

# AM03

## Notice of administrator's proposals



Companies House

FRIDAY



A24

\*A87L4BA2\*

14/06/2019

#316

COMPANIES HOUSE

1, please  
at  
house

1

### Company details

Company number 0 7 9 1 3 6 0 5

Company name in full Purple Sprout Limited

→ **Filling in this form**  
Please complete in typescript or in  
bold black capitals.

2

### Administrator's name

Full forename(s) Michael

Surname Gillard

3

### Administrator's address

Building name/number Scope House

Street Weston Road

Post town Crewe

County/Region

Postcode C W 1 6 D D

Country

4

### Administrator's name <sup>a</sup>

Full forename(s)

Surname

<sup>a</sup> **Other administrator**  
Use this section to tell us about  
another administrator.

5

### Administrator's address <sup>a</sup>

Building name/number

Street

Post town

County/Region

Postcode

Country

<sup>a</sup> **Other administrator**  
Use this section to tell us about  
another administrator.

# Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**  
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**  
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**  
Please complete in typescript or in bold black capitals.  
  
All fields are mandatory unless specified or indicated by \*

1

## Appointment type

Tick to show the nature of the appointment:

- ☐ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

ⓘ You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2

## Insolvency practitioner's name

Full forename(s)

Surname

3

## Insolvency practitioner's address

Building name/number

Street

Post town

County/Region

Postcode

Country

AM03

## Notice of Administrator's Proposals

6

### Statement of proposals



I attach a copy of the statement of proposals

7

### Sign and date

Administrator's  
Signature

Signature

x

*M. Pullman*

x

Signature date

d

d

11

m

m

06

y

y

y

y

2019

## Notice of Administrator's Proposals

**Presenter information**

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

Michael Gillard

Mackenzie Goldberg Johnson Limited

Scope House

Weston Road

Crewe

Postcode

C

W

1

6

D

D

DX

01270 212 700

**Checklist**

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

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

**Important information**

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

**Where to send**

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

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

**Further information**

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

**NOTICE OF APPOINTMENT**

**PURPLE SPROUT LIMITED - IN ADMINISTRATION**

**IN THE HIGH COURT OF JUSTICE BUSINESS & PROPERTY COURTS IN MANCHESTER -  
CR2019-MAN-000476**

**TRADING AS: PURPLE SPROUT LIMITED**

**COMPANY NUMBER 07913605**

**Notice is given** by Michael Gillard (IP number 14470) of Mackenzie Goldberg Johnson Limited, under paragraph 46 of Schedule B1 of The Insolvency Act 1986 and rule 3.27(3) of The Insolvency (England and Wales) Rules 2016, that I was appointed Administrator of Purple Sprout Limited on 7 June 2019

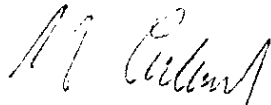
Appointment made by                      High Court of Justice Business & Property Courts in Manchester

Principal trading activity                      PR & marketing agency

The affairs, business and property of Purple Sprout Limited are being managed by the Administrator, Michael Gillard. The Administrator acts as an agent of the Company and contracts without personal liability.

Creditors requiring further information regarding the Administration should either contact me at Mackenzie Goldberg Johnson Limited, Scope House, Weston Road, Crewe, CW1 6DD, or contact Ben Gray by email at [ben@mgjl.co.uk](mailto:ben@mgjl.co.uk), or by phone on 01270 212700.

DATED THIS 7TH DAY OF JUNE 2019



Michael Gillard  
**Administrator of Purple Sprout Limited**

**NOTICE OF DECISIONS BY CORRESPONDENCE**

**PURPLE SPROUT LIMITED - IN ADMINISTRATION**

**IN THE HIGH COURT OF JUSTICE BUSINESS & PROPERTY COURTS IN MANCHESTER –  
CR2019-MAN-000476**

**TRADING AS: PURPLE SPROUT**

**COMPANY NUMBER: 07913605**

Notice is given by Michael Gillard of Mackenzie Goldberg Johnson Limited to the creditors of Purple Sprout Limited that set out below are decisions for your consideration under paragraph 51 of Schedule B1 of the Insolvency Act 1986. Please complete the voting section below indicating whether you are in favour or against the following decisions:

- i) That the Administrator's proposals be approved.
- ii) That the Administrator's pre-Administration costs, the details of which are set out in the Administrator's proposals and issued with the notice of the decision procedure, be approved.
- iii) That the Administrator's fees will be charged by reference to the time properly spent by him and his staff in dealing with the matters relating to the Administration, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time the work is undertaken and subject to the fees estimate set out in the Administrator's proposals and issued with the notice of the decision procedure.

**The final date for votes is 4 July 2019, the decision date.**

- 1. In order for their votes to be counted creditors must submit to me their completed voting form so that it is received at Mackenzie Goldberg Johnson Limited, Scope House, Weston Road, Crewe, CW1 6DD by no later than 23.59 hours on 4 July 2019. It must be accompanied by proof of their debt, (if not already lodged). Failure to do so will lead to their vote(s) being disregarded.
- 2. Creditors must lodge proof of their debt (if not already lodged) at the offices of Mackenzie Goldberg Johnson Limited, Scope House, Weston Road, Crewe, CW1 6DD by no later than 23.59 on 4 July 2019, without which their vote will be invalid.
- 3. Creditors with claims of £1,000 or less must have lodged proof of their debt for their vote to be valid.
- 4. Any creditors who have previously opted out from receiving documents in respect of the insolvency proceedings are entitled to vote on the decisions provided they have lodged proof of their debt.
- 5. Creditors may, within 5 business days of delivery of this notice to them, request a physical meeting of creditors be held to determine the outcome of the decisions above. Any request for a physical meeting must be accompanied by valid proof of their debt (if not already lodged). A meeting will be convened if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors."
- 6. Creditors have the right to appeal a decision of the convener made under Chapter 8 of Part 15 of The Insolvency (England and Wales) Rules 2016 about Creditors' Voting Rights and Majorities, by applying to Court under Rule 15.35 of The Insolvency (England and Wales) Rules 2016 within 21 days of 4 July 2019 the Decision Date.

Creditors requiring further information regarding the above, should either contact me at Mackenzie Goldberg Johnson Limited, Scope House, Weston Road, Crewe, CW1 6DD, or contact Ben Gray by telephone on 01270 212700, or by email at [ben@mgjl.co.uk](mailto:ben@mgjl.co.uk).

DATED THIS 7TH DAY OF JUNE 2019

A handwritten signature in black ink, appearing to read 'M Gillard', written in a cursive style.

**Michael Gillard**  
**Administrator of Purple Sprout Limited**

**PURPLE SPROUT LIMITED - IN ADMINISTRATION**  
**IN THE HIGH COURT OF JUSTICE BUSINESS & PROPERTY COURTS IN MANCHESTER –**  
**CR2019-MAN-000476**

**TRADING AS: PURPLE SPROUT**

**COMPANY NUMBER: 07913605**

**Voting on Decisions**

- i). That the Administrator's proposals be approved.

**For / Against**

- ii). That the Administrator's pre-Administration costs, the details of which are set out in the Administrator's proposals and issued with the notice of the decision procedure, be approved.

**For / Against**

- iii). That the Administrator's fees will be charged by reference to the time properly spent by them and their staff in dealing with the matters relating to the Administration, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time the work is undertaken and subject to the fees estimate set out in the Administrator's proposals and issued with the notice of the decision procedure.

**For / Against**

**TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:**

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

Signature of creditor: \_\_\_\_\_

(Complete the following if signing on behalf of creditor, e.g. director/solicitor)

Capacity in which  
signing document: \_\_\_\_\_

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

**NOTICE OF INVITATION TO FORM A CREDITORS' COMMITTEE**

**PURPLE SPROUT LIMITED - IN ADMINISTRATION  
IN THE HIGH COURT OF JUSTICE BUSINESS & PROPERTY COURTS IN MANCHESTER –  
CR2019-MAN-000476**

**TRADING AS: PURPLE SPROUT LIMITED**

**COMPANY NUMBER: 07913605**

**NOTICE IS GIVEN** by Michael Gillard of Mackenzie Goldberg Johnson Limited to the creditors of Purple Sprout Limited of an invitation to establish a Creditors' Committee under rule 3.39 of The Insolvency (England and Wales) Rules 2016.

1. In addition to seeking a decision on the matters set out in the accompanying notice, creditors are also invited to determine by correspondence, at the same time, whether a Creditors' Committee should be established.
2. A Committee may be formed if a minimum of 3 and a maximum of 5 creditors are willing to become members.
3. Nominations can only be accepted for a creditor to become a member of the Committee if they are an unsecured creditor and have lodged a proof of their debt that has not been disallowed for voting or dividend purposes.
4. The specified date for receipts of nominations for creditors to act as a member of the Committee under rule 3.39 of The Insolvency (England and Wales) Rules 2016 is 3 July 2019, the Decision Date.
5. Please complete the form sent with this notice and include the name and address of any person you wish to nominate to act as a member of the Committee. The completed document should be returned to Mackenzie Goldberg Johnson Limited of Scope House, Weston Road, Crewe, CW1 6DD so that it is received by no later than 23.59 hours on 3 July 2019, the decision date.

