

AM10

Notice of administrator's progress report



Companies House

WEDNESDAY



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23/08/2017

#191

COMPANIES HOUSE

1 Company details

Company number 0 7 2 6 5 7 7 0

Company name in full Euromark Marking and Coding Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Simon Franklin

Surname Plant

3 Administrator's address

Building name/number 9 Ensign House

Street Admirals Way

Post town Marsh Wall

County/Region London

Postcode E 1 4 9 X Q

Country

4 Administrator's name ^①

Full forename(s) Daniel

Surname Plant

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ^②

Building name/number 9 Ensign House

Street Admirals Way

Post town Marsh Wall

County/Region London

Postcode E 1 4 9 X Q


Country

② Other administrator

Use this section to tell us about
another administrator.

AM10




Notice of administrator's progress report

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|--|--|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 6 | Period of progress report | | | | | | | | | | | | | | | |
| From date | d | 0 | d | 6 | m | 0 | m | 2 | y | 2 | y | 0 | y | 1 | y | 7 |
| To date | d | 0 | d | 5 | m | 0 | m | 8 | y | 2 | y | 0 | y | 1 | y | 7 |
| 7 | Progress report | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> I attach a copy of the progress report | | | | | | | | | | | | | | | | |
| 8 | Sign and date | | | | | | | | | | | | | | | |
| Administrator's signature | Signature  | | | | | | | | | | | | | | | |
| Signature date | d | 2 | d | 2 | m | 0 | m | 8 | y | 2 | y | 0 | y | 1 | y | 7 |

AM10

Notice of administrator's progress report

|  Presenter information | |
|--|----------------------|
| You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record. | |
| Contact name | Simon Franklin Plant |
| Company name | S F P |
| | |
| Address | 9 Ensign House |
| | Admirals Way |
| | |
| Post town | Marsh Wall |
| County/Region | London |
| Postcode | E 1 4 9 X Q |
| Country | |
| DX | |
| Telephone | 020 7538 2222 |
|  Checklist | |
| We may return forms completed incorrectly or with information missing. | |
| Please make sure you have remembered the following: | |
| <input checked="" type="checkbox"/> The company name and number match the information held on the public Register. | |
| <input checked="" type="checkbox"/> You have attached the required documents. | |
| <input checked="" type="checkbox"/> You have signed the form. | |

|  Important information | |
|--|--|
| All information on this form will appear on the public record. | |
|  Where to send | |
| You may return this form to any Companies House address, however for expediency we advise you to return it to the address below: | |
| The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ. DX 33050 Cardiff. | |
|  Further information | |
| For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk | |
| This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse | |

Strictly Private and Confidential

Euromark Marking and Coding Limited (In Administration)

Progress Report to Creditors

**Simon Franklin Plant
MIPA FABRP**

**Daniel Plant
MIPA FABRP**

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

Tel: +44 (207) 5382222

Fax: +44 (207) 5383322

This report has been written and presented for the sole purpose of complying with the relevant provisions of the Insolvency Act 1986. 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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1. Introduction

- 1.1 This report is prepared pursuant to the Rules in relation to the Company. The Rules provide that a progress report is issued every six months, commencing on the date that the Company entered into administration, to inter alia all creditors within one month of the end of the period covered by the report.
- 1.2 To date, creditors have received the Joint Administrators' Proposals circulated on 13 March 2017.
- 1.3 Statute requires that this report provides details of the progress made since the Joint Administrators' appointment. Therefore, this report repeats much of the information already provided in the Statement of Proposals. Attached at **Appendix I** are definitions of the terms used in this report and at **Appendix II** is a summary of statutory information on the administration.

