absent/remote-working staff by telephone Liaising with the Pensions Regulator regarding auto-enrolment Liaising with accountants/book-keepers regarding arrangements for setting up a new PAYE scheme with HMRC and submitting online payroll returns Instructing accountants/book-keepers to process payroll Arranging payment of tax and pension contributions	

Time cost categories	Tasks included	No. of hours estimated to be incurred
	Deciding on and making redundancies where necessary Updating staff as material events occur Dealing with employee queries and issues arising, e.g. disciplinary actions, Employment Tribunals and complaints Liaising with RPO and Job Centre Plus regarding redundancies Concluding payroll and issuing forms P45 when trading ceases/transfers Seeking legal advice to assist with employee matters, where necessary	
In addition, the tasks in the sections below are relevant only where the Company has traded in Administration		
Planning	Periodic meetings to revisit trading position and agree further strategies	
Management and monitoring	Meetings with company officers and staff to provide updates and implement strategies and controls Maintaining master schedules of customer and supplier undertakings Reviewing sales and purchases order books Seeking and securing necessary funding Providing updates to secured lenders Maintaining and reviewing purchase order registry Updating office holders' records as regards sales, purchase orders, receipts and payments Reviewing cash book Terminating and clearing accounts with suppliers when trading ceases/transfers	
Customers	Liaising with customers to confirm orders and secure undertakings Dealing with production and service issues Arranging processes and authorising the release of goods Managing and monitoring sales invoicing process	
Suppliers	Liaising with suppliers to secure supplies and credit terms Providing undertakings where necessary Negotiating with ransom creditors Establishing new accounts with utility providers Authorising purchase orders Approving the delivery of goods Dealing with retention of title claims where these impact on trading activities	
Property - negotiations	Where a property is required for ongoing trading: Instructing agents as regards valuations and proposed marketing strategies Discussing and agreeing strategies with office holders, teams and SFP Property/agents Undertaking oral and written negotiations with interested parties Dealing with tenant issues (if any) Liaising with secured creditors, landlords and any LPA Receivers Reviewing draft sale documentation Liaising with SFP Property, agents and solicitors Undertaking work regarding utilities and business rates, including seeking refunds where possible Liaising with HMRC as regards option to tax	
Property – professional advice	Where a property is required for ongoing trading: Agreeing method statement with SFP Property/agents Reviewing valuation report Invoicing for and collection of rent from tenants or licensees Reviewing updates from SFP Property/agents Discussions and meetings with the office holders, teams and SFP Property/agents regarding strategies Reviewing completion statement	
Accounting for trading	Reviewing company's budgets and financial statements Preparing budgets and cash flow forecasts Preparing weekly financial reports Finalising trading profit and loss accounts Maintaining cash book, recording receipts and payments	
Corporate taxation	VAT returns Corporation tax returns PAYE/NIC and CIS returns Seeking advice on complex tax matters Settling all liabilities and seeking clearance from HMRC	
ERA	Review of staffing requirements for trading period Continuing consultation with and updating staff periodically	
Creditors (including 31.40 hours spent to date)		60
Communication with unsecured creditors	Respond to creditors' enquiries by telephone, post and email Correspondence with creditors and their representatives, insurers etc. Updating database regarding creditors' contact details In the event that a Creditors' Committee is formed	