Note: Further information on the rights, duties and the functions of a Committee is available in a booklet published by the Association of Business Recovery Professionals (R3). This booklet can be accessed at <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

If you require a hard copy of the booklet please contact Ben Gray of Mackenzie Goldberg Johnson Limited by email at [ben@mgjl.co.uk](mailto:ben@mgjl.co.uk), or by phone on 01270 212700.

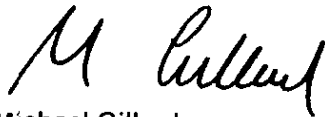
**The final date for votes to establish a committee is 3 July 2019, the decision date.**

1. In order for their votes to be counted creditors must submit to me their completed voting form so that it is received at Mackenzie Goldberg Johnson Limited, Scope House, Weston Road, Crewe, CW1 6DD by no later than 23.59 hours on 3 July 2019. It must be accompanied by proof of their debt, (if not already lodged). Failure to do so will lead to their vote(s) being disregarded.
2. Creditors must lodge proof of their debt (if not already lodged) at the offices of Mackenzie Goldberg Johnson Limited, Scope House, Weston Road, Crewe, CW1 6DD by no later than 23.59 on 3 July 2019, without which their vote will be invalid.
3. Creditors with small debts, that is claims of £1,000 or less, must have lodged proof of their debt for their vote to be valid.
4. Any creditors who have previously opted out from receiving documents in respect of the insolvency proceedings are entitled to vote on the decision provided they have lodged proof of their debt.

5. Creditors may, within 5 business days of delivery of this notice to them, request a physical meeting of creditors be held to determine the outcome of the decision above. Any request for a physical meeting must be accompanied by valid proof of their debt (if not already lodged). A meeting will be convened if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors".
6. Creditors have the right to appeal a decision of the convener made under Chapter 8 of Part 15 of The Insolvency (England and Wales) Rules 2016 about Creditors' Voting Rights and Majorities, by applying to Court under Rule 15.35 of The Insolvency (England and Wales) Rules 2016 within 21 days of 4 July 2019 the Decision Date.

Creditors requiring further information regarding the above, should either contact me at Mackenzie Goldberg Johnson Limited, Scope House, Weston Road, Crewe, CW1 6DD or contact Ben Gray by telephone on 01270 212700, or by email at [ben@mgjl.co.uk](mailto:ben@mgjl.co.uk).

DATED THIS 7TH DAY OF JUNE 2019



**Michael Gillard**  
**Administrator of Purple Sprout Limited**

**PURPLE SPROUT LIMITED - IN ADMINISTRATION**  
**IN THE HIGH COURT OF JUSTICE BUSINESS & PROPERTY COURTS IN MANCHESTER –**  
**CR2019-MAN-000476**

**COMPANY NUMBER: 07913605**

**Decision**

1. That a Creditors' Committee should be established.

For/Against

**Please note that if creditors vote to establish a Committee, then unless at least 3 nominations for creditors to act as Committee members are received at the same time, it will be necessary to convene a further decision procedure to decide which creditors are to act as Committee members. That will involve incurring additional costs, so if you intend to vote to establish a Committee, please also nominate either yourself or another creditor to act as a Committee member.**

I wish to nominate the following creditor to act as a member of the Committee:

Name of nominated creditor \_\_\_\_\_

**TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:**

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

Signature of creditor: \_\_\_\_\_

(Complete the following if signing on behalf of creditor, e.g. director/solicitor)

Capacity in which signing document: \_\_\_\_\_

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

Note: The completed form should be delivered to Michael Gillard, either by posting it to Mackenzie Goldberg Johnson Limited of Scope House, Weston Road, Crewe, CW1 6DD, or by emailing it to [ben@mgjl.co.uk](mailto:ben@mgjl.co.uk).

**Rule 14.4 The Insolvency (England and Wales) Rules 2016**

**Proof of Debt – General Form**

**IN THE**

HIGH COURT OF JUSTICE BUSINESS & PROPERTY COURTS IN  
MANCHESTER

**Number:**

CR2019-MAN-000476

**Name of Company in Administration:**

PURPLE SPROUT LIMITED

**Company Registration Number:**

07913605

**Date of Administration:**

7 June 2019

**1 Name of creditor**

(If a company, please also provide the company  
registration number).

**2 Correspondence address of creditor (including  
any email address)**

**3 Total amount of claim (£)**  
(include any Value Added Tax)

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

**5 Details of how and when the debt was incurred.**  
(If you need more space, attach a continuation  
sheet to this form)

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

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

**8 Details of any document by reference to which  
the debt can be substantiated**

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

10 Address of person signing if different from 2  
above

11 Name in BLOCK LETTERS:

12 Position with, or relation to, creditor

13 Date of signature

Admitted to vote for

Admitted for dividend for

Amount (£)

Amount (£)

Date

Date

---

MICHAEL GILLARD  
ADMINISTRATOR

**Notes:**

1. There is no need to attach them now but the office holder may ask you to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the chairman or convenor of any qualifying decision procedure.

2. This form can be authenticated for submission by email by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office holder. If completing on behalf of a company, please state your relationship to the company.

**INFORMATION TO CREDITORS ON OPTING OUT**  
**PURPLE SPROUT LIMITED - IN ADMINISTRATION**  
**TRADING AS: PURPLE SPROUT**  
**COMPANY NUMBER: 07913605**

Notice is given by Michael Gillard to the creditors of Purple Sprout Limited that creditors have the right to elect to opt out of receiving further communication about the insolvency procedure under rule 1.39 of The Insolvency (England and Wales) Rules 2016.

Any creditor may elect to become an opted-out creditor at any time, by delivering a dated notice of the request, in writing to me.

A creditor becomes an opted-out creditor when the notice is delivered to me.

Any creditor who elects to opt-out remains as such for the duration of the proceedings unless the opt out is revoked by a further notice in writing, dated and delivered to me.

A creditor ceases to be an opted-out creditor when the notice is received by me.

The opt out will not apply to the following:

- (i) a notice which the Insolvency Act 1986 requires to be delivered to all creditors without expressly excluding opted-out creditors;
- (ii) a notice of a change in the office-holder or a notice of a change in my contact details, or
- (iii) a notice of a dividend or proposed dividend or a notice which the court orders to be sent to all creditors or all creditors of a particular category to which the creditor belongs;

Opting-out will not affect a creditor's entitlement to receive dividends should any be paid to creditors

Opting-out will not affect creditors' rights to vote in a decision procedure or a participate in a deemed consent procedure, although any creditor who opts-out will not receive notice of it.

Any creditor who opts out will be treated as having opted out in respect of consecutive insolvency proceedings of a different kind in respect of the same company.

Creditors requiring further information regarding the above, should either contact me at Mackenzie Goldberg Johnson Limited, Scope House, Weston Road, Crewe, CW1 6DD, or contact Ben Gray by email at [ben@mgjl.co.uk](mailto:ben@mgjl.co.uk), or by phone on 01270 212700.

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

**Michael Gillard**  
**Administrator of Purple Sprout Limited**

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

**7/6/19**

**NOTICE TO OFFICE HOLDER TO OPT OUT OF FURTHER CORRESPONDENCE**

**PURPLE SPROUT LIMITED - IN ADMINISTRATION**

**COMPANY NUMBER: 07913605**

Name of creditor:

Address of creditor:

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I, the above named, give notice that I elect to become an opted-out creditor and no longer wish to receive communications relating to the insolvency proceedings of Purple Sprout Limited – In Administration.

Signature of creditor:

Date:

## NOTICE OF USE OF WEBSITE TO DELIVER FUTURE DOCUMENTS

### PURPLE SPROUT LIMITED - IN ADMINISTRATION

### TRADING AS: PURPLE SPROUT LIMITED

COMPANY NUMBER 07913605

Notice is given that under rule 1.50 of The Insolvency (England and Wales) Rules 2016, future documentation from the date of this notice, relating to the insolvency of the above will be made available at <http://mgjl.co.uk/case-report-login/>

1. Future documentation will be made available for viewing and downloading at <http://mgjl.co.uk/case-report-login/>, without further notice to creditors. The password required to access future documentation is **PSLINA2019**
2. The Administrator is not obliged to deliver any particular document to any person unless it is specifically requested.
3. Hard copies of all documents currently available on the website and all future documents which may be made available on the website can be requested by telephone on 01270 212700, or by email at [ben@mgjl.co.uk](mailto:ben@mgjl.co.uk) or in writing at Mackenzie Goldberg Johnson Limited, Scope House, Weston Road, Crewe, CW1 6DD.
4. This notice does not apply to the following circumstances:
  - i) Documents where personal delivery is required
  - ii) A notice of intention to declare a dividend
  - iii) Documents that are not being delivered generally, i.e. where they are only be sent to one or a small number of a particular class of members or creditors

Creditors requiring further information regarding the above, should either contact me at Mackenzie Goldberg Johnson Limited, Scope House, Weston Road, Crewe, CW1 6DD, or contact Ben Gray by telephone on 01270 212700, or by email at [ben@mgjl.co.uk](mailto:ben@mgjl.co.uk).