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

- 2.1 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.
- 2.2 After receiving confirmation that the Administration had commenced, various statutory duties were discharged including the following:
 - 2.2.1 open insurance cover was obtained immediately on appointment;
 - 2.2.2 a request for all accounts to be frozen was made, as well as a request for copy statements and additional information to be provided;
 - 2.2.3 the Company's books and records were recovered from the Trading Premises and an inventory was prepared;
 - 2.2.4 notification of the Administration and a request to change the Company's registered office were sent to the Registrar of Companies; and
 - 2.2.5 instructions were issued to advertise the Administration.
- 2.3 On 6 February 2017, the Team attended the Trading Premises.
- 2.4 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.
- 2.5 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.
- 2.6 The Team also commenced its review of the current debtor position.

- 2.7 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.

3. Asset Realisations

- 3.1 Attached at **Appendix III** is the Joint Administrators' Receipts and Payments Account, which details the realisations achieved and costs paid for the Review Period.

The Sale of the Business and Assets

- 3.2 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.
- 3.3 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.
- 3.4 Two registrations of interest in the business were initially received from associated parties.
- 3.5 Later in the week, another registration of interest was also lodged by a former consultant to the Company.
- 3.6 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.
- 3.7 Negotiations took place with each of these over the course of several days, by way of meetings, emails and telephone calls.
- 3.8 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.
- 3.9 GTC recommended looking to progress with the offer from New Code.
- 3.10 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.
- 3.11 Irwin Mitchell was instructed to circulate a draft SPA, the Debenture and the Licence to Occupy on 13 February 2017.

- 3.12 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.
- 3.13 The SPA, the Debenture and the Licence to Occupy subsequently completed at 20:04 on 14 February 2017.
- 3.14 Sales consideration totalling £36,000 has been received to date and the remainder will be collected as and when it falls due for payment. As the sales consideration has not yet been received in full, it has not been allocated to specific asset categories in the Joint Administrators' Receipts and Payments Account attached as **Appendix III**.
- 3.15 Efforts were made to maximise realisations net of costs. The ultimate financial benefit achieved for creditors from these efforts is dependent upon the dividend prospects, which are explained further below.

The Employees

- 3.16 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

- 3.17 As previously advised, the Company's sales ledger had 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.
- 3.18 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. This invoicing related to work completed prior to the Joint Administrators' appointment.
- 3.19 Positive had advised that it would be collecting the ledger in-house. Accordingly, in order to assist with this, the Joint Administrators' staff attended the Trading Premises in order to glean copy invoices, supporting documentation and obtain system back-ups. Furthermore, meetings had been undertaken with the Management in order to ascertain potential collection problems. Copy documentation had been passed to Positive and the Joint Administrators have continued to monitor the position.
- 3.20 Positive has recovered its core commitment and are continuing to collect the remaining sales ledger.
- 3.21 The charges applied to date by Positive have been analysed and the Joint Administrators are satisfied that they are in line with the agreements made with the Company.
- 3.22 At present, it is not known whether the Joint Administrators' work in this regard will generate any financial benefit to unsecured creditors. However, it is necessary to undertake this work to assist Positive in collecting the sales ledger in an attempt to generate a net recovery for the benefit of unsecured creditors. When all book debt collection efforts draw to a conclusion, notwithstanding that the bases of the fees and Category 2 disbursements of the Joint Administrators have been approved by the relevant creditors, the Joint Administrators will review the financial benefit generated for creditors and will form a view as regards what costs are fair and reasonable to discharge from the estate. In view of the risks that the estate funds may be used in pursuing outstanding debts, creditors are invited to contact the Joint Administrators should they object to the action being continued in anticipation of a successful recovery.

The Company's Trading Premises

- 3.23 The Trading Premises had been occupied by the Company subject to a lease. SFP Property had been instructed to provide the Joint Administrators with a valuation of the Company's leasehold interest and establish an appropriate disposal strategy. Furthermore, they were to liaise with the landlord and other parties in order to provide updates, attend to any property related queries and oversee the execution of any surrender or assignment.
- 3.24 SFP Property subsequently confirmed that there was no value in the lease and sought to arrange its surrender.
- 3.25 On 30 May 2017, SFP Property confirmed that a deed of surrender had been entered into and the Joint Administrators had no further interest in the lease on the Trading Premises.
- 3.26 In accordance with the sale of the business and assets, a licence to occupy the Trading Premises was granted to New Code. A total of £7,923.36 has been received by way of licence fee and this amount has been paid over to the landlord.
- 3.27 Regrettably, this work has not generated any financial benefit to creditors. However, in view of the fact that the other asset realisations are unlikely to generate sufficient funds to enable a dividend to be paid to unsecured creditors, neither has undertaking this work had a detrimental effect on creditors' dividend prospects. Nevertheless, it was necessary to undertake this work to explore whether any value for the Joint Administrators' interest in the property could be achieved and to draw the matter to an orderly conclusion.