Time cost categories	Tasks included	No. of hours estimated to be incurred
	<ul style="list-style-type: none"> Holding an initial meeting of the Committee Reporting to Committee members Seeking the Committee's approval on case strategy and statutory matters Calling and holding meetings of the Committee as required and as the circumstances of the case dictate Completing statutory filing 	
Creditor claims	<ul style="list-style-type: none"> Recording claims onto database, marking as admitted, pending adjudication etc. Filing of claims and supporting documentation In the event that one or more distributions are paid in the Administration: <ul style="list-style-type: none"> Preparation of correspondence to potential creditors inviting submission of claims Adjudicating claims Requesting further information from claimants regarding claims Preparation of correspondence to claimants advising of the outcome of adjudication Dealing with any appeals to rejections of claims Seeking solicitors' advice on the validity and quantity of complex claims Preparation of correspondence to creditors advising of intention to declare distribution Advertisement of notice of proposed distribution Preparation of distribution calculation, including where appropriate calculations of the statutory net property and prescribed part Preparation of correspondence to creditors announcing declaration of distribution Preparation of cheques/BACS to pay distribution Preparation of correspondence to creditors enclosing payment of distribution Seeking unique tax reference from HMRC, submitting information on PAYE/NIC deductions from employee distributions and paying over to HMRC Dealing with unclaimed dividends 	
ERA	<ul style="list-style-type: none"> Where the following have not been carried out as part of trading activities and any staff remain employed by the company on the Joint Administrators' appointment: <ul style="list-style-type: none"> Arranging for the election of employee representatives Consultation with staff, employee and Union representatives and sub-contractors Contacting absent/remote-working staff by telephone Liaising with the Pensions Regulator regarding auto-enrolment Where any post-appointment wages are paid, liaising with accountants/book-keepers regarding arrangements for setting up a new PAYE scheme with HMRC and submitting online payroll returns Instructing accountants/book-keepers to process payroll Arranging payment of tax and pension contributions Deciding on and making redundancies when and where necessary Updating staff periodically and as material events occur Dealing with employee queries and issues arising, e.g. disciplinary actions, Employment Tribunals and complaints Liaising with RPO and Job Centre Plus regarding redundancies Concluding payroll and issuing forms P45 on redundancies/transfers Seeking legal advice to assist with employee matters, where necessary In all cases: <ul style="list-style-type: none"> Assisting employees to pursue claims via the RPO Corresponding with the PPF, the Pensions Regulator, pension Trustees and pension administrator Instructing specialists to review pension obligations Reviewing professional advice regarding status of pension Dealing with the pension to conclude the office holders' obligations 	
Property - negotiations	<ul style="list-style-type: none"> Liaising with landlord to mitigate claims Agreeing landlord's claims, where a dividend is anticipated Dealing with tenants' and other third party claims 	
Property – professional advice	<ul style="list-style-type: none"> Where a dividend is anticipated: <ul style="list-style-type: none"> Reviewing dilapidations claims Adjudicating on landlords' claims and other claims related to the property with the assistance of agents and/or solicitors where necessary 	
Communication with secured creditors	<ul style="list-style-type: none"> Depending on the existence and distribution prospects of secured creditors: <ul style="list-style-type: none"> Providing oral and written updates to secured creditors on progress of the insolvency and prospects of recovery Seeking solicitors' advice on the validity of secured creditors' claims Agreeing allocation of realisations and costs between fixed and floating charges Paying distributions to secured creditors and seeking confirmation of discharged claims 	
Pre-appointment taxation	<ul style="list-style-type: none"> Reviewing HMRC's claims Submitting pre-appointment VAT, corporation tax and PAYE/NIC/CIS returns and/or appealing assessments, where a dividend to non-preferential unsecured creditors is anticipated 	
Estimated total hours (including 190.6 hours spent to date)		518

Time cost categories	Tasks included	No. of hours estimated to be incurred
Estimated total fee	(at an average charge-out rate of £260.62 per hour) (including £54,250 incurred to date)	£134,000

Euromark Marking and Coding Limited (In Administration)

Appendix VI
Proposals for Fixing the Basis of the Joint Administrators' Fees

Attachment E

- **The Joint Administrators' Expenses Estimate**

Euromark Marking and Coding Limited (in Administration)

The Joint Administrators' Expenses Estimate as at 3 March 2017

Below is the estimate of the Joint Administrators' expenses that have been, or are likely to be, incurred in administering the insolvent estate. These expenses comprise Category 1 and Category 2 expenses. Office holders are entitled by statute to discharge Category 1 expenses from the insolvent estate. Category 2 expenses may be paid from the estate provided that the relevant creditors have authorised their payment. Further information regarding this approval process is provided in the report to which this forms an attachment.