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

**Michael Gillard**

**Administrator of Purple Sprout Limited**

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

I anticipate putting the following documents relating to the Company on to the website:

Document name	Timing
Proposals to achieve the purpose of the Administration	No later than 8 weeks after commencement of the Administration
Outcome of approval of the proposals	Approximately 2 weeks after the proposals have been uploaded
First 6 month progress report	No later than 7 months after commencement of the Administration
Notice of extension of Administration	No later than 12 months after commencement of the Administration
Third 6 month progress report	No later than 19 months after commencement of the Administration
Fourth 6 month progress report	No later than 25 months after commencement of the Administration
Final progress report on conclusion of the Administration	Within 12 months after commencement of the Administration



Mackenzie Guldberg Johnson

**ADMINISTRATOR'S PROPOSALS RELATING TO  
PURPLE SPROUT LIMITED ("THE COMPANY") – IN ADMINISTRATION  
IN THE HIGH COURT OF JUSTICE BUSINESS & PROPERTY COURTS MANCHESTER –  
CR2019-MAN-000476  
ISSUED ON: 12 JUNE 2019  
DELIVERED TO CREDITORS ON: 14 JUNE 2019**



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2. Circumstances Leading to the Appointment of the Administrator
3. Objectives of the Administration and the Administrator's Strategy for Achieving Them
4. Actions of the Administrator Following Appointment
5. Financial Position of the Company
6. Administrator's Receipts and Payments Account
7. Proposed Future Actions of the Administrator to Achieve the Objective of the Administration
8. Administrator's Remuneration and Expenses
9. Pre-Administration Remuneration & Expenses
10. Administrator's Investigations
11. EC Regulation on Insolvency Proceedings
12. Administrator's Proposals
13. Approval of Proposals
14. Further Information

## **APPENDICES**

1. Statutory Information
2. The Administrator's Receipts & Payments Account
3. Estimated Financial Statement & Estimated Outcome Statement  
Including a List of Creditors
4. Details of Work to be Undertaken in the Administration
5. The Administrator's Time Costs for the Period 7 June 2019 to 12 June 2019
6. The Administrator's Fees Estimate
7. The Administrator's Estimate of Expenses to be Incurred in the Administration

## 1. INTRODUCTION

I, Michael Gillard, Licenced Insolvency Practitioner was appointed Administrator of the Company on 7 June 2019 and these are my statutory proposals relating to the Company.

## 2. CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE ADMINISTRATOR

Creditors should note that, unless otherwise stated, this section of my proposals has been prepared based on information provided to me by the director of the Company and not from my personal knowledge as Administrator.

The Company was incorporated on 17 January 2012 trading as a PR & Marketing company based in Stoke-on-Trent servicing the local SME market. In December 2017 the Company purchased and incorporated the goodwill and assets from a connected company that operated a magazine called Staffordshire Living.

The company undertakes marketing and PR activities, but these historically have been linked to the company's bi-monthly publication, The Staffordshire Living Magazine. I understand that the company generates income from the sale of advertising space within the magazine and from proofing other PR consultancy work.

Magazine sales are understood to have been in decline for a number of years and the Company has sought to generate income from other sources, largely by providing other PR services such as running one off advertising campaigns, providing printing services, which are subcontracted and undertaking website development which has recently been moved in-house rather than referred to an external consultant.

The Company's turnover for the year ended 31 December 2018 was approximately £460,000 which resulted in a net loss after tax of approximately £92,000. The Company made a net loss after tax of approximately £4,000 for the year ended 31 December 2017. Management accounts for the first four months of the current year show sales of £200,000 and a small net profit after tax of £10,000.

A summary of the Company's recent trading performance is shown below:

### Profit & Loss Extracts

	<b>Draft Management Accounts 01/01/2019 to 20/05/2019</b>	<b>Draft Accounts 01/01/2018 to 31/12/2018</b>	<b>Draft Accounts 01/01/2017 to 31/12/2017</b>
	£	£	£
Turnover	200,524	461,723	113,061
Cost of Sales	47,206	125,161	25,484
Gross Profit	153,318	336,562	87,577
Overheads & Interest Payable	143,323	428,426	91,831
Net Profit (Loss) after Tax	9,995	(91,814)	(4,254)

## Balance Sheet Extracts

	Draft Accounts 01/01/18 to 31/12/18	Draft Accounts 01/01/17 to 31/12/17
<b>Fixed Assets</b>	<b>£</b>	<b>£</b>
Tangible Assets	484	484
<b>Current Assets</b>		
Debtors	108,813	67,336
Cash at Bank and In Hand	25,313	10,975
<b>Creditors: falling due within one year</b>	<b>257,420</b>	<b>109,791</b>
Net liabilities	(122,810)	(30,996)
<b>Capital and reserves</b>		
Called up share capital	3	3
profit and loss account	(122,813)	(30,999)
<b>Members Deficit</b>	<b>(122,810)</b>	<b>(30,996)</b>

It should be noted that the management accounts and draft financial accounts have not been verified for accuracy or finalised / signed off by the director therefore may not reflect the Company's true trading position.

The Company has fallen into arrears with HM Revenue & Customs ("HMRC") in relation to VAT, PAYE, NIC'S and historic Corporation Tax. This has resulted in a petition to wind up the Company for approximately £153,000 being presented by HMRC. The petition was served on the Company on 29 May 2019. I believe the petition was due to be advertised on 14 June 2019 with a hearing set for 26 June 2019 in the High Court of Justice, London.

## Pre-Appointment Considerations

As stated above the non-payment of the liability due to HMRC resulted in a Winding up Petition being presented. Following this, the Company's director, Mr Craig Rushton, approached this practice for formal insolvency advice.

An initial meeting was subsequently held with the Company's director on 21 May 2019, whereby the Company's position and financial situation were discussed and consideration was given to the various options that were available to the Company, such as a Company Voluntary Arrangement ("CVA"), a Creditors' Voluntary Liquidation ("CVL") and an Administration.

As HMRC had a petition outstanding against the Company and given the Company's recent financial performance it was considered highly unlikely that any party would make an offer to purchase the shares of the Company.

A CVA was considered as a mechanism to save the Company as a going concern. However no funding was available from the director to facilitate trading whilst a CVA proposal was considered. In addition, given the financial performance of the Company it was unlikely that a viable proposal could be made to creditors as a whole which would be acceptable to the majority creditors in this matter being HMRC. Proposing a CVA without the protection of an administration was not considered

appropriate for the reasons outlined above and the lack of protection available given the outstanding HMRC petition.

A time to pay arrangement with HMRC was also considered however it was not expected to be a viable option given recent trading performance and the outstanding position with HMRC. I spoke to HMRC to gauge their opinion and as expected a formal time to pay arrangement would not be considered, however HMRC would consider an initial adjournment of the first winding up hearing should a substantial payment be made (i.e. over 50% of the debt) with the remaining balance to be paid within 2 to 3 months which was not feasible given the financial position of the Company.

I am not aware of any approaches being made to any external funding institutions; however, given the financial position of the Company it was not expected that funding would be attainable without director support, which is not available.

As a petition by HMRC is outstanding compulsory liquidation was an option that was considered. As was the possibility of the Company being placed in CVL if HMRC were willing to allow the Company to be placed into liquidation in this manner.

Both liquidation options would lead to a cessation of trade which would increase the general creditor base and reduce potential returns to creditors as a whole when compared to administration.

An associated company Psmedia Limited, formerly Purple Sprout Holdings Limited, whose director, Mr Craig Rushton, is also the Company's director made an offer for the goodwill and assets of the Company, further details of which are provided later in this report.

It was determined that a pre-pack administration was considered the most appropriate option available as the process will allow for realisations to be maximised, creditor claims to be reduced due to mitigation of staff and pre purchased advertisements. In addition, due to the nature of the Company's publication the continuation of the business will enable the preservation of the value of the outstanding debtor book, which comprised monies due in respect of adverts placed in the next edition of the Company's publication. It is anticipated that the preservation of the debtor book will ultimately result in an increase in realisations for the benefit of creditors. The process preserves employment opportunities for the staff and goodwill. Further, in an administration, the Company would be afforded protection by the moratorium which would enable it to remain in occupation provided that the landlord was not prejudiced by the Company's continued occupation.

Trading in administration was considered and not deemed appropriate due to a lack of funding to facilitate a trading period. The uncertainty that would be created could potentially damage any goodwill value leading to a loss of customers. It should be noted that after taking into consideration the costs of trading, any uplift in asset realisations would not be of benefit to the creditors of the Company as a whole.

Napthens LLP ("Napthens"), were formally instructed to prepare a court application, on behalf of the director of the Company, to place the Company into Administration and for me to be appointed as Administrator.

On 7 June 2019, the Company went into Administration and I was appointed as Administrator. On appointment as Administrator I took over responsibility for the management of the affairs, business and property of the Company from the Board.

Prior to the commencement of the Administration, Mackenzie Goldberg Johnson Limited acted as advisors to the Board as a whole acting on behalf of the Company. No advice was given to the individual director regarding the impact of the insolvency of the company on their personal financial affairs. Whilst not formally in office at that time, Mackenzie Goldberg Johnson Limited was still required to act in its dealings with the Company in accordance with the Insolvency Code of Ethics.

I confirm that I have had no other involvement previously with the Company, its director or shareholders other than the work which was carried out advising the Company on its insolvency options and

subsequently planning for the appointment of the Administrator and, as such, there was no prior relationship of any kind which prohibited me from taking this appointment

As Administrator of the Company, the pre-pack sale of the business enables me to achieve the objective set out above in that it achieves a better result for the creditors as a whole than would be likely if the Company had been placed into Liquidation without first being in Administration. I also confirm that the pre-pack sale was the best available outcome for creditors of the Company as a whole given the circumstances of the case.

### **3. OBJECTIVES OF THE ADMINISTRATION AND THE ADMINISTRATOR'S STRATEGY FOR ACHIEVING THEM**

As Administrator of the Company, I am an officer of the Court, and must perform my duties in the interests of the creditors as a whole in order to achieve the purpose of the Administration, which is to achieve one of the three objectives set out in the insolvency legislation, namely to:

- (a) rescue the Company as a going concern; or
- (b) 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); or
- (c) realise property in order to make a distribution to one or more secured or preferential creditors.

Objective (a) could not be achieved as no purchaser could be found for the shares of the Company and the nature of the Company's trading and its financial circumstances meant that a Company Voluntary Arrangement was not appropriate.

As a result, I believe that the statutory purpose (b) as outlined above is likely to be achieved by the execution of a pre-pack sale should an Administration Order be made. In the alternative, should any preferential creditor claims be outstanding at the date of an Administration Order then purpose (c) is expected to be achievable.

The insolvency legislation has set a 12-month maximum duration for Administrations, unless the duration is extended by the Court or the creditors. If I am unable to complete the Administration of the Company within 12 months' then I may either apply to the Court or seek a decision from the creditors to extend the duration of the Administration.

As stated above in order to enable me to achieve the statutory purpose a pre-packaged sale of the Company's business and assets was concluded on 7 June 2019 to Psmedia Limited. Full information on the sale pursuant to the requirements of Statement of Insolvency Practice 16 ("SIP 16") can be found below.

### **4. ACTIONS OF THE ADMINISTRATOR FOLLOWING APPOINTMENT**

Shortly following my appointment as Administrator, I concluded the pre-packaged sale of the Company assets. I had to undertake this work in order to protect and realise the assets of the Company and to achieve the objective of the administration.

In addition, I have undertaken routine statutory and compliance work, such as filing the notice of my appointment as Administrator at Companies House and prepared a Notice in order to advertise my appointment in the London Gazette. I have also written to the accountants for the company, the company, the company solicitor, the company's bankers and the director. These are tasks that are required by statute or regulatory guidance or are necessary for the orderly conduct of the proceedings, and whilst they do not produce any direct benefit for creditors, they still have to be carried out.

As a pre-packaged sale of the Company's assets has taken place shortly after my appointment as Administrator, the following information comprises my disclosure to creditors in order to meet the requirements of SIP 16 regarding the pre-packaged sale.

## **Role of the Insolvency Practitioner**

Mackenzie Goldberg Johnson Limited was introduced to the Company by RJS Solicitors on 16 May 2019 and I first met with the Director on 21 May 2019 to discuss the financial affairs of the Company. Prior to my appointment as Administrator I advised Mr Rushton about the Company's financial difficulties and provided advice about the options available to the Company in order to help him determine the appropriate course of action to take. No advice was given to the director regarding the impact of the insolvency of the Company on his own personal financial affairs. Whilst not formally in office at that time, I was still required to act in my dealings with the Company in accordance with the Insolvency Code of Ethics.

Ultimately the Company was placed into Administration and I was appointed Administrator. As Administrator I am an officer of the Court and I have taken over the management of the Company from the Board. As indicated above, the purpose of this Administration is to achieve objective (b); achieve a better result for the Company's creditors as whole than would be likely if the Company were to be wound up (without first being in Administration).

In order to help me achieve the objective I have a wide range of powers, as set out in the insolvency legislation, and I must perform my functions as quickly and efficiently as is reasonably practicable. I must also act in the interests of the creditors of the Company as a whole.

Other than where objective (c) is being pursued I need only ensure that I do not unnecessarily harm the interests of the creditors of the Company as a whole.

## **Valuation of the Company's Business, Goodwill, Lease and Assets / Marketing of the Assets / Details of Sale**

Prior to my appointment as Administrator, I instructed Roland Cramp BSc (Hons) MRICS, RICS Registered Valuer of Lambert Smith Hampton ("the agent") to undertake a formal valuation of the company assets. The agent is a specialist firm of valuers that have confirmed their independence and that they hold adequate Professional Indemnity Insurance.

The assets of the Company included the business, goodwill, intellectual property and physical assets, which included the office furniture and IT equipment. The agent also undertook a valuation of the lease in respect of the Company's trading premises.

I can confirm that the agent provided a formal valuation of the Company's assets on both a "going concern" and a "forced sale" basis and were instructed to market those assets for sale.

It should be noted that it is usual for agents to provide valuations on two different basis the first on a "going concern" and the second on a "forced sale" basis. The "going concern" valuation assumes that the assets are being sold in situ and the business, if any, will be carried on. The "forced sale" valuation assumes the business will cease and the assets will be broken up and sold at auction or by private treaty to trade buyers. Removal and storage costs would also need to be considered if assets were to be sold by way of a forced sale. Details of the Company's assets are provided below:

### Office Furniture & Equipment

The Company's physical assets, comprising of office furniture and IT equipment were typical of a business of this nature, and were considered by the agent. The assets included Dell and Lenovo desktop computers, most of which are over 5 years old, 14 office desks and chairs, a number of filing cabinets and a free-standing cupboard. The agent has advised that office equipment of this nature depreciates quickly and has little value, with collection costs likely to outweigh the value in the event of closure and an ex-situ sale.

The agent has advised that these items have an estimated to realise value of £500 on an ex-situ basis and £1,500 on an in situ basis.

### Leasehold Property

The Company traded from leasehold premises located at B1 Trentham Business Quarter, Bellringer Road, Trentham Lakes, Stoke-on-Trent, ST4 8GB. The director has advised that the term of the lease was for five years expiring in February 2020. The agent has advised that after considering the relatively short term remaining on the lease and the nature of the premises the Company's interest is of no premium value.

### Intellectual Property Rights and Goodwill

Although the agent hasn't provided a formal valuation of goodwill and intellectual property rights, he has provided his comments on the information obtained from the director. The agent considered that any realisable value attaching to the goodwill and intellectual property rights to be speculative in the current circumstances.

They considered the maximum potential offer for the business and assets would not exceed £10,000. This opinion was formed as the Company was insolvent and therefore the business and assets required an almost immediate sale, in addition to this, the agent advised that in his opinion:

- The business has been historically loss making and magazine circulation numbers are in decline.
- There was no protection in relation to the title of the magazine and the company's intellectual property outside this related to its website and domain name. The Company's other publication Midlands in Business is no longer in circulation.
- The Company employed 14 members of staff including Mr Rushton, which compared to the turnover, appears to be too many, and any restructuring costs would potentially fall on a purchaser.
- The Company had no long term or contracted income, with its customer base largely comprising small local businesses
- The extent of the Company's tangible assets was limited and of little realisable value.

The agent advised that, after considering the above matters, any realisable value attaching to the goodwill and intellectual property rights of the company would be speculative in the current circumstances. If any offers were received for the business and assets, they would be unlikely to exceed £10,000. However, even a sale at a relatively low amount would hopefully protect the existing book debts, as far as possible and mitigate claims that would otherwise arise from employees and potentially other creditors.

For the reasons outlined above the agent has advised that in his opinion it would be unlikely that a willing purchaser would be identified to purchase the business as a going concern in an "in situ" scenario, other than a connected party.

Notwithstanding this, the agent was instructed to undertake marketing of the Company's business and assets, to include Goodwill and all intellectual property, with a view to ensuring that the Company's creditors received the best return from any sale.

### Marketing of the Business and Assets

On the morning of 4 June 2019, the agent circulated a business for sale memorandum to their substantial database of 2,906 parties, advertised on their website, along with advertising the Company for sale via a website called IP Bid.com ("IP Bid"), a specialist website for the sale of distressed businesses.

The marketing strategy allowed for the business and assets to be made available to the widest group of potential purchasers.

The strategy adopted in choosing IP Bid was to quickly reach and solicit bids from buyers that may have previously purchased assets or business out of Administration and would be able to complete due diligence procedures within the limited time available.

The agent has confirmed that during the marketing period, they received 19 enquiries from various parties who were all subsequently provided with non-disclosure agreements for signing prior to more detailed information being provided. Of these parties, 12 returned the signed agreement which allowed access to a data room containing financial information about the Company. Despite this no offers were received.

#### Details of the Pre-Pack Sale

As mentioned previously in this report Psmedia a connected company by way of a common director, Mr Craig Rushton, made an offer on 5 June 2019 for the goodwill, office furniture, IT equipment, work in progress, intellectual property rights, business contracts and seller's records of the Company. The offer was for the sum of £7,159. The agent recommended acceptance of this offer based on their valuation and the outcome of the marketing as described above. A pre-pack sale was executed on 7 June 2019.

As part of the sale Psmedia would take on all the Company's existing employees, including the director, which would then form a TUPE transfer and ensure that no claims were made by staff in relation to outstanding holiday pay, notice claims or redundancy. This would also provide the best chance for preserving the Company's business, goodwill, work in progress and outstanding book debts.

The "in-situ" and "ex-situ" valuations as provided by the agent are as set out below, together with the agreed sale consideration. Given that the Company's business and assets were sold by way of a sale of the business as going concern, the sale amounts are not subject to VAT.

Asset category	Valuation basis & amount (£)		Sale Consideration (£)
	In-situ	Ex-situ	
<u>Uncharged Assets</u>			
Leasehold Property	0.00	0.00	0.00
Goodwill	0.00	0.00	5,000.00
Office Furniture & IT Equipment	1,500	500	500.00
Seller's Records	0.00	0.00	1.00
Business Contracts	0.00	0.00	1.00
Business Intellectual Property Rights	0.00	0.00	1.00
Work in progress	0.00	0.00	1,656.00
<b>Total</b>	<b>1,500</b>	<b>500</b>	<b>7,159.00</b>

As illustrated above the sale price achieved is higher than the value which was apportioned to the business and assets in an "ex-situ" scenario.

I confirm that the sale price achieved, and also the outcome, was the best available for creditors of the Company as a whole in the circumstances of the case and that the sale of the Company's business, goodwill and assets achieves the statutory purpose of the Administration that the Administrator is seeking to achieve in respect of the Company.

I confirm that the sale of the Company's assets, as outlined above, completed on 7 June 2019 and the sale consideration of £7,159 has been received in full and is currently held by my solicitor, Napthens LLP.

In addition to the above there are a number of book debts owed to the Company. These debts comprise monies due in for adverts placed in the next edition of the Company's publication.

*Staffordshire Life* There is also a small amount of work in progress. The agent has not valued these assets and further details are provided below.

#### Books Debts

As detailed above the Company has outstanding debtors of circa £45,191. All completed work has been invoiced as at 7 June 2019. The pre-packaged sale of the business will protect the value these debts as it will provide continuity for the Company's publication. The outstanding debts are to be collected in following my appointment.

In liquidation anticipated realisations from outstanding debtors would be significantly lower as the outstanding adverts which have already been invoiced, would be not published.

#### Work in Progress

In addition to the above assets the Company currently has unbilled work in progress of circa £1,656 as at 7 June 2019. As detailed later in this report an offer has been received from Psmedia for the work in progress.

#### Conclusion

I confirm that the sale price achieved, and also the outcome, was the best available outcome for creditors of the Company as a whole in all the circumstances of the case and that the pre-pack sale achieves the statutory purpose of the Administration that I am seeking to achieve in respect of the Company.

#### Connected Party Transactions

As indicated above, the purchaser of the business and assets of the Company is a connected party. Connected party purchasers are encouraged to, but are not required to, approach what is known as the pre-pack pool, an independent group of suitably qualified and experienced individuals, in order to obtain their opinion on the pre-pack transaction. The connected party purchaser has to pay £800 plus VAT to the pre-pack pool for them to provide this opinion.

In this instance I understand that the connected purchaser has not approached the pre-pack pool for their opinion on the pre-pack sale.

Connected party purchasers are also encouraged to, but are not required to, prepare a viability statement indicating how their business will survive for at least 12 months from the date of the purchase, and detailing what they will do differently from the Company in Administration in order that the business will not fail.

In this instance, whilst I requested that the connected purchaser prepare a viability statement, my understanding is that one has not been prepared.

### **5. FINANCIAL POSITION OF THE COMPANY**

A Statement of the Company's Affairs has not yet been provided as my appointment as Administrator only commenced on 7 June 2019. A request for the Statement of Affairs was sent to the Director on 12 June 2019.

Attached at Appendix 3 is a summary of the Estimated Financial Statement & Estimated Outcome Statement as at 7 June 2019, together with a list of creditors names and addresses along with details of their debts. Creditors should note that the Estimated Financial Statement position does not include costs of the Administration procedure.

The estimated to realise figures utilised within the estimated financial position have been taken from the agent's valuation and pre appointment discussions with the director.

I have the following comments to make in relation to the Estimated Financial Position of the Company

## **Comments on the Estimated Financial Position of the Company**

### **5.1. Leasehold Property**

The Company operated from leasehold premises located at B1 Trentham Business Quarter, Bellringer Road, Trentham Lakes, Stoke-on-Trent, Staffordshire, ST4 8GB, which is held under a 5 year lease. The lease has not been reviewed by the agent, however, after considering the relatively short term of the lease and the nature of the premises they were of the view that the Company's interest had no premium value.

### **5.2. Book Debts**

Book debts have a book value of approximately £45,191. The director is of the opinion that in the main, the debts are collectable but to be prudent a 10% bad provision has been applied.

### **5.3. Goodwill / Intellectual Property**

The Company's goodwill and intellectual property was not formally valued by the agent. Please note that this heading includes seller's records, business contracts and intellectual property rights. As set out above the goodwill and intellectual property has been sold to Psmedia for the sum of £5,003 which is in line with the suggested valuation provided by the agent.

### **5.4. Work in Progress**

Work in progress had a book value of approximately £1,659. Work in progress was estimated to realise nil should the company enter into compulsory liquidation, as it would be unlikely that a buyer will be found for work in progress should the Company enter compulsory liquidation due to cessation of trade.

As set out above the work in progress has been sold to Psmedia for the sum of £1,656.

### **5.5. Cash at Bank**

As at the date of Administration, the director advised that the Company's bank account held a credit balance of £11,977. The Administrator has requested the remittance of the credit balance held in the Company bank account.

### **5.6. Office Furniture and IT equipment**

Office furniture and IT equipment had a book value of £484. These items were valued by the agent on both a going concern and a forced sale basis. As set out above all office furniture and IT equipment has been sold to Psmedia for the sum of £500.

### **5.7. Directors Loan Account**

The director has advised that a loan account of approximately £30,000 is owed to the Company. The financial records of the Company will be reviewed by the Administrator and recoveries made if applicable.

### **5.8. Preferential creditors**

As at the date of Administration all former employees of the were owed one week's wages. All employees' employment contracts have been transferred to Psmedia. The director has confirmed that the wage arrears will be paid by Psmedia. Therefore, there are no preferential creditors in this matter.

### **5.9. Prescribed part**

There are provisions of the insolvency legislation that require an Administrator to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company gave a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property." A Company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge. An Administrator has to set aside:

- 50% of the first £10,000 of the net property; and
- 20% of the remaining net property;
- up to a maximum of £600,000.

The Company has not created any floating charges, so the prescribed part provisions will not apply.

## 6. ADMINISTRATOR'S RECEIPTS AND PAYMENTS ACCOUNT

I attach a summary of the receipts and payments relating to the Company for the period from when it entered Administration on 7 June 2019, to the date of these proposals, at Appendix 2.

Details of assets sold to a party connected to the Company:

Date of Transaction	7 June 2019
Nature of Transaction	Arm's length private sale
Assets Sold	Goodwill £5,000 Plant & Machinery £500 Sellers Records £1 Business Contracts £1 Business Intellectual Property Rights £1 Work in Progress £1,656
Consideration	£7,159
Purchaser	PSMedia Limited
Date of Consideration	7 June 2019 – Payment received in full
Relationship to Company	Mr Craig Rushton is a director and shareholder of both
Independent Advice Taken	Vendor: Lambert Smith Hampton – Roland Cramp BSc (Hons) RICS and Napthens LLP Solicitors – Grahame Love  Purchaser: RJS Solicitors Limited – Robert Bailey

The sale was considered the best outcome for creditors generally as, in the absence of any other significant offers, it avoided the need to incur agents costs for removal of the assets, storage and their subsequent sale and preserved the value of the goodwill and book debts of the Company. I am aware that the purchaser took independent legal advice in relation to the transaction.

The funds are currently being held with Napthens LLP Solicitors.

## 7. PROPOSED FUTURE ACTIONS OF THE ADMINISTRATOR TO ACHIEVE THE OBJECTIVE OF THE ADMINISTRATION

In order to achieve the objective of the Administration of the Company it is proposed that the Administration continue in order to realise the credit balance in the Company's bank account, to collect in or realise all outstanding book debts owed to the Company and to clarify the position as to the director's loan account and any recovery action in respect of same with a view to a dividend being paid to the Company's unsecured creditors and for the purpose of the Administration to be achieved.

The Administrator will investigate and, if appropriate, pursue any claims that the Company may have against any person or company whether in contract or otherwise, including any officer or former officer of the Company or any person or company which supplies or has supplied goods or services to the Company.

The Administrator will generally do all such things and generally exercise all their powers as Administrator as they consider desirable or expedient at his 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.

## **8. ADMINISTRATOR'S REMUNERATION AND EXPENSES**

### **Remuneration**

I am seeking to be remunerated on a time cost basis, i.e. by reference to time properly spent by the me and members of my staff at Mackenzie Goldberg Johnson's standard charge out rates.

A copy of 'A Creditors Guide to Administrators' Fees' published by R3, together with an explanatory note which shows Mackenzie Goldberg Johnson's fee policy are available at

<http://mgjl.co.uk/for-creditors/guide-to-fees/>

Should any creditor require a hard copy of either documents they will be made available free of charge by contacting this office.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at

<http://www.creditorinsolvencyguide.co.uk>

When seeking approval for my fees on a time cost basis I have to provide a fee estimate. That estimate acts as a cap on my time costs and I cannot draw fees of more than the estimate without further approval from those who approved the fees.

Attached at Appendix 5 are the actual time costs for the period from 7 June 2019 to 12 June 2019. These amount to £5,167.50, representing 21.8 hours work charged at an average charge out rate of £237.04 per hour.

Attached at Appendix 6 are the anticipated time costs for the period from 12 June 2019 to conclusion. These amount to £19,832.50, representing 87.2 hours work charged at an average charge out rate of £227.44 per hour.

Actual and anticipated time costs to conclusion of the Administration are anticipated to total £25,000 representing 109 hours work charged at an average charge out rate of £229.36 per hour. A detailed analysis is also attached at Appendix 6.

The fee estimate includes the following areas of work being charged on a time cost basis: administration and planning; asset realisation; creditors and investigations. A summary of the routine work undertaken in each of these areas is set out in Appendix 4.

### **Administration and Planning**

This represents the work that is involved in the routine administrative functions of the case by myself, as Administrator and my staff, together with the control and supervision of the work done on the case by me and my manager and other senior professionals. It does not give direct financial benefit to the creditors but has to be undertaken to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

Time costs are anticipated to amount to £13,670 representing 60.2 hours work at an average charge out rate of £227.08 per hour

### **Investigations**

The insolvency legislation gives the office holder powers to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure and also in respect of matters such as misfeasance and wrongful trading. I am required by the Statements of Insolvency Practice to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation.

As Administrator I am also required by legislation to report to the Department for Business, Energy & Industrial Strategy on the conduct of the director. The work undertaken in this regard is a statutory obligation and is of no direct benefit to the creditors, although it may identify potential recovery actions.

Time costs are anticipated to amount to £2,690, representing 10.9 hours work at an average charge of £224.09 per hour.

If potential recoveries or matters for further investigation are identified then I will need to incur additional time costs to investigate them further and if necessary, issue recovery action. Further information will be provided to creditors and approval for an increase in fees will be made as necessary. Such recovery actions will be for the benefit of the creditors and I will provide an estimate of that benefit if an increase in fees is necessary. Given the early stages of the administration, I am unable to predict the outcome of my initial investigations at present but will include such information in my next progress report to creditors once the position is clear.

### **Realisation of Assets**

This is the work that needs to be undertaken to protect and realise the assets of the Company as set out earlier within these proposals.

Time costs are anticipated to amount to £3,092.50, representing 13.8 hours work at an average charge of £224.09 per hour.

The time costs incurred have been necessary to realise the assets of the Company, this is estimated to result in realisations totalling £59,808, adding value to the Administration.

### **Creditors**

As Administrator I am required to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. I am obliged to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. I am required to undertake this work as part of my statutory functions.

I will also undertake certain statutory formalities in order to pay a dividend to creditors. This includes writing to all creditors who have not lodged proofs of debt, reviewing the claims and supporting documentation, agreeing the claims and where appropriate requesting additional documentation from the creditors.

Time costs are anticipated to amount to £5,547.50, representing 24.1 hours work at an average charge of £230.19 per hour.

The above work has been and will be necessary to ensure I fulfil my duties but has not and will not provide any direct financial benefit to the Administration.

This estimate has been provided to creditors at a relatively early stage in the administration of the case and before the Administrator has full knowledge of the case. Whilst all possible steps have been taken

to make this estimate as accurate as possible, it is based on my current knowledge of the case and my knowledge and experience of acting as Administrator in respect of cases of a similar size and apparent complexity.

As a result, the estimate does not take into account any currently unknown complexities or difficulties that may arise during the administration of the case. If the time costs incurred on the case exceed the estimate, or is likely to exceed the estimate, I will provide an explanation as to why that is the case in the next progress report to creditors. The Administrator cannot draw remuneration in excess of this estimate without first obtaining approval to do so. Where the office holder considers it appropriate in the context of the case, they will seek a resolution to increase the fee estimate before drawing any remuneration over and above this estimate.

I anticipate needing to seek approval to exceed the estimate if this work leads to further areas of investigation, potential further asset recoveries and any associated action, such as arbitration or legal proceedings.

The work for which fee approval is being sought includes the work that will need to be undertaken should the Administrator be appointed Liquidator either following conversion to Creditors' Voluntary Liquidation or upon the making of a winding up order.

If a Creditors' Committee is appointed, it will be for the Committee to approve the basis of the Administrator's remuneration. If a Committee is not appointed, then I will be seeking a decision from the creditors at the same time I seek a decision from them on whether or not to approve these proposals.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at <http://mgjl.co.uk/for-creditors/guide-to-fees/>. There are different versions of these Guidance Notes, and in this case please refer to the April 2017 version. Please note that we have also provided further details in the practice fee recovery sheet.

## **Disbursements & Expenses**

I also propose that I am permitted to charge and recover my disbursements and expenses in accordance with the rates set out in the Creditors' Guide to Fees and Practice Fee Recovery Policy, both of which can be accessed at <http://mgjl.co.uk/for-creditors/guide-to-fees/>. In accordance with Statement of Insolvency Practice 9 the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2 and would summarise these as follows:

### Disbursements

Disbursements fall into two separate categories known as Category 1 and Category 2 disbursements. Further explanation of disbursements can be found at:

<http://mgjl.co.uk/for-creditors/guide-to-fees/>

### Category 1 disbursements

I have incurred Category 1 disbursements totalling £640.06 plus VAT since my appointment as set out in the table below. I anticipate additional category 1 disbursements will total £197.06 plus VAT. I have not, to date, drawn any disbursements in this matter.

Type of Disbursement	Provider	Amount incurred to 12/06/19	Estimated future disbursements to conclusion	Total
		<b>Total (£)</b>	<b>Total (£)</b>	<b>Total (£)</b>
Specific Bond	Willis	553.00	0.00	553.00
IT Licence Fee	Vision Blue	0.00	110.00	110.00
Statutory Advertising	The Stationery Office	87.06	87.06	174.12
<b>Total</b>		<b>640.06</b>	<b>197.06</b>	<b>837.12</b>

No Category 2 disbursements are anticipated to be incurred or recharged in this matter.

#### Expenses

I have not incurred any expenses since my appointment as Administrator.

However, it is anticipated that my solicitor Napthens may be utilised as necessary in relation any ongoing legal work that may be required. In view of this ongoing work, it is likely that their post-administration costs will not exceed £2,000 plus VAT

I have received confirmation of the Petitioning Creditors costs which are in the sum of £902.40. The Petition was dismissed at the hearing for the Administration application. These costs have not yet been discharged but will be paid in due course.

Expenses do not have to be approved, but when reporting to any committee and the creditors during the course of the Administration, together with any subsequent Liquidation if applicable, the actual expenses incurred will be compared with the original estimate provided and I will explain any material differences (e.g. where legal costs rise due to escalated recovery action).

#### **9. PRE-ADMINISTRATION REMUNERATION & EXPENSES**

The Board of Directors instructed me to assist them in placing the Company into Administration on 7 June 2019. The Director agreed that I should be paid my pre-administration costs on a fixed fee basis of £7,500 plus VAT.

In addition to my own costs, the following expenses were incurred by:

- Solicitors in advising the proposed administrator on the appointment process and the sale of the Company's assets as well as advising in respect of the sale and purchase agreement.
- Valuers were appointed to value the Company's assets. Fees were agreed with the valuers in advance. The benefit to creditors is that the valuations were independent and to benchmark the sale against.

Professional Advisor	Nature of Work	Fee Arrangement
Lambert Smith Hampton	Valuer – Undertaking a valuation of the Company's business, goodwill/IP, office furniture, IT equipment and leasehold premises and marketing the assets for sale	Fixed fee of £5,000 plus VAT and disbursements
Napthens LLP	Solicitors – Legal work undertaken in the preparation	£6,000 plus VAT and disbursements (£6,000 plus VAT

and completion of the SPA, together with the application for the administration with legal advice generally and disbursements of £1,500 plus VAT and a court fee of £280)

The choice of professionals was based on my perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. I also considered that the basis on which they will charge their fees represented value for money.

I would advise that our valuation agents have not yet been paid for work undertaken prior to my appointment. This work comprises of reviewing information provided by the director, reviewing the Company's assets and preparing a formal report and valuation. The agent has stated that they would charge a fixed fee of £5,000 plus VAT and disbursements.

Napthens were instructed to deal with the preparation of the documentation required to facilitate the appointment of the Administrator which included the director's application to court. Napthens have also carried out work in relation to the preparation of the sale and purchase agreement between the Company and Psmedia and provided legal advice generally, as required. Napthens fees have been agreed on a fixed fee basis of £6,000 plus VAT plus disbursements. Disbursements include £1,500 plus VAT in respect of legal counsel fees and a further £280 in respect of court fees. I would advise that Napthens have not yet been paid for the work undertaken prior to my appointment.

The work which was undertaken by my firm prior to the Company's Administration, included the following:

- Meetings with Company's director and associated discussions
- A full review of the Company's financial position and consideration of the relevant insolvency procedure in order to maximise realisations for creditors
- Assisting solicitors with the preparation of all necessary documentation with regards to the Application submitted to Court and requesting the Company be placed into Administration
- Instructing agents to undertake a valuation of both the Company's tangible and intangible assets
- Inputting all necessary information onto this firm's case management system
- Preparing this Proposal
- Issuing this Proposal, together with all accompanying documentation, to creditors and members

I also assisted the Board take the appropriate steps to place the Company into Administration. This task, together with some of the other tasks mentioned above are required by statute or regulatory guidance, and whilst they do not produce any direct benefit for creditors, they still have to be carried out.

The following statement sets out my pre-administration costs incurred. The statement also shows there were no fees and expenses that were paid prior to the Administration. Approval is being sought to pay them from the Administration funds.

Description	Incurred Pre-Appointment (Plus VAT)	Pre- Appointment to be Paid (Plus VAT)
Administrator's Remuneration	£7,500	£7,500
Valuation Agents	£5,000	£5,000
Legal Fees	£6,000	£6,000
Legal Disbursements	£1,780	£1,780
<b>Total</b>	<b>£20,280</b>	<b>£20,280</b>

If a Creditors' Committee is appointed, it will be for the Committee to approve payment of the pre-administration costs that have not yet been paid. If a Committee is not appointed I will be seeking a separate decision from the creditors in accordance with rule 3.52 at the same time I seek a decision from them on whether or not to approve these proposals.

## **10. ADMINISTRATOR'S INVESTIGATIONS**

I have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration. I am also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf. I should be pleased to receive from you any information you have that you consider will assist me in this duty. I would stress that this request for information forms part of my normal investigation procedure.

## **11. EC REGULATION ON INSOLVENCY PROCEEDINGS**

I consider that the EC regulation on insolvency proceedings apply to the Administration of the Company. I also consider that they are "main" proceedings since the Company's registered office and its trading address is in the United Kingdom.

## **12. ADMINISTRATOR'S PROPOSALS**

In order to achieve the objective, set out at section 3 above, I formally propose to creditors that:

- (a) I continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that I:
  - (i) Realise the credit balance held in the Company's bank account;
  - (ii) Clarify the position of the outstanding director's loan account and recover any sums owed to the Company;
  - (iii) Collect in or realise the outstanding book debts owed to the Company;
  - (iv) Statutory appointment work including the submission of tax returns
  - (v) Investigations of Director's conduct
  - (vi) 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 which supplies or has supplied goods or services to the Company; and
  - (vii) do all such things and generally exercise all their powers as Administrator as I consider desirable or expedient at my 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

The Insolvency Act 1986 and associated Insolvency Rules provide a variety of options regarding the possible exit routes for the Company from Administration, being primarily a CVA, CVL or Dissolution of the Company.

Once all matters pertaining to the realisation of the Company's assets and the Administration generally have been concluded then, in the first instance, consideration will be given to applying to the Court for approval that the Administrator be allowed to distribute any funds available to the Company's unsecured creditors without first placing the Company into CVL. In such a scenario the Administration of the Company will subsequently end by filing notice of dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar three months after the notice is registered.

However, if for any reason it is not possible to finalise the Administration, as envisaged, within the 12-month statutory period, i.e. one year from the date of my appointment, then my term of office may be extended, either by the Court or with the consent of the Company's creditors, for a period not exceeding 12 months. It may therefore be the case that consent may be sought from the Company's creditors in due course, for the Administration to be extended for up to an additional 12 months,

following the anniversary of my appointment as Administrator, in order to enable the purpose of the Administration to be achieved.

If, for any reason, this course of action is not deemed appropriate, the Administration will end by placing the Company into CVL and it will be proposed that I be appointed Liquidator of the Company. This will enable the payment of any dividend to the Company's unsecured creditors from the funds held in the estate. Creditors may nominate a different person(s) as the proposed Liquidator(s), but they must make the nomination(s) at any time after these proposals are delivered to them, but before they are approved. Information about the approval of the proposals is set out at section 13 hereunder.

If, it subsequently transpires that, for any reason, any of the above courses of action are not possible, then, if for any reason there are insufficient funds with which to make a dividend to the Company's unsecured creditors, then it is proposed that the necessary steps will be taken to place the Company into Compulsory Liquidation by the presentation of a winding up petition to the Court for the compulsory liquidation of the Company, and that I be appointed Liquidator of the Company by the Court.

### **13. APPROVAL OF PROPOSALS**

I am seeking decisions by correspondence from the creditors to approve my proposals, approve my pre-administration costs and fix the basis of my remuneration. **If a creditor wishes to vote on the decisions, they must complete and return the enclosed voting form to me by no later than 23.59 on 4 July 2019, the decision date.** If a creditor has not already submitted proof of their debt, they should complete the enclosed form and return it to me, together with the relevant supporting documentation. A vote on the decisions by a creditor will not count unless they have lodged proof of their debt by no later than 23.59 on 4 July 2019.

Creditors are also invited to determine whether to form a Creditors' Committee, and a notice of invitation to form a Creditors' Committee and further instructions are enclosed. To enable the creditors to make an informed decision as to whether they wish to either seek to form a Committee, or to nominate themselves to serve on a Committee, further information about the role of the Committee and what might be expected from its members has been prepared by R3 and can be found is available at the link <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

**Please note that I must receive at least one vote by the decision date or the decisions will not be made. I would therefore urge creditors to respond promptly.**

Should any creditor or group of creditors wish to request a physical meeting of creditors, they must do so within 5 business days of the delivery of the notice that accompanies this letter. Such requests must be supported by proof of their debt, if not already lodged. I will convene a meeting if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors."

## **15. FURTHER INFORMATION**

To comply with the Provision of Services Regulations, some general information about Mackenzie Goldberg Johnson Limited is available at <http://mgjl.co.uk/for-creditors/guide-to-fees/>

Mackenzie Goldberg Johnson Limited uses personal information to fulfil the legal obligations of our insolvency practitioner under the Insolvency Act and other relevant legislation, and to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how Mackenzie Goldberg Johnson uses your personal information on our website at <http://mgjl.co.uk/for-creditors/privacy-notices/>

If creditors have any queries regarding these proposals or the conduct of the Administration in general, or if they want hard copies of any of the documents made available on-line, they should contact Ben Gray on the above telephone number, or by email at [ben@mgjl.co.uk](mailto:ben@mgjl.co.uk)

A handwritten signature in black ink, appearing to read 'M Gillard', with a stylized flourish at the end.

**Michael Gillard**  
**Administrator of Purple Sprout Limited**

## APPENDIX 1: STATUTORY INFORMATION

### COMPANY INFORMATION

**Company name:** Purple Sprout Limited

**Trading name:** Purple Sprout

**Company number:** 07913605

**Date of incorporation:** 17 January 2012

**Trading address:** Unit B1 Trentham Business Quarter, Bellringer Road, Trentham Lakes, Stoke-on-Trent. Staffordshire. ST4 8GB

**Current registered office:** 29 Park Street, Macclesfield, Cheshire, SK11 6SR

**Principal trading activity:** PR & Marketing agency

### APPOINTMENT DETAILS

**Administrator:** Michael Gillard

**IP Number:** 14470

**Administrator's address:** Mackenzie Goldberg Johnson Limited, Scope House, Weston Road, Crewe, CW1 6DD

**Date of appointment:** 7 June 2019

**Court name and reference:** In The High Court of Justice Business & Property Courts in Manchester – CR-2019-MAN-000476

**Appointment made by:** The High Court of Justice Business & Property Courts in Manchester

### DETAILS OF THE COMPANY'S DIRECTORS AND SHAREHOLDING

#### Director:

Name	Appointed	Resigned	Shareholding
Craig Rushton	24/06/2014	N/A	3 Ordinary Shares (75%)

#### Shareholders:

Name	Shareholding
Craig Rushton	3 Ordinary Shares (75%)
David Mellenchip	1 Ordinary Share (25%)

#### Share Capital:

<b>Authorised</b>	<b>Allotted, called up and unpaid</b>
4 ordinary shares £1.00 each	4 ordinary shares of £1.00 each

### CHARGES

Companies House records indicate that there are no outstanding charges registered against the Company.

**Purple Sprout Limited - In Administration**  
**Administrator's Abstract of Receipts & Payments**

From 07 June 2019 To 12 June 2019

S of A £		£	£
	<b>ASSET REALISATIONS</b>		
5,000	Goodwill	NIL	
3	Intellectual Property	NIL	
1,656	WIP	NIL	
40,672	Book Debts	NIL	
11,977	Cash at Bank	NIL	
NIL	Directors Loans	NIL	
500	Fixtures / Fittings / Equipment	NIL	
59,808			NIL
	<b>COST OF REALISATIONS</b>		
110	Specific Bond	NIL	
110			NIL
	<b>UNSECURED CREDITORS</b>		
NIL	Accountants	NIL	
NIL	HM Revenue & Customs	NIL	
NIL			NIL
59,698			<u>NIL</u>

**REPRESENTED BY**

NIL

### APPENDIX 3: ESTIMATED OUTCOME STATEMENT AS AT 07/06/2019

	BOOK VALUE (£)	ADMINISTRATION ESTIMATED TO REALISE (£)
<b>Assets</b>		
Goodwill	3,000	5,000
Book Debts	45,191	40,672
Work in Progress	1,659	1,659
Cash at Bank	11,977	11,977
Fixtures & Fittings & Office Equipment	484	500
Directors Loan Account	30,000	uncertain
<b>Total</b>	<b>92,311</b>	<b>59,808</b>
<b>Costs</b>		
Legal Costs	-	7,500
Agents Fees	-	5,000
Adminstrator Fees	-	25,000
Pre-Administration Costs	-	7500
Liquidators Fees	-	-
Petitioning Creditors Costs	-	1,000
<b>Total</b>		<b>46,000</b>
<b>Balance for Preferential Creditors</b>		<b>13,808</b>
<b>Preferential Creditors</b>		
Arreas of Wages		-
Holiday Pay		-
<b>Total</b>		<b>0</b>
<b>Balance for Non Preferential Unsecured Creditors</b>		<b>13,808</b>
<b>Non Preferential Unsecured Creditors</b>		
HMRC		152,932
Trade Creditors		3,449
Redundancy Pay		-
Pay in Lieu of Notice		-
Pre booked advertisements		-
<b>Total</b>		<b>156,381</b>
<b>Deficit to Non Preferential Unsecured Creditors</b>		<b>(142,573)</b>
<b>Outcome for Preferential Creditors</b>		<b>N/A</b>
<b>Outcome for Non Preferential Unsecured Creditors</b>		<b>8p in £</b>

### APPENDIX 3: ESTIMATED FINANCIAL STATEMENT AS AT 07/06/2019

	BOOK VALUE (£)	ESTIMATED TO REALISE (£)
<b>Assets</b>		
Goodwill	3,000	5,000
Book Debts	45,191	40,672
Work in Progress	1,659	1,659
Cash at Bank	11,977	11,977
Fixtures & Fittings & Office Equipment	484	500
Directors Loan Account	30,000	uncertain
<b>Total</b>	<b>92,311</b>	<b>59,808</b>
<b>Balance available for preferential creditors</b>		<b>59,808</b>
<b>Preferential Creditors</b>		
Arreas of Wages		-
Holiday Pay		-
<b>Total</b>		<b>0</b>
		<b>59,808</b>
<b>Less Prescribed Part</b>		<b>0</b>
<b>Balance available for Floating Charge Creditors</b>		<b>59,808</b>
<b>Floating Charge Creditor</b>		<b>0</b>
<b>Balance for Non Preferential Unsecured Creditors</b>		<b>59,808</b>
<b>Non Preferential Unsecured Creditors</b>		
HMRC		152,932
Trade Creditors		3,449
Redundancy Pay		-
Pay in Lieu of Notice		-
Pre booked advertisements		-
<b>Total</b>		<b>156,381</b>
<b>Deficit to Non Preferential Unsecured Creditors</b>		<b>(96,573)</b>
<b>Issued Share Capital</b>		<b>4</b>
<b>Estimated Deficiency regards members</b>		<b>(96,577)</b>

CREDITOR LISTING - Purple Sprout Limited

Creditor Name	Creditor Address	Estimated Claim Amount
JIM Revenue & Customs	Enforcement & Insolvency Service (EIS), Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	152,932.00
Intasure	Account Ref: 134837601 Oakhurst House, 77 Mount Ephraim, Tunbridge Wells, Kent, TN4 8BS	972.23
Kendrew Pine Limited	Account Ref: 29 Park Street, Macclesfield, Cheshire, SK11 6SR	1,740.00
Markel (UK) Limited	Account Ref: X/PI28/GEN 2nd Floor, Verity House, 6 Canal Wharf, Leeds, LS11 5AS	517.44
PAC Webhosting	Account Ref: Riverside Mill, Mountbatten Way,, Congelton, Cheshire, CW12 1DY	69.59
Sage (UK) Limited	Account Ref: Sage (UK) Limited, North Park, Newcastle-Upon-Tyne, NE13 9AA	150.00
Total Amounts:		156,381.26

## **APPENDIX 4: DETAILS OF WORK TO BE UNDERTAKEN IN THE ADMINISTRATION**

### Administration

Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.  
Setting up physical/electronic case files  
Setting up the case on the practice's electronic case management system and entering data.  
Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment (as applicable).  
Obtaining a specific penalty bond (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate).  
Preparing, reviewing and issuing proposals to the creditors and members.  
Filing the proposals at Companies House.  
Seeking approval of the proposals by way of a decision by correspondence.  
Reporting on the outcome of the approval of the proposals to the creditors, Companies House and the Court.  
Liaising with the Company's bankers, Barclays Bank Plc, regarding the closure of the Company bank account  
Dealing with all routine correspondence and emails relating to the case.  
Opening, maintaining and managing the office holder's estate bank account.  
Creating, maintaining and managing the office holder's cashbook.  
Undertaking regular reconciliations of the bank account containing estate funds.  
Reviewing the adequacy of the specific penalty bond on a quarterly basis.  
Undertaking periodic reviews of the progress of the case.  
Overseeing and controlling the work done on the case by case administrators.  
Preparing, reviewing and issuing 6 month progress reports to creditors and members.  
Filing progress reports at Companies House.  
Preparing and filing VAT returns.  
Preparing and filing Corporation Tax returns.  
Seeking closure clearance from HMRC and other relevant parties.  
Preparing, reviewing and issuing final reports to creditors and members.  
Filing final report at Companies House.

### Realisation of assets

Corresponding with debtors and attempting to collect outstanding book debts (if required as all debtors already invoiced).  
Arranging remittance of the credit balance held in the Company bank account from Barclays Bank Plc  
Liaising with the Company accountant and director to accurately quantify the outstanding director's loan account.  
Once the outstanding loan account has been quantified liaising with the director in respect of the repayment of the outstanding sum.

### Creditors

Dealing with creditor correspondence, emails and telephone conversations regarding their claims.  
Maintaining up to date creditor information on the case management system.  
Issuing a notice of intended dividend and placing an appropriate gazette notice.  
Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.  
Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims (if required).  
Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend.

### Investigations

Recovering the books and records for the case.

Listing the books and records recovered.

Submitting an online return on the conduct of the director as required by the Company Directors Disqualification Act.

Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.

Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors

Liaising with Company accountant to reconstruct

# **APPENDIX 5: ADMINISTRATOR'S TIME COSTS FOR THE PERIOD 7 JUNE 2019 TO 12 JUNE 2019**

## **PURPLE SPROUT LIMITED - IN ADMINISTRATION**

Actual Time Costs Incurred Between 7 June 2019 and 12 June 2019

<b>Classification of Work Function</b>	<b>Partner/ Director</b>	<b>Manager</b>	<b>Other Senior Professional</b>	<b>Assistants &amp; Support Staff</b>	<b>Total Hours</b>	<b>Time Cost</b>	<b>Average Hourly Rate</b>
Administration & Planning	2.70	0.00	18.40	0.60	21.70	5,145.00	237.10
Investigations	0.00	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	0.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.00	0.10	0.00	0.10	22.50	225.00
Case Specific Matters	0.00	0.00	0.00	0.00	0.00		0.00
<b>Total Hours</b>	2.70	0.00	18.50	0.60	21.80		
<b>Time Costs</b>	945.00	0.00	4,162.50	60.00		5,167.50	
<b>Average Hourly Rate</b>	350.00	0.00	225.00	100.00			237.04

## APPENDIX 6: ADMINISTRATOR'S FEE ESTIMATE

### PURPLE SPROUT LIMITED - IN ADMINISTRATION

Anticipated Time Costs to be Incurred From 12 June 2019 to Conclusion

Classification of Work Function	Partner/Director	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost	Average Hourly Rate
Administration & Planning	2.50	2.00	30.00	4.00	38.50	8,525.00	221.43
Investigations	1.90	2.50	6.00	0.50	10.90	2,690.00	246.79
Realisation of Assets	0.80	0.50	11.50	1.00	13.80	3,092.50	224.09
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	2.00	2.50	18.00	1.50	24.00	5,525.00	230.21
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Hours</b>	<b>7.20</b>	<b>7.50</b>	<b>65.50</b>	<b>7.00</b>	<b>87.20</b>		
<b>Time Costs</b>	<b>2,520.00</b>	<b>1,875.00</b>	<b>14,737.50</b>	<b>700.00</b>		<b>19,832.50</b>	
<b>Average Hourly Rate</b>	<b>350.00</b>	<b>250.00</b>	<b>225.00</b>	<b>100.00</b>			<b>227.44</b>

Summary of Actual and Anticipated Time Costs to be incurred from 7 June 2019 to Conclusion

Classification of Work Function	Work Undertaken		Work to be Undertaken		Combined Totals		
	Hours	£	Hours	£	Hours	£	Average Hourly Rate
Administration & Planning	21.70	5,145.00	38.50	8,525.00	60.20	13,670.00	227.08
Investigations	0.00	0.00	10.90	2,690.00	10.90	2,690.00	246.79
Realisation of Assets	0.00	0.00	13.80	3,092.50	13.80	3,092.50	224.09
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.10	22.50	24.00	5,525.00	24.10	5,547.50	230.19
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>21.80</b>	<b>5,167.50</b>	<b>87.20</b>	<b>19,832.50</b>	<b>109.00</b>	<b>25,000.00</b>	<b>229.36</b>

## APPENDIX 7: ESTIMATE OF EXPENSES TO BE INCURRED IN THE ADMINISTRATION

### Disbursements

Type of Expense	Estimated Amount to be Incurred	Comments
Statutory Advertising	£174.12 plus VAT	Based on current prices

### Expenses

#### Third Party Expenses

Type of Expense	Amount Outstanding	Comments
Petitioning Creditor Costs	£902.40	Costs incurred in issuing a Winding-up Petition against the Company

#### Professional Advisor Costs

Professional Advisor	Nature of Work	Fee Basis
Napthens LLP	Solicitors / Legal Work	Time costs plus VAT & disbursements