Additional Issues and Realisations

Antecedent transaction

- 3.28 The Joint Administrators were informed that £41,000 was withdrawn from the Company's bank account just prior to the Company entering into Administration
- 3.29 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.
- 3.30 The employee subsequently repaid £38,000 and advised that £3,000 had been spent.
- 3.31 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 on 14 February 2017.
- 3.32 To date £1,500 has been received and the remainder will be collected as and when it falls due for payment.

Miscellaneous refund

- 3.33 A total of £111.83 has been recovered in respect of business rates from Liverpool City Council.
- 3.34 Efforts were made to maximise realisations net of costs. The ultimate financial benefit achieved for creditors from these efforts is dependent upon the dividend prospects, which are explained further below.

4. Statutory and General Administration

- 4.1 Throughout the Review Period, the Joint Administrators have carried out the following material tasks in this category:
- 4.1.1 statutory notification, filing and advertising in relation to the Joint Administrators' appointment;
 - 4.1.2 drafting and issuing the Joint Administrators' Proposals, seeking relevant creditors' approvals and issuing notice of the outcome;
 - 4.1.3 drafting this progress report;
 - 4.1.4 consulting with and instructing staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient progress;
 - 4.1.5 consulting with staff, SFP Property, and external agents to receive updates on their progress and to agree strategies;
 - 4.1.6 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;
 - 4.1.7 conducting periodic case and bond reviews to ensure that the administration is progressing efficiently, effectively and in line with the statutory requirements;
 - 4.1.8 maintaining and updating the estate cash book and bank account, including regular bank reconciliations and processing receipts and payments; and
 - 4.1.9 completing periodic tax returns and settling any associated liabilities.

5. Investigations

- 5.1 In accordance with the Joint Administrators' duties, investigations are being made into the conduct of the Company's directors. The requisite report was submitted to the Insolvency Service. All information contained in the report is strictly confidential and the Joint Administrators are not permitted to divulge details of their report to the Insolvency Service.
- 5.2 The Joint Administrators have been carrying out an investigation into the Company's affairs prior to it being placed into Administration to examine whether there were any potential claims, in addition to the antecedent transaction detailed in **Section 3**, arising from transactions made by the Company prior to Administration that might give rise to an action for recovery.
- 5.3 Initial assessment of the Company's records suggested that there could be a matter that might lead to recoveries for the insolvent estate and thus further investigations were considered necessary.
- 5.4 These investigations are ongoing.
- 5.5 To minimise the risk of compromising attempts to pursue a recovery, the Joint Administrators are unable to provide further explanation, but they hope to be in a position to report more fully in future reports.
- 5.6 At present, it is not known whether this work will generate any financial benefit to creditors. However, it is necessary to incur some of the costs in carrying out this work in order for the Joint Administrators to meet their statutory and regulatory requirements. In addition, in view of the fact that the other asset realisations are unlikely to generate sufficient funds to enable a dividend to be paid to unsecured creditors, neither has undertaking this work had a detrimental effect on creditors' dividend prospects.

6. Creditors

- 6.1 During the Review Period, the following main tasks in this category have been carried out:
- 6.1.1 liaising with the secured creditor in relation to the sale of assets subject to their security;
 - 6.1.2 responding to creditors' queries and logging their claims and supporting information; and

6.1.3 maintaining the database as regards creditors' contact details and claims.

6.2 Significant time has been spent in dealing with creditors and particularly in responding to certain creditors' queries and requests for further information. Specifically, a large proportion of time has been spent attending to ERA matters. Further, the Joint Administrators were required to spend significant time corresponding with the secured creditor to discuss the proposed sale, amongst other points, to seek a deed of release.

6.3 Although much of this work has had no direct financial benefit to creditors, it is the Joint Administrators' duty to respond to creditors' reasonable queries.

Preferential Claims

6.4 It is understood that there are no preferential claims in respect of outstanding arrears of wages or holiday pay, as all employees of the Company transferred to New Code pursuant to TUPE. There appears, however to be claims in respect of missing pension contributions.

Anticipated Outcome

6.5 On present information, it looks unlikely that there will be sufficient funds to pay a dividend to preferential and non-preferential unsecured creditors.

7. The Joint Administrators' Costs

7.1 At **Appendix IV** is a breakdown of the time that has been incurred by the Joint Administrators' firm over the Review Period, totalling £88,688.50, and the total fees drawn. A Guide to Administrators' Fees is available from <http://panel.sfggroup.com> or a hard copy will be provided on request.

7.2 The attached breakdown shows that a significant proportion of the time costs incurred relate to statutory and general administration. Whilst these tasks have not had a direct benefit in enhancing realisations for the insolvent estate, they have assisted in the efficient and compliant progressing of the administration, which has ensured that the Joint Administrators and their staff have carried out their work to high professional standards.

7.3 The remuneration anticipated to be charged by the Joint Administrators (i.e. the total time costs anticipated to be incurred by the Joint Administrators and their staff to conclusion of the administration) is unlikely to exceed the fees estimate.

7.4 **Appendix V** provides a breakdown of the time that has been incurred by SFP Property over the Review Period, together with the fees that have been paid from the insolvent estate and the balance of time costs that remain undischarged.

7.5 At **Appendix VI** is a schedule of SFP's charge-out rates and bases of disbursements. The bases of these costs and disbursements are subject to approval in the same manner as the Joint Administrators' fees, as detailed in **Appendix II**.

7.6 In addition, the Joint Administrators' Receipts and Payments Account attached at **Appendix III** provides a summary of the expenses incurred by the Joint Administrators, whether directly or by reason of their instructions to other parties.

7.7 The following expenses are likely to exceed the details given to creditors along with the Joint Administrators' Proposal:

| Party / description | Current estimate (total to conclusion of administration) | Explanation |
|---|--|---|
| Joint Administrators' disbursements (Category 1) | £3,800 | Additional postage expenses not previously anticipated. |
| Joint Administrators' disbursements (Category 2) | £1,000 | Additional stationery and photocopying costs. |
| Insurance of Assets | £1,507 | Insurance premiums for Property Damage, Public Liability and Motor Fleet were marginally higher than anticipated. |
| Bank Charges | £15.00 | Charges for a CHAPS bank transfer. |
| Storage | £432.08 | A larger volume of books and records than expected was retrieved. |

- 7.8 In view of the uncertainties regarding future realisations, it is unclear at present whether these expenses will be paid in full from the administration estate.

8. Conclusion

- 8.1 At present, the main activities remaining to be done are:

- 8.1.1 pursuit of the outstanding book debts;
- 8.1.2 collection of the remaining deferred sale consideration;
- 8.1.3 conclusion of investigations into the affairs of the Company and of any claims identified as worthy of pursuit;
- 8.1.4 pursuit of clearance from the relevant government departments;
- 8.1.5 conclusion of the administration, likely by filing notice of the move from administration to dissolution;

- 8.2 The Joint Administrators will issue to creditors a further report, which will provide an update on all matters described above that have yet to be concluded, in six months' time or earlier as part of the process of extending or closing the administration.

- 8.3 Should any creditor have any questions or queries in relation to the above, please contact either the Administrator dealing with this matter, Ibeth Coox, or the Joint Administrator on 020 7538 2222 or by email to enquiries@sfggroup.com.

Dated this 22 August 2017


Simon Plant
Joint Administrator

In accordance with paragraph 45 of Schedule B1 of the Insolvency Act 1986, notice is hereby given that the affairs, business and property of Euromark Marking and Coding Limited (in Administration) are being managed by Simon Franklin Plant and Daniel Plant of SFP, acting as Joint Administrators. Pursuant to paragraph 69 of Schedule B1 of the Insolvency Act 1986, the Joint Administrators act as agents of the company and without personal liability.

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)

In the Manchester District Registry no. 2105 of 2017

Statutory Information for Progress Report

Company Number: 07265770

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

Joint Administrators appointed on: 06 February 2017

Joint Administrators' functions: May be exercised by either of the Joint Administrators

Extensions to Administration period:

No extension to the statutory Administration period has been sought.

Basis of the Joint Administrators' fees and certain expenses:

The Joint Administrators' fees were fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the administration. This basis was approved by the secured creditor on 14 March 2017. The bases of the Joint Administrators' Category 2 disbursements, including the costs of SFP Property, similarly were approved by this creditor. In addition, the unpaid pre-administration costs, as set out below, were approved by this creditor on 14 March 2017:

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

Creditors' rights to further information and challenge:

Rule 18.9 of the Insolvency (England & Wales) Rules 2016: Within 21 days of receipt of a progress report, a creditor may request the Administrator to provide further information about the remuneration and expenses set out in the report. A request must be made in writing and may be made by either a secured creditor or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors or by any unsecured creditor with the permission of the court.

Rule 18.34 of the Insolvency (England & Wales) Rules 2016: Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors or the permission of the Court, may apply to the Court on the grounds that the remuneration or other expenses are excessive. Any such application must be made no later than 8 weeks after receipt of the relevant report.

Euromark Marking and Coding Limited (in Administration)

Progress Report to Creditors

APPENDIX III

- **The Joint Administrators' Receipts and Payments Account**

EUROMARK MARING AND CODING LIMITED
(IN ADMINISTRATION)

THE JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT
FROM 6 FEBRUARY 2017 TO 5 AUGUST 2017

| | Notes | Statement of Affairs £ | From 6 Feb 17 to 5 Aug 17 £ |
|--|-------|---|--|
| RECEIPTS | | | |
| Sale of Business and Assets | | 80,000.00 | 36,000.00 |
| Miscellaneous refund | | - | 111.83 |
| Licence Fee Receivable | | - | 7,923.36 |
| Antecedent transactions | | 41,000.00 | 39,500.00 |
| TOTAL RECEIPTS | | <u>121,000.00</u> | <u>83,535.19</u> |
| | | | |
| | | Expenses incurred (whether or not paid) From 6 Feb 17 to 5 Aug 17 £ | Payments made From 6 Feb 17 to 5 Aug 17 £ |
| PAYMENTS / EXPENSES | | | |
| Joint Administrators' Remuneration | | 134,000.00 | 44,833.33 |
| Joint Administrators' Category 1 Disbursements | 1 | 3,092.52 | - |
| Joint Administrators' Category 2 Disbursements | 1 | 667.00 | - |
| SFP Property Fees and Expenses | | 15,500.00 | - |
| Agents' / Valuers' Fees and Disbursements | 2 | 12,500.00 | 6,284.00 |
| Legal Fees and Disbursements | 2 | 15,500.00 | 6,023.00 |
| Re-Direction of Mail | | 260.00 | 260.00 |
| Statutory Advertising | | 84.60 | 84.60 |
| Insurance of Assets | | 1,500.00 | - |
| Bank charges | | - | 15.00 |
| Storage/Destruction Costs | | 237.72 | 432.08 |
| Licence Fee Payable | | - | 7,923.36 |
| Security | | 1,000.00 | 672.00 |
| TOTAL PAYMENTS / EXPENSES | | <u>184,341.84</u> | <u>66,527.37</u> |
| | | | |
| BALANCE IN HAND | | | <u>17,007.82</u> |
| | | | |
| REPRESENTED BY | | | |
| Interest Bearing Current Account | | | 6,546.61 |
| VAT Control Account | | | 10,461.21 |
| BALANCE IN HAND | | | <u>17,007.82</u> |

NOTES TO THE JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

Notes

- 1 Further details of material disbursements/expenses incurred in the period are as follows:

| | |
|------------------------------------|-----------|
| Bond premium | £460.00 |
| Land registry search | £15.00 |
| Postage | £146.45 |
| Send out and stationery costs | £61.00 |
| Boxes, storage and retrieval costs | £105.00 |
| Meals and Drinks | £341.85 |
| Travel costs | £1,332.63 |
| Milage costs | £677.37 |
| Accommodation expenses | £921.51 |

- 2 The Joint Administrators' instructions as regards these items remain ongoing and therefore they continue to incur liabilities to third parties. However, these expenses will only be quantified once an invoice has been issued.

Euromark Marking and Coding Limited (in Administration)

Progress Report to Creditors

APPENDIX IV

- **Breakdown of the Joint Administrators' Fees**

SUMMARY OF TIME INCURRED FOR THE PERIOD 06 FEBRUARY 2017 TO 05 AUGUST 2017

See Appendix for Summary Charge Out Rates for staff

Euromark Marking and Coding Limited (in Administration)

Progress Report to Creditors

APPENDIX V

- **Breakdown of SFP Property Limited Fees**

EUROMARK MARKING AND CODING LIMITED (IN ADMINISTRATION)

SUMMARY OF TIME INCURRED FOR THE PERIOD 06 FEBRUARY 2017 TO 05 AUGUST 2017

| CLASSIFICATION OF WORK FUNCTION | Time spent over the period under review 06 FEBRUARY 2017 TO 05 AUGUST 2017 | | | | | Total Time spent 06 FEBRUARY 2017 TO 05 AUGUST 2017 | | | Total per fees estimate £ |
|---|--|----------------|----------------------|--------------|----------------------|---|----------------------|---------------------|---------------------------|
| | 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 | 0.40 | 0.00 | 0.90 | 221.00 | 0.90 | 245.56 | 221.00 |
| Investigations | 0.00 | 0.00 | 0.00 | 0.80 | 0.80 | 80.00 | 0.80 | 100.00 | 80.00 |
| Realisation of assets | 14.50 | 0.00 | 14.00 | 10.90 | 39.40 | 7,775.00 | 39.40 | 197.34 | 7,775.00 |
| 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 | 15.00 | 0.00 | 14.40 | 11.70 | 41.10 | 8,076.00 | 41.10 | 196.50 | 8,076.00 |
| Average rate per fees estimate (£/hour) | | | | | | | | | |
| Fees drawn on account | | | | | | | | | 0.00 |
| | | | | | | | | | 250.00 |

See Appendix for Summary Charge Out Rates for staff

Euromark Marking and Coding Limited (in Administration)

Progress Report to Creditors

APPENDIX VI

- **SFP's 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.sfpgroup.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.

Stationery / Photocopying – standard charge

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.

| | Charge per creditor / member (£) |
|--------------------------------|----------------------------------|
| Administration ("ADM") | 1.00 |
| CVL (following ADM) | 0.60 |
| CVL (not following ADM) | 0.50 |
| CVA (one year duration) | 0.60 |
| CVA (each additional year) | 0.40 |
| Compulsory Liquidation | 0.50 |
| (note: only creditors charged) | |
| Bankruptcy | 0.50 |

Stationery / Photocopying – exceptional charge

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.

| | Per page / envelope (£) |
|------------------------------|-------------------------|
| 1 page of headed paper | 0.12 |
| 1 page of continuation paper | 0.10 |
| 1 page of photocopying paper | 0.02 |
| Envelopes (all sizes) | 0.10 |

Mileage

(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.)

| | Per mile (£) |
|--|--------------|
| Pool car | 1.10 |
| Director's / staff's personal car | 0.45 |
| Additional cost for each passenger in colleague's personal car | 0.05 |

| 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> | | | |