Expenses Category 1	Estimate of total
Solicitors (providing advice and assistance in respect of the validity of security and the office holders' appointment, ROT, sale of the business, potential rights of action)	£15,500
Agents / Valuers (providing a valuation, assisting with a sale of the Company's business and assets and assisting with any ROT and HP creditors)	£12,500
Advertising	£84.60
Bonding	£460
Insurance	£1,500
Postage	£632.52
Mail redirection	£260
Storage and eventual destruction (if the exit is by dissolution) of the company's books and records (independent agents)	£237.72
Subsistence and accommodation whilst attending on-site	£1,000
Travel (excluding own vehicle use)	£1,000
Security Costs	£1,000
Total	£34,174.84

Expenses Category 2 (for details of the bases on which these expenses are calculated, see Attachment B)	Estimate of total
SFP Property (assisting with all property-related matters)	15,500
Stationery / photocopying	37
Mileage	630
Total	£16,037

SFP Property Summary of work that has been, or likely will be, undertaken		
Time cost categories	Tasks undertaken	
Statutory and General Administration		
Case planning	Discussions regarding strategies to be pursued Meetings with office holders, their team members and independent advisers to consider practical, technical and legal aspects of the case Organising tasks and updating team members and office holders Travelling to/from company premises to initiate the insolvency process and perform statutory and general administration tasks	
Administrative set-up	Setting up appointment on internal systems and databases Creating files and informing departments of appointment	
Appointment notification	Notifying insurers	
Post-appointment tax	Establishing position with HMRC regarding option to tax premises	
Realisation of Assets / Trading		
Identification, securing, insuring assets	Undertaking and/or instructing specialists to undertake risk assessments, environmental and health and safety reviews Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies	
Property - negotiations	Undertaking initial instruction work as regards valuations and proposed marketing strategies Researching comparable property data/desktop property research Researching property status and condition Discussing and agreeing strategies with office holders Undertaking oral and written negotiations with interested parties Dealing with tenant issues (if any) Liaising with secured creditors, landlords and any LPA Receivers Where there is a property interest to be sold: Reviewing draft sale documentation Liaising with agents and solicitors Undertaking work regarding utilities and business rates, including seeking refunds where possible	
Property – professional advice	Finalising method statement with office holders, opening files Drafting and finalising valuation report Providing updates to the office holder Concluding the office holders' involvement in the property, business rates and utilities Depending on company's interest in property: Undertaking work regarding dilapidations and property repairs Site visits to monitor property Invoicing for and collection of rent from tenants or licensees Agreeing assignment, surrender or disclaimer of lease Reviewing completion statement	
Estimated total time costs		15,000
Estimated total expenses (e.g. mileage, courier charges)		500
ESTIMATED TOTAL COSTS TO BE INCURRED BY SFP PROPERTY (including costs to date of £9,795)		15,500

**In the matter of Euromark Marking and Coding Limited (In Administration)
and in the matter of The Insolvency Act 1986**

Date of Administration: 6 February 2017

1.	Name of Creditor	
2.	Address of Creditor	
3.	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into administration (see note)	£
4.	Details of any document by reference to which the debt can be substantiated. [Note the administrator may call for any document or evidence to substantiate the claim at his discretion]	
5.	If the total amount shown above includes Value Added Tax, please show:- (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6.	If total amount above includes outstanding uncapitalised interest please state amount	£
7.	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8.	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9.	Particulars of how and when debt incurred.	
10.	Particulars of any security held, the value of the security, and the date it was given	£
11.	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

2.21B

The Insolvency Act 1986

Creditor's request for a meeting

Name of Company

Euromark Marking and Coding Limited

Company number

07265770

In the
Manchester District Registry*(full name of court)*Court case number
2105 of 2017

(a) Insert full name and
address of the creditor
making the request

I (a)

(b) Insert full name and
address of registered
office of the company

request a meeting of the creditors of (b)
Euromark Marking and Coding Limited

SFP
9 Ensign House
Admirals Way
Marsh Wall
London

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and
address(es) of creditors
concurring with the
request (if any) and their
claims in the
administration if the
requesting creditor's
claim
is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of
concurrence.

(e) Insert details of the
purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated