

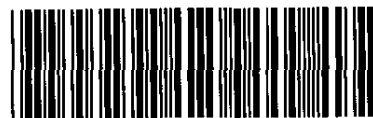
AM03

Notice of administrator's proposals



Companies House

WEDNESDAY



A14 *A7XQ3RYQ*
23/01/2019 #339
COMPANIES HOUSE

1 Company details

Company number 08014939

Company name in full PFML Limited (Formerly Parthenon Facilities
Management Limited)

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

2 Administrator's name

Full forename(s) Julien

Surname Irving

3 Administrator's address

Building name/number Leonard Curtis

Street Tower 12, 18/22 Bridge Street
Spinningfields

Post town Manchester

County/Region

Postcode M3 3BZ

Country

4 Administrator's name ①

Full forename(s) Andrew

Surname Poxon

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Leonard Curtis

Street Tower 12, 18/22 Bridge Street
Spinningfields

Post town Manchester

County/Region


Postcode M3 3BZ

Country

② Other administrator
Use this section to tell us about
another administrator

AM03

Notice of Administrator's Proposals

6		Statement of proposals	
		<input checked="checked" type="checkbox"/> I attach a copy of the statement of proposals	
7		Sign and date	
Administrator's Signature	Signature  X		X
Signature date	d 1 d 7 m 0 m 1 y 2 y 0 y 1 y 9		

AM03

Notice of Administrator's Proposals



Presenter information

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

Contact name	Anne Jack									
Company name	Leonard Curtis									
Address	Tower 12, 18/22 Bridge Street									
	Spinningfields									
	Manchester									
Post town										
County/Region										
Postcode	M	3		3	B	Z				
Country										
DX										
Telephone	0161 831 9999									



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

**PFML LIMITED
(FORMERLY PARTHENON FACILITIES MANAGEMENT LIMITED)
(IN ADMINISTRATION)**

Registered Number: 08014939

Court Ref: 3241 of 2018

High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List
(CHD)

**Joint Administrators' Report and Statement of Proposals in accordance
with Para 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of
the Insolvency (England and Wales) Rules 2016**

Report date: 17 January 2019

Date report deemed to be delivered to creditors: 21 January 2019

Leonard Curtis contact details:

Tower 12, 18/22 Bridge Street, Spinningfields,
Manchester M3 3BZ

Tel: 0161 831 9999 Fax: 0161 831 9090

General email: recovery@leonardcurtis.co.uk

Email for requests for a physical meeting: Manchester.meetingreq@leonardcurtis.co.uk

Ref: M/38/AJA/P965K/1040

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**TO: THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL MEMBERS**

1 INTRODUCTION

General information

- 1.1 I refer to the appointment of Andrew Poxon and I as Joint Administrators ("the Joint Administrators") of PFML Limited (Formerly Parthenon Facilities Management Limited) ("the Company") on 31 December 2018 and now write to present the Joint Administrators' proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 ("the Act").
- 1.2 Para 3 of Schedule B1 to the Act requires the administrators to perform their functions with the objective of:
- a) Rescuing the company as a going concern; or
 - b) Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration); or
 - c) Realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.3 Para 51(1) of Schedule B1 to the Act ordinarily requires the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. However, this does not apply where the administrators state that they think:
- a) That the company has sufficient property to enable each creditor of the company to be paid in full; or
 - b) That the company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of a distribution of the prescribed part fund; or
 - c) That neither of the objectives specified in 1.2(a) and 1.2(b) above can be achieved.
- 1.4 I can confirm that in this case the administrators are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of a distribution of the prescribed part fund. A dividend is, however, expected to be paid to secured creditors. As a result, there is no requirement to seek a decision from the Company's general body of creditors as to whether they approve the Proposals.
- 1.5 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. Such a request must be delivered to the administrators within 8 business days of the date on which this report was delivered and comprise the following:
- A statement of the purpose of the proposed decision; and EITHER
 - A statement of the requesting creditor's claim, together with:
 - A list of the creditors concurring with the request and the amount of their respective claims or values; and
 - Confirmation of concurrence from each creditor concurring. OR
 - A statement of the requesting creditor's debt and that that alone is sufficient without the concurrence of other creditors.

The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.

- 1.6 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 ("the Rules"). Where this is the case, notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.

Notice of an Invitation to Creditors to Form a Creditors' Committee

- 1.7 Although no dividend is expected to be paid to unsecured creditors in this case, creditors are entitled to decide whether a creditors' committee should be established if sufficient creditors are willing to be members of that committee.
- 1.8 Attached at Appendix K is Notice of an Invitation to Creditors to Form a Creditors' Committee. Any nominations must be delivered to the Joint Administrators by 5 February 2019 and can only be accepted if the Administrators are satisfied as to the creditor's eligibility under Rule 17.4 of the Rules.
- 1.9 In order to assist them in making an informed decision on whether they wish to be nominated to serve on a committee, creditors are encouraged to access the document below, which provides information on the rights, duties and functions of creditors' committees.

<https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

2 STATUTORY INFORMATION

- 2.1 The Administration proceedings are under the jurisdiction of the High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD) under Court reference 3241 of 2018.
- 2.2 During the period in which the Administration Order is in force, any act or function required or authorised to be done by the Joint Administrators may be exercised by both or either of them.
- 2.3 A request to change the Company's registered office from Regency House, 45-51 Chorley New Road, Bolton, BL1 4QR, to Tower 12, 18/22 Bridge Street, Spinningfields, Manchester, M3 3BZ was sent to Companies House on 4 January 2018 however has yet to be registered. The registered number is 08014939. The Company traded as Parthenon Facilities Management Limited
- 2.4 The Company operated from leasehold premises at Anfield Business Centre, 58 Breckfield Road South, Liverpool L6 5DL.
- 2.5 The Company's director is:

Name	Role	Date Appointed
Mark Wilson	Director	2 April 2012

- 2.6 The Company's authorised and issued share capital comprises of 2 Ordinary £1 shares, the shares being owned as follows:

Name	Class of Share	No. of Shares	% of Total Owned
Mark Wilson	Ordinary	2	100
		2	100%

2.7 According to the information registered at Companies House, the Company has the following registered charges:

Chargeholder	Date created	Description	Amount secured £	Assets Charged
Lloyds Bank Commercial Finance Limited (formerly Lloyds TSB Commercial Finance Limited)	27 April 2012	All assets debenture	All assets	All monies

2.8 The EC Regulation on Insolvency Proceedings 2015 applies to this Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

3.1 The Company was incorporated on 2 April 2012 and commenced to trade shortly following its inception. The registered number of the Company is 08014939.

3.2 The principal trading activity of the Company was cleaning services primarily to the bar/restaurant industry. At the date of the Administration, the Company employed 149 employees (7 full time and 142 part time).

3.3 The Company traded from leasehold premises at Anfield Business Centre, 58 Breckfield Road South, Liverpool L6 5DL.

3.4 Mark John Wilson was appointed as a Director of the Company on 2 April 2012, and has been the sole Director of the business since 11 June 2014 following the resignation of Michael James Joy as a Director on 10 June 2014.

3.5 The Company's shareholding comprises 2 Ordinary £1 shares which are wholly owned by Mark John Wilson.

3.6 In April 2012, the Company obtained an invoice finance facility from Lloyds Bank Commercial Finance Limited ("Lloyds") to fund working capital. The Lloyds facility was the Company's principal source of funding and was secured by way of a debenture, incorporating fixed and floating charges over all assets created on 27 April 2012. At the date of the Administration, the Company had a gross ledger of £270,501.00 of which £252,830.03 had been approved for funding. The amount owed to Lloyds totalled £165,385.19 (excluding applicable interest and charges).

3.7 The Company operated banking facilities with the Royal Bank of Scotland plc ("RBS"). At the date of Administration, the bank account held a small credit balance of £282.57.

3.8 The Company traded profitably from incorporation until mid-2017 when it suffered a substantial decline in turnover following the loss of a major customer. Turnover reduced from c£200k per month to c£110k per month and the Company failed to reduce overhead costs in line with the decreasing sales which resulted in the Company becoming loss making.

3.9 The position of the Company was compounded when it suffered a substantial bad debt of £100k, of which it was only able to recover c£30k through its credit insurance. The loss of £70k significantly impacted on cash flow to the extent that the Company fell behind in its obligations to HM Revenue & Customs ("HMRC").

- 3.10 The Company was successful in negotiating a TTP with HMRC to pay its arrears, however the Company ultimately defaulted on payments. HMRC subsequently threatened enforcement action should the Company fail to pay the arrears. The Company's tax liabilities at the date of Administration are approximately £150k.
- 3.11 The Company was not in a position to pay its tax liabilities and the Director sought assistance from Cowgill's, the Company's accountant. Cowgill's subsequently introduced the Company to LC for advice on the Company's financial position. Following an assessment of the business and given its circumstances, it was concluded that the Company was insolvent in accordance with Section 123 of the Act in so far as 'the Company could not pay its debts as and when they fall due' and without an injection of working capital to repay the HMRC liability, which was considered unlikely, it would appear that it had no alternative option other than to consider a formal insolvency process.
- 3.12 It was considered that Administration was the most suitable insolvency procedure for the Company as it would provide the best opportunity of selling the business as a going concern and preserve the integrity of the book debt ledger, the principal asset. It was considered that a sale, without the need for ongoing trading whilst in Administration, would be preferable to allow maximum value to be realised from the Company assets, primarily its book debts, and to minimise the professional costs of the Administration.
- 3.13 On 14 December 2018, the Director filed a Notice of Intention to Appoint an Administrator ("NOIAA") in the High Court of Justice Business and Property Courts in Manchester under Court number 3241 of 2018 with Andrew Poxon and Julien Irving of LC the proposed Administrators. The NOIAA was duly served on Lloyds as qualifying floating charge holders.
- 3.14 Marketing of the business and its assets commenced on 14 December 2018 which resulted in a sale being agreed in principal with the eventual purchaser of the business, Versatile Hygiene Solutions Limited (CRN: 11140403).
- 3.15 A Notice of Appointment of an Administrator ("NOA") was subsequently filed in the High Court of Justice Business and Property Courts in Manchester under Court number 3241 of 2018 on 31 December 2018. Andrew Poxon and Julien Irving were duly appointed as Administrators on that date and the sale to the Purchaser was concluded shortly following the Joint Administrators' appointment.
- 3.16 Andrew Poxon and Julien Irving are licensed by the Institute of Chartered Accountants in England and Wales. In accordance with paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the functions of the Joint Administrators may be exercised by either both, acting jointly or alone.

4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

4.1 The Company's trading results for the years ending 30 April 2015, 30 April 2016 and 30 April 2017 are detailed below:

	Signed Year ended 30/04/2017 £'000	Signed Year ended 30/04/2016 £'000	Signed Year ended 30/04/2015 £'000
Turnover	2,222	1,833	1,046
Gross Profit	450	344	224
Gross Profit %	20.3%	18.8%	21.4%
Administrative expenses	(423)	(302)	(176)
Operating Profit/(Loss)	47	42	48
Interest and charges	(3)	(4)	(2)
Profit/(Loss) before tax	44	37	46
Taxation	(8)	(28)	(22)
Profit for the year	36	9	24
Dividends	(61)	-	-
Retained earnings brought forward	43	35	11
Retained profit carried forward	17	43	35

4.2 The balance sheets as at 30 April 2015, 30 April 2016 and 30 April 2017 are detailed below:

	Signed 30/04/2017 £'000	Signed 30/04/2016 £'000	Signed 30/04/2015 £'000
Fixed Assets			
Tangible Assets	46	60	79
Current Assets			
Debtors	494	546	432
Cash	43	185	182
	537	731	615
Creditors: Amounts Falling due within one year	(526)	(692)	(524)
Net Current Assets/(Liabilities)	11	38	91
Total Assets less Current Liabilities	57	99	169
Creditors: Amounts falling due after more than year	(30)	(44)	(60)
Provision for liabilities	(9)	(12)	(16)
Net Assets	17	43	94
Represented by			
Called up share capital (£2)	-	-	-
Profit and Loss account	17	24	94
Shareholders' Funds	17	43	94

Statement of Affairs

- 4.3 The director is required to lodge a statement of affairs as at 31 December 2018 which has to be filed with the Registrar of Companies. This document has not yet been received. In the meantime, an estimate of the financial position as at the date of the Joint Administrators' appointment is enclosed at Appendix B, together with a list of creditors including their names, addresses and details of their debts, including any security held.
- 4.4 Please note that no provision has been made in the Estimated Financial Position for costs and expenses of realisation, the costs of the Administration and any corporation tax which may be payable. The following comments are considered to be relevant and should be borne in mind when reading the figures:

Secured Creditor

Lloyds

- 4.5 In April 2012, the Company obtained an invoice finance facility from Lloyds. The Lloyds facility was the Company's principal source of funding and was secured by way of a debenture, incorporating fixed and floating charges over all assets created on 27 April 2012. At the date of the Administration, the Company had a gross ledger of £270,500.00 of which £252,830.03 had been approved for funding. The amount owed to Lloyds totalled £165,385.19 (excluding applicable interest and charges).
- 4.6 On 31 December 2018, a sale of the book debts was completed to Versatile Hygeine Solutions Limited (CRN: 11140403) as part of the sale of the business and assets (further details below).
- 4.7 As part of the sale, Lloyds were repaid its remaining indebtedness in full under its fixed charge.

Prescribed Part

- 4.8 As the secured creditor has been repaid in full under its fixed charge, there is no requirement to set aside a prescribed part in this case.

Preferential Claims

- 4.9 The only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay and certain pension contributions.
- 4.10 All employees transferred to the Purchaser upon completion of the sale pursuant to TUPE Regulations.
- 4.11 The Company operates a pension scheme and the Joint Administrators are currently investigating whether the contributions are in arrears. If there are arrears, the Joint Administrators will take steps to make the necessary application to the Redundancy Payments Office ("RPO") for payment of the arrears. The RPO will rank as preferential creditor for any employee contributions paid on the Company's behalf.
- 4.12 In the absence of any pension arrears, no preferential claims are anticipated in the Administration.

Unsecured Claims

- 4.13 At present, it is considered unlikely that there will be sufficient funds available to enable any form of distribution to unsecured creditors. This statement is being made in accordance with paragraph 52(1)(b) of Schedule B1 to the Act. Creditors should however continue to submit details of their claims using the proof of debt form attached at Appendix I. These claims will be collated and passed to any subsequently appointed Liquidator, should the position change.

Receipts and Payments

- 4.14 A receipts and payments account for the period of Administration to date is enclosed at Appendix C.

5 EVENTS FOLLOWING THE JOINT ADMINISTRATORS' APPOINTMENT

Sale of Business

5.1 Prior to and upon appointment, the administrators investigated the possibility of concluding a sale of what remained of the business and assets as it was considered that a sale of all or part of the business as a going concern would allow the following:

- A pre-packaged sale could ultimately improve net realisations of the Company's assets as a higher value could be achieved by a sale of the assets in situ rather than by a piecemeal sale of the assets ex situ or a forced sale at auction. An in situ sale of the assets was therefore considered to benefit the overall creditor position and maximise any value attributable to Goodwill;
- Preservation of employment of staff. We would seek to transfer the Company's staff to a purchaser under the relevant legislation, resulting in the mitigation of employee claims from 149 members of staff;
- Maintaining continuity with customers was likely to enhance the prospect of achieving a higher recovery from the Company's debtor ledger and contracts than would be the case if the Company was wound up (without first being in Administration); and
- Preservation of the Goodwill of the Company. A sale of this manner would allow preservation of the relationships enhancing the prospect of attaining a realisable value for the Company's Goodwill.

5.2 Full details of the marketing undertaken and the ultimate business sale were circulated to Creditors in the Joint Administrators Initial Letter to Creditors on 4 January 2019. A copy of which can be found at Appendix J.

5.3 A sale of the business and assets was completed on 31 December 2018 to Versatile Hygiene Solutions Limited (CRN: 11140403). The Purchaser is connected to the Company pursuant to sections 249 and 435 of the Insolvency Act 1986 by virtue of a common director and shareholder of both the Company and the Purchaser, namely Mark John Wilson.

5.4 The sales consideration of £195,385.19 was apportioned as follows:

ASSETS SPECIFICALLY PLEDGED	£
Goodwill and Intellectual Property Rights	1,000.00
Book Debts	185,385.19

ASSETS NOT SPECIFICALLY PLEDGED	
Equipment, Equity in Encumbered Motor Vehicles and Stock	9,000.00
TOTAL	195,385.19

5.5 The total sales consideration is payable as follows:

Date	£	Notes
On Completion	175,385.19	£10,000 in cash and the balance per Funds Flow Letter
On or before 4pm on 31 January 2019	10,000.00	
On or before 4pm on 28 February 2019	10,000.00	
	195,385.19	

5.6 In addition to the consideration payable above, the Sale Agreement includes an additional clause that in the event that the Purchaser collects in the Book Debts and a surplus (after all amounts outstanding to any third party who holds any security, rights or other interest in the Book Debts has been paid) of £50,000 or more arises, the Purchaser shall pay to the Company a further amount of 50% of any such surplus over and above £50,000 within 14 days. Provisions were made in the Sale Agreement that the Purchaser is to provide information periodically to the Joint Administrators as regards debt collections.

- 5.7 I can advise that the initial payment of £10,000 is currently being held to order by the Administrators legal advisors, Pannone Corporate LLP and this amount will be transferred to the Joint Administrators shortly. The deferred consideration has been secured by way of a personal guarantee from Mark John Wilson, director of the Company and the Purchaser.
- 5.8 Following the completion of the pre-packaged sale of the Company's business and assets, the Joint Administrators sent a letter to creditors on 4 January 2019 to provide further information on the sale pursuant to the requirements of Statement of Insolvency Practice 16. A copy of the information provided is attached at Appendix J.
- 5.9 The Joint Administrators Report and Statement of Proposals were not distributed with the initial notification whilst steps were taken to collect the Company's books and records and an initial assessment was made of any further realisable assets for the estate which may impact upon the overall outcome to creditors.
- 5.10 No further asset realisations have been identified however the investigations are continuing.

Book Debts

- 5.11 As detailed above, the Company obtained an invoice finance facility from Lloyds. The Lloyds facility was the Company's principal source of funding and was secured by way of a debenture, incorporating fixed and floating charges over all assets created on 27 April 2012.
- 5.12 At the date of the Administration, the Company had a gross ledger of £270,500.00 of which £252,830.03 had been approved for funding. The amount owed to Lloyds totalled £165,385.19 (excluding applicable interest and charges).
- 5.13 On 31 December 2018, a sale of the book debts was completed to Versatile Hygiene Solutions Limited (CRN: 11140403) as part of the sale of the business and assets (further details above).
- 5.14 As part of the sale, Lloyds were repaid its remaining indebtedness in full under its fixed charge.
- 5.15 A further £20,000 has been achieved within the sale of the business and assets in relation to the debtor surplus, after Lloyds have been repaid.
- 5.16 In addition, the Sale Agreement includes an additional clause that in the event that the Purchaser collects in the Book Debts and a surplus (after all amounts outstanding to any third party who holds any security, rights or other interest in the Book Debts has been paid) of £50,000 or more arises, the Purchaser shall pay to the Company a further amount of 50% of any such surplus over and above £50,000 within 14 days. Provisions were made in the Sale Agreement that the Purchaser is to provide information periodically to the Joint Administrators as regards debt collections.

Cash at Bank

- 5.17 The Company operated a bank account with Royal Bank of Scotland Plc. We understand the Company's current account is in credit in the sum of £282.57. This sum has been requested to be paid to the Joint Administrators and is anticipated to be received shortly.

Books and records

- 5.18 The Joint Administrators are in the process of arranging the uplift all of the relevant Company records, which will then be held in our secure storage facility.
- 5.19 It is a statutory requirement that the Office Holders retain the Company records and securely destroy them one year following the dissolution of the Company.

Professional Advisors Used

5.20 On this assignment the Joint Administrators have used the professional advisors listed below.

Name of Professional Advisor	Service Provided	Basis of Fees
Pannone	Legal advice	Time costs
Cerberus Asset Management	Physical asset valuation advice	Time costs
Cerberus Receivables Management	Debtor valuation advice	Time costs

Pannone

- 5.21 Pannone were instructed to assist with the appointment of the Joint Administrators, the drafting of the Sale and Purchase Agreement and also the drafting of the supplemental sale documents.
- 5.22 The Joint Administrators instructed Pannone due to their increased expertise in this area and specialist knowledge of pre-packaged sales of businesses in administration.

CAM

- 5.23 CAM, RICS registered valuers were formally instructed by the Joint Administrators on 3 December 2018 to assist with the valuation of the assets. CAM have been utilised due to their expertise in insolvency valuations and asset disposals.

CRM

- 5.24 CRM, RICS registered valuers were verbally instructed by the Joint Administrators on 20 December 2018 to assist with the valuation of the book debts, contracts and work in progress. CRM have been utilised due to their expertise in insolvency valuations and asset disposals.
- 5.25 Details of this firm's policy regarding the choice of advisors and the basis for their fees are given in Appendix H.

6 ACHIEVING THE PURPOSE OF ADMINISTRATION

- 6.1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
- (a) rescuing the Company as a going concern, or (if this cannot be achieved);
 - (b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or (if (a) and (b) cannot be achieved);
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- 6.2 The first objective is not capable of being achieved given the extent of historic liabilities.
- 6.3 The second objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration). It is considered that objective (b) will be achievable as realisations are greater than those anticipated had the company had been wound up. In addition the transfer of 149 staff has mitigated any claims that may arise on insolvency
- 6.4 The third objective is to realise property in order to make a distribution to secured and / or preferential creditors. This objective has already been achieved as Lloyds have been repaid in full following the sale of the business and assets.

7 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE

- 7.1 The Joint Administrators' Proposals for achieving the objective of Administration are attached at Appendix A.
- 7.2 Ordinarily the Joint Administrators would seek a decision from the Company's creditors as to whether they approve the Proposals. However, in this case, as there is little likelihood of a dividend being available for unsecured creditors, there is no requirement to seek such a decision from creditors.
- 7.3 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. Such a request must be delivered to the administrators within 8 business days of the date on which this report was delivered. The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.
- 7.4 If such a decision is requisitioned, creditors will again be invited to consider the appointment of a creditors' committee and to vote on the Joint Administrators' Proposals as set out at Appendix A.
- 7.5 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 ("the Rules"). Where this is the case, notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.
- 7.6 Once approved, the affairs of the Company will be managed in accordance with the Proposals and financed out of asset realisations.
- 7.7 Once the Administration has been finalised, and if there are insufficient funds available to allow a distribution to unsecured creditors, the Joint Administrators will file a Notice with the Registrar of Companies that the Company be dissolved. Alternatively, if there are assets still to be realised or investigations concluded but there will be no return to unsecured creditors, the Company may be placed into Compulsory Liquidation.

8 EXTENSION OF ADMINISTRATION

- 8.1 The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.
- 8.2 In certain circumstances it may be necessary to extend the Administrators' term of office. In the circumstances of this case, this may be done for a specified period not exceeding twelve months with the consent of the secured creditor of the Company.
- 8.3 We do not believe that an extension to the administration will be necessary in this case.

9 PRE-ADMINISTRATION COSTS

- 9.1 Pre-administration costs are defined as:

- Fees charged; and
- Expenses incurred

by the Administrator, or another person qualified to act as an insolvency practitioner before the company entered Administration (but with a view to its doing so). "Unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration.

9.2 Time charged and expenses incurred by the Joint Administrators, their agents and solicitors in the period prior to their appointment are summarised below:

Charged by	Services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
Leonard Curtis	Providing insolvency advice to the Company and obtaining financial information in order to formulate strategy. The Joint Administrators also undertook numerous key discussions with the Director. The Joint Administrators assisted in the marketing of the Company, negotiation of the sale of the business and assets, liaising with secured creditors and dealing with appointment formalities.	9,929.50	Nil	n/a	9,929.50
Cerberus Asset Management	Valuation of physical assets	1,500.00	Nil	n/a	1,500.00
Cerberus Receivables Management	Valuation of debtors, contracts and work in progress	2,500.00	Nil	n/a	2,500.00
Pannone	Dealing with sale contract and the accompanying sale documents and dealing with appointment formalities.	5,000.00	Nil	n/a	5,000.00
Total		18,929.50			18,929.50

Work undertaken by Leonard Curtis

9.4 In the period prior to Administration, Leonard Curtis provided insolvency advice to the Company and carried out an assessment of its financial position with a view to establishing the appropriate insolvency procedure for the Company.

9.5 The Joint Administrators evaluated the Company's financial position and advised that the Company was insolvent as it was unable to pay its liabilities as and when they fell due evidenced by HMRC arrears and intended enforcement action from creditors.

9.6 The work undertaken included but was not limited to:

- Advising the Company on which insolvency process would be most appropriate;
- Dealing with all formalities relating to the appointment of Administrators;
- Obtaining the Company's relevant financial information;
- Liaising with the secured creditor, Lloyds;
- Marketing the business by way of advertising on our website and the website of our instructed agents;
- Liaising with interested parties;
- Corresponding with agents in obtaining an update on the Company's asset position;
- Negotiating the sale of the business and assets; and
- Dealing with all formalities relating to the sale of the business, including review of the draft sale documentation.

- 9.4 Enclosed at Appendix D is an analysis of the Joint Administrators' pre-administration costs. The analysis shows that total pre-administration time costs of £9,929.50 have been incurred which represents 22.5 hours at an average rate of £441.31.

Work undertaken by CAM

- 9.5 CAM were instructed by Leonard Curtis on 3 December 2018 to provide a valuation of all of the Company's physical assets. The work carried out included:
- Marketing of the business and assets;
 - Liaising with management of the Company to obtain details of the Company owned assets;
 - Attendance on site to prepare an inventory of the assets held; and
 - Asset valuation and subsequent recommendation of sale.

Work undertaken by CRM

- 9.6 CRM were instructed to provide an assessment of the Company's debtor ledger, contracts and work in progress. The work carried out included:
- Liaising with Lloyds in relation to the amount owed;
 - Obtaining the correct ledger figures;
 - Providing the Joint Administrators with an assessment in relation to their findings of the debtor ledger, and the prospect of any surplus;
 - Obtaining details with regards to the contracts and work in progress, including costs of completion;
 - Providing a valuation of the contracts and work in progress; and
 - Recommendations of sale.

Work undertaken by Pannone

- 9.7 The work undertaken by Pannone included:
- Drafting, amending and producing the Sale and Purchase Agreement and supplementary documents;
 - Liaising with the Purchaser with regards to sales documentation;
 - Producing the Notice of Intention to Appoint Administrators and filing in Court; and
 - Producing the Notice of Appointment and filing in Court.
- 9.8 The payment of unpaid pre-administration costs (set out above) as an expense of the Administration is subject to the approval of the appropriate class of creditors, separately to the approval of the Administrators' Proposals. In this case, the Joint Administrators are required to seek the approval of the secured creditor to this resolution.

10 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

General

- 10.1 The basis of the Joint Administrators' remuneration may be fixed either as a percentage of the value with which they have to deal ('a percentage basis'), as a set amount, or by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in a Fees Estimate. A combination of these bases may be fixed, with different bases being fixed in respect of different things done by the Joint Administrators. Additionally, where a percentage basis is fixed, different percentages may be fixed in respect of different things done by the Joint Administrators.

Approval by appropriate body

- 10.2 The Joint Administrators think that the Company has insufficient property to enable a distribution to be made to unsecured creditors. In such circumstances, responsibility for approving the basis of the Joint Administrators' remuneration lies with the Creditors' Committee (if there is one); or if none (or the Committee does not make the requisite determination): each secured creditor of the Company; or where the Joint Administrators intend to make a distribution to preferential creditors: each secured creditor of the Company and a decision of the preferential creditors.
- 10.3 In the absence of a Creditors' Committee being established in this case, approval will be sought from the secured creditor and the outcome will be reported to all creditors in due course.

Information to be given to creditors

- 10.4 The Joint Administrators wish, in this case, to seek the secured creditor's agreement to their remuneration being fixed by reference to the time properly given by them and their staff in attending to matters as set out in a Fees Estimate. Prior to seeking approval of this basis, the Joint Administrators are required to provide all known creditors with their Fees Estimate and details of the expenses that they consider will be, or are likely to be, incurred during the administration ("Statement of Likely Expenses").

The Fees Estimate

- 10.5 The Joint Administrators' Fees Estimate for the whole of the Administration is set out at Appendix E. It includes the following:
- Details of the work that the Joint Administrators and their staff propose to undertake;
 - The hourly rate or rates that the Joint Administrators and their staff propose to use; and
 - The time that the Joint Administrators anticipate that each part of the work will take.
- 10.6 I can advise that time has been spent following the appointment to date which has yet to be posted to the time recording system. I can advise that this time has been incorporated into the Fee Estimate (see below) and will be communicated to creditors in future reports.
- 10.7 The total amount of time costs as set out in the Fees Estimate is £58,595. Once approved by the appropriate body of creditors, the remuneration drawn by the Joint Administrators must not exceed this total amount without prior approval. It should be noted that in some instances payment of these costs will be limited to the amount of realisations available in the administration.
- 10.8 The Fees Estimate is based upon information currently available to the Joint Administrators. Based upon this information, the Joint Administrators do not anticipate that the Fees Estimate will be exceeded. However should information come to light during the course of the administration which means that the Joint Administrators will be required to undertake work not envisaged at the time that the Fees Estimate was provided, it may be necessary for the Joint Administrators to revert to secured creditor for further approval.
- 10.9 Details of the firm's charge-out rates and policy regarding the recharge of disbursements, staff allocation, support staff and the use of subcontractors are attached at Appendix H.
- 10.10 Further guidance may be found in "A Creditors' Guide to Administrators' Fees" which may be downloaded using the following link:
- <https://www.r3.org.uk/what-we-do/publications/professional/fees>
- If you would prefer this to be sent to you in hard copy please email recovery@leonardcurtis.co.uk or contact Anne Jack of this office on 0161 831 9999.

Statement of Likely Expenses

10.11 The Joint Administrators' Statement of Likely Expenses is set out for creditor information at Appendix F. To assist creditors' understanding of this information, it has been separated into the following categories:

- (i) **Standard Expenses:** this category includes expenses payable by virtue of the nature of the Administration process and / or payable in order to comply with legal or regulatory requirements.
- (ii) **Case Specific Expenses:** this category includes expenses likely to be payable by the Joint Administrators in carrying out their duties in dealing with issues arising in this particular case. Also included within this category are costs that are directly referable to the administration but are not paid to an independent third party (and which may include an element of allocated costs). These are known as "Category 2 disbursements" and they may not be drawn without the approval of the secured creditor in the same way as fees and the secured creditor will be contacted directly in this respect. The basis of the calculation of their recharge is detailed in Appendix H.

Further Updates

10.12 The Joint Administrators will provide creditors with an indication of whether the remuneration anticipated to be charged by them is likely to exceed the Fees Estimate, and if so the reasons for this, in their subsequent reports. Information will also be provided in subsequent reports on whether the expenditure detailed in the Statement of Likely Expenses has been or is likely to be exceeded and the reasons why.

11 ESTIMATED OUTCOME FOR CREDITORS

11.1 In order to assist the various classes of creditors in assessing the quantum of any dividend which may or may not be payable to them, we have produced an Estimated Outcome Statement. This is attached at Appendix G.

11.2 The Estimated Outcome Statement assumes the following:

- a) That asset realisations are in line with those estimated at Appendix B;
- b) That the Joint Administrators' fees estimate (as detailed at Appendix E) is approved and is not exceeded; and
- c) That the expenses of the administration are as set out in the Statement of Likely Expenses at Appendix F and are not exceeded.

11.3 In summary:

- Secured creditors – Lloyds have been repaid in full as part of the sale of the business and assets detailed above.
- Preferential creditors – No preferential claims are anticipated.
- Unsecured creditors – It is not anticipated that there will be sufficient realisations to enable a distribution to unsecured creditors.

12 RELEASE OF ADMINISTRATORS FROM LIABILITY

12.1 As soon as all outstanding matters in the Administration have been attended to it is anticipated that we will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically to dissolution.

12.2 The appointment of the Joint Administrators will cease as soon as this notice is issued.

- 12.3 It is ordinarily for the creditors to fix the date upon which the Joint Administrators are discharged from liability in respect of any action of theirs during the Administration. However, as it is considered that there is little prospect of a dividend to unsecured creditors in this case, we are required to obtain approval to this resolution from the secured creditor. The appropriate class of creditor will be contacted directly in this respect.

13 CONCLUSION

- 13.1 It is important that you give careful attention to this report and its Appendices.
- 13.2 Creditors will be advised of the outcome on the deemed approval of the Proposals in due course.

Should you have any queries or require any further clarification please contact Anne Jack at my office, in writing. Electronic communications should also include a full postal address.

for and on behalf of

PFML LIMITED (FORMERLY PARTHENON FACILITIES MANAGEMENT LIMITED)

JULIEN IRVING
JOINT ADMINISTRATOR

Julien Irving is authorised to act as an Insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 13092 and Andrew Poxon is authorised to act as an Insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 8820

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability.

APPENDIX A

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

It is proposed that:

1. The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration.
2. If appropriate, the Joint Administrators take any action they consider necessary with a view to the approval of a Company Voluntary Arrangement ("CVA") or Scheme of Arrangement in relation to the Company.
3. If appropriate, the Joint Administrators file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation. It is further proposed that Julien Irving and/or Andrew Poxon be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them. NB. Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved.
4. Alternatively, if appropriate, the Joint Administrators apply to Court under Para 65 (3) of Schedule B1 to the Insolvency Act 1986 (as amended) for permission to make a distribution to the unsecured creditors within the Administration.
5. In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the Administration have been completed, the Joint Administrators file a Notice with the Registrar of Companies that the Company should be dissolved.
6. The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company.
7. The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that Julien Irving and/or Andrew Poxon be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them.
8. The Joint Administrators shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.

APPENDIX B

ESTIMATED FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	Book value £	In Administration £
Assets specifically pledged			
Goodwill & Intellectual Property Rights	1	-	1,000
Book Debts	2	270,500	185,385
less: Lloyds	2	(165,385)	(165,385)
Surplus as regards fixed charge holder		<u>105,115</u>	<u>21,000</u>
Assets not specifically pledged			
Surplus from fixed charge holder		105,115	21,000
Equity in Encumbered Motor Vehicles, Plant & Machinery, Office Equipment & Stock	1	34,896	9,000
Cash at Bank	3	283	283
		<u>140,294</u>	<u>30,283</u>
Preferential creditors	4	-	-
Net property available for prescribed part		<u>140,294</u>	<u>30,283</u>
Prescribed part calculation	5	n/a	n/a
Available for floating charge creditor			
Lloyds	2	Nil	Nil
Surplus as regards floating charge holder		<u>140,294</u>	<u>30,283</u>
Add back prescribed part	5	<u>n/a</u>	<u>n/a</u>
Available for unsecured creditors		<u>140,294</u>	<u>30,283</u>
Unsecured creditors			
H M Revenue & Customs	6	(150,000)	(150,000)
Trade and expense creditors	7	(20,000)	(20,000)
Total value of unsecured creditors		<u>(170,000)</u>	<u>(170,000)</u>
Estimated deficiency as regards unsecured creditors		<u>(29,706)</u>	<u>(139,717)</u>

APPENDIX B (CONTINUED)

NOTES TO THE ESTIMATED FINANCIAL POSITION

It should be noted that no provision has been made for the costs and expenses of the administration.

1. Sale of Business

The book values have been taken from the latest accounts provided by the Company, for the year ended 30 April 2018.

The estimated to realise figures in Administration have been achieved following the sale of the business and assets.

2. Book Debts / Lloyds

The Company obtained an invoice finance facility from Lloyds. The Lloyds facility was the Company's principal source of funding and was secured by way of a debenture, incorporating fixed and floating charges over all assets created on 27 April 2012.

At the date of the Administration, the Company had a gross ledger of £270,500.00 of which £252,830.03 had been approved for funding. The amount owed to Lloyds totalled £165,385.19 (excluding applicable interest and charges).

On 31 December 2018, a sale of the book debts was completed to Versatile Hygiene Solutions Limited (CRN: 11140403) as part of the sale of the business and assets (further details above).

As part of the sale, Lloyds were repaid its remaining indebtedness in full under its fixed charge.

A further £20,000 has been achieved within the sale of the business and assets in relation to the debtor surplus, after Lloyds have been repaid.

3. Cash at Bank

The Company operated a bank account with Royal Bank of Scotland Plc. We understand the Company's current account is in credit in the sum of £282.57. This sum has been requested to be paid to the Joint Administrators and is anticipated to be received shortly.

4. Preferential Creditors

The only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay and certain pension contributions.

All employees transferred to the Purchaser upon completion of the sale pursuant to TUPE Regulations.

The Company operates a pension scheme and the Joint Administrators are currently investigating whether the contributions are in arrears. If there are arrears, the Joint Administrators will take steps to make the necessary application to the Redundancy Payments Office ("RPO") for payment of the arrears. The RPO will rank as preferential creditor for any employee contributions paid on the Company's behalf.

In the absence of any pension arrears, no preferential claims are anticipated in the Administration.

5. Prescribed Part

As the secured creditor has been repaid in full under its fixed charge, there is no requirement to set aside a prescribed part in this case.

6. H M Revenue & Customs

This figure has been taken from the Company's books and records. This claim should not to be regarded as an agreed amount.

7. Trade and expense creditors

Creditor amounts have been taken from the Company's books and records. Creditor claims should not be regarded as agreed amounts.

APPENDIX B (CONTINUED)

CREDITORS LIST FOR THE ESTIMATED FINANCIAL POSITION

Name	Address --		Per Statement of Affairs
HMRC - Enforcement & Insolvency Service (EIS)	Durrington Bridge House	Barrington Road	BN12 4SE
Total Hygiene Consultancy	Unit 13	Worthing	150,000.00
Cowgill Holloway LLP	Regency House	West Town Farm, Farm Road	SL6 0PT
		Taplow, Maidenhead	20,000.00
		45-51 Chorley New Road	BL1 4QR
		Bolton	-
Lloyds Bank Commercial Finance Limited	No 1 Brookhill Way	Oxon	OX16 3EL
		Barbury	165,385.19
Total			335,385.19

Note: Lloyds Bank Commercial Finance Limited hold security by way of a Debenture, created on 27 April 2012.

APPENDIX C

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS FROM
31 DECEMBER 2018 TO 17 JANUARY 2019

	Statement of Affairs £	Received to date £	Received / paid by Lloyds £
RECEIPTS			
Book Debts	185,385	-	165,385.19
Goodwill & Intellectual Property	1,000	-	-
Equity in Encumbered Motor Vehicles, Plant & Machinery, Office Equipment & Stock	9,000	-	-
Cash at Bank	283	-	-
	<u>195,668</u>	<u>-</u>	<u>165,385.19</u>
PAYMENTS			
None		-	-
		<u>-</u>	<u>-</u>
DISTRIBUTIONS			
Lloyds		-	(165,385.19)
		<u>-</u>	<u>(165,385.19)</u>
BALANCE IN HAND		<u>-</u>	<u>Nil</u>

Note: The initial payment of £10,000 in relation to the sale of the business and assets is currently being held to order by the Administrators legal advisors, Pannone Corporate LLP and this amount will be transferred to the Joint Administrators shortly.

APPENDIX D

SUMMARY OF JOINT ADMINISTRATORS PRE-ADMINISTRATION COSTS

	Total	Average
	Units	Hourly
	Cost	Rate
	£	£
Financial assessment	2	73.00
Strategy & purpose evaluation	195	8,749.50
Preparation of documents	18	657.00
Chargeholder	10	450.00
Total	225	9,929.50
Average Hourly Rate (£)		441.31
All Units are 6 minutes		

APPENDIX D (CONTINUED)

DETAILED ANALYSIS OF PRE-ADMINISTRATION COSTS

Financial Assessment

Prior to the appointment of the Joint Administrators, time was spent corresponding with agents in respect of the asset valuations.

Strategy & Purpose Evaluation

Time has been spent by all members of the case administration team, including senior members of Leonard Curtis in formalising the strategy for the Administration. The time recorded to this category includes:

- Attending an initial meeting with the director;
- Holding further discussions with the director and the accountant with regards to the strategy of the Administration;
- Establishing a case plan for dealing with the Company and the proposed Administration;
- Collecting the information provided by the Company to assist in identifying the best courses of action;
- Providing updates to Lloyds;
- Monitoring critical payments;
- Conducting marketing activities for the Company;
- Instructing agents and solicitors;
- Formalising the engagement of the Joint Administrators and undertaking necessary ethical and conflict reviews; and
- Reviewing the terms of the Sale and Purchase Agreement.

Preparation of Documents

Time incurred in relation to this category of work has involved the following:

- Drafting a marketing flyer and arranging for the opportunity to be advertised;
- Liaising with agents with regards the asset valuations;
- Overseeing the preparation of a Notice of Intention to Appoint an Administrator and its filing;
- Printing off and reviewing the SPA and arranging for the signing of the documents; and
- Setting up of the case file and completion of the pre-appointment requirements.

Chargeholder

Time has been recorded under this category providing updates to Lloyds as to the Company's position and Administration strategy.

APPENDIX E

JOINT ADMINISTRATORS' FEES ESTIMATE

	FEES ESTIMATE		
	Units	Cost	Average hourly rate
	No	£	£
Statutory and review	209	6,486.50	310.36
Receipts and payments	109	2,779.50	255.00
Insurance, bonding and pensions	24	713.00	297.08
Assets	374	14,176.50	379.05
Liabilities	368	11,168.50	303.49
Landlords	83	3,034.00	365.54
Debenture Holder	50	1,661.50	332.30
General Administration	127	3,601.00	283.54
Appointment	101	2,993.50	296.39
Planning & Strategy	42	1,499.50	357.02
Post Appointment Creditors Meetings/Decisions	151	4,994.00	327.42
Investigations	112	3,707.50	331.03
Case Specific	50	1,830.00	366.00
	1,800	58,595.00	325.53

APPENDIX E (CONTINUED)

JOINT ADMINISTRATORS' FEES ESTIMATE

DETAILS OF WORK PROPOSED TO BE UNDERTAKEN

Statutory and Review

This category of activity encompasses work undertaken for both statutory and case management purposes. Whilst this work will not directly result in any monetary value for creditors, it will ensure that the case is managed efficiently and resourced appropriately, which will be of benefit to all creditors. The work to be carried out under this category will comprise the following:

- Case management reviews. These will be carried out periodically throughout the life of the case. In the early stages of the case this will involve weekly team meetings to discuss and agree case strategy and a month 1 review by the firm's Compliance team to ensure that all statutory and best practice matters have been dealt with appropriately. As the case progresses we will as a minimum carry out three monthly and six monthly reviews to ensure that the case is progressing as planned.
- Allocation of staff, management of staff, case resourcing and budgeting.
- Review of time costs data to ensure accurate posting of time and to ensure compliance with Statement of Insolvency Practice 9;
- Review of work carried out by more junior members of staff to ensure quality of work and adherence to standards, legislation and best practice;
- The team is required under the Company Directors' Disqualification Act 1986 to review the Company's records and consider information provided by creditors on the conduct of the all directors involved in the Company during the three years leading up to the insolvency. This will result in the preparation and submission of statutory returns or reports on all directors to the Insolvency Service. Evidence of unfit conduct can result in directors being disqualified for periods of up to 15 years;
- Review of directors' sworn statement of affairs and filing of document at Companies House in accordance with statutory requirements; and
- Completion of case closing procedures at the end of the case.

Receipts and Payments

This category of work will not result in a direct financial benefit for creditors. However, close monitoring of case bank accounts is essential to ensure that bank interest is maximised where possible, estate expenses are properly managed and kept to a minimum and amounts payable to creditors are identified and distributed promptly.

- Opening of case bank accounts;
- Management of case bank account(s) to ensure compliance with relevant risk management procedures;
- Regular review of case bank account by senior member of staff to ensure that fixed and floating charge assets have been properly identified and prescribed part funds have been set aside where appropriate
- Preparation of periodic receipts and payments accounts for inclusion in statutory reports - In total there will be a periodic receipts and payments reports prepared for inclusion in this report and also two progress reports
- Timely completion of all post appointment tax and VAT returns; and
- Managing estate expenses.

Insurance, Bonding and Pensions

Insolvency Practitioners are obliged to comply with certain statutory requirements when conducting their cases. Some of these requirements are in place to protect company assets (see insurance and bonding matters below), whilst requirements in respect of company pension schemes are there to protect the pension funds of Company employees. Whilst there is no direct financial benefit to Company creditors in dealing with these, close control of case expenditure is crucial to delivering maximum returns to the appropriate class of creditor.

- Notification and progression of post-appointment insurance claims;
- Periodic review of Insurance requirements over physical assets, to minimise costs to the estate;
- Calculation and request of Joint administrators' bond in accordance with the Insolvency Practitioners' Regulations 2005. A Bond is a legal requirement on all administrations and is essentially an insurance policy to protect creditors against the fraud or dishonesty of the Insolvency Practitioner. The bond is calculated by reference to the value of assets which are estimated before costs to be available to unsecured creditors;
- Periodic review of bonding requirements to ensure that creditors are appropriately protected. The bond is reviewed upon each large receipt of monies into the case and also at three month intervals in accordance with best practice;
- Completion and submission of statutory notifications under the Pensions Act 2004. This includes liaising with the Company directors to establish the existence of Company pension schemes, making the statutory notifications under s22 and s120 of the pensions legislation; liaising with pensions providers to understand the nature of the scheme, and submitting claims to the Redundancy Payments Service for reimbursement of unpaid contributions to the scheme.
- Liaising with pension companies to arrange for prompt wind up of schemes

Assets

- Agreeing strategy for realisation of Company assets – time has been spent completing a sale of the business and assets;
- Bank Account – The Joint Administrators will liaise with the Company's banker with regards to the current account;
- Instruction of and liaising with agents as required – the Joint Administrators instructed CAM and CRM to assist with the sale of business;
- Monitor deferred consideration and, if appropriate, taking steps to enforce security held; and
- Instructed property agent CAPA to conduct a review of property rates to identify any potential refunds.

Liabilities

This category of time includes both statutory and non-statutory matters.

Statutory

This category of time includes both statutory and non-statutory matters.

Statutory

- Processing of claims from the Company's creditors the Company's books and records indicated that there were 3 unsecured creditors;
- Preparation, review and submission of pre-appointment tax and VAT returns; and
- Preparation and submission of periodic progress reports to creditors - it is not anticipated that the Administration would need to be extended and therefore it is anticipated that there will be one progress report issued shortly after the 6 months anniversary of the administration and then a final report will be issued at the 12 month stage of the administration.

Non-statutory

- Dealing with enquiries from the Company's creditors – there are 3 unsecured creditors in total and any queries from general creditors will be responded to accordingly.

Landlords

- Review of current leases in respect of Company premises; and
- Liaising with landlords in respect of premises.

General Administration

- General planning matters;
- Setting up and maintaining the liquidators' records;
- Arranging collection and storage of company records. and
- Dealing with general correspondence and communicating with directors and shareholders.

Appointment

- Statutory notifications to creditors and other interested parties following the administrators' appointment;
- Preparation of case plan; and
- Formulation of case strategy, including recording of any strategic decisions.

Post Appointment Creditors' Decisions

- Preparation of Joint Administrators' Proposals for achieving a statutory purpose of the administration;
- Preparation of Fees Estimate and Statement of Expenses in accordance with Insolvency (Amendment) Rules 2015; and
- Convening a decision by correspondence to agree Fees Estimate with appropriate body of creditors;
- Reporting on outcome of voting.

Investigations

- Collecting and reviewing the Company's records; and
- Conducting initial investigations into the Company's affairs/records to identify the possibility of further realisations and enable the submission of returns due under the Company Directors Disqualification Act 1986.

APPENDIX F

JOINT ADMINISTRATORS' STATEMENT OF LIKELY EXPENSES

Standard Expenses

Type	Description	Amount £
AML Checks	Electronic client verification	5.00
Bond Fee	Insurance bond	90.00
Document Hosting	Hosting of documents for creditors	56.00
Software Licence Fee	Case management system licence fee	87.00
Statutory Advertising	Advertising	83.02
Storage Costs	Storage of books and records	100.00
Post redirection	Redirection of post	???
	Total standard expenses	421.02

Case Specific Expenses

Type	Description	Amount £
Agents' Fees	Costs of collection of records	500.00
Legal Fees	Costs of appointed solicitors, general legal advice	2,000.00
Staff Mileage	Category 2 disbursement requiring specific creditor / committee approval	50.00
Accountancy Fees	Assistance with Statement of Affairs and Tax Review	2,500.00
Pension Advice	Assistance with employees arrears of pension claim and other statutory obligations in relation to the pension scheme	3,000.00
	Total case specific expenses	8,050.00

APPENDIX G

ESTIMATED OUTCOME STATEMENT

	Secured	Preferential	Unsecured
	£'000	£'000	£'000
Amount estimated available to class of creditor	186	Nil	Nil
Amount due to creditor per Appendix B	(165)	Nil	(175)
Estimated dividend rate (as a %)	100%	N/a	Nil%

APPENDIX H

LEONARD CURTIS POLICY REGARDING FEES, EXPENSES AND DISBURSEMENTS

The following Leonard Curtis policy information is considered to be relevant to creditors:

Staff Allocation and Charge Out Rates

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters as set out in a fees estimate, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rate given below.

With effect from 6 January 2014 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

6 Jan 2014 onwards	Standard	Complex
	£	£
Director	450	562
Senior Manager	410	512
Manager 1	365	456
Manager 2	320	400
Administrator 1	260	325
Administrator 2	230	287
Administrator 3	210	262
Administrator 4	150	187
Support	0	0

Office holders' remuneration may include costs incurred by the firm's in-house legal team, who may be used for non-contentious matters pertaining to the insolvency appointment.

Subcontractors

Where we subcontract out work that could otherwise be carried out by the office holder or his/her staff, this will be drawn to the attention of creditors in any report which incorporates a request for approval of the basis upon which remuneration may be charged. An explanation of why the work has been subcontracted out will also be provided.

Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Expenses

We are required to provide creditors with an estimate of the expenses we expect to be incurred in respect of an assignment and report back to them on actual expenses incurred and paid in our periodic progress reports. There are two broad categories of expenses: standard expenses and case specific expenses. These are explained in more detail below.

- a) Standard Expenses – this category includes expenses which are payable in order to comply with legal or regulatory requirements and therefore will generally be incurred on every case. They will include:

Type	Description	Amount
AML checks	Electronic client verification in compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	£5.00 plus VAT per individual

Bond / Bordereau fee	Insurance bond to protect the insolvent entity against and losses suffered as a result of the fraud or dishonesty of the IP	£10.00 to £1,200.00 dependent on value of assets within case																								
Company searches	Extraction of company information from Companies House	£1.00 per document unless document can be accessed via the free service																								
Document hosting	Hosting of documents for creditors/shareholders	<table> <tr> <th>Type</th><th>First 100</th><th>Every addtl 10</th></tr> <tr> <td>ADM</td><td>£14.00</td><td>£1.40</td></tr> <tr> <td>CVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>MVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CPL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CVA</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>BKY</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>IVA</td><td colspan="2">£10 p.a. or £25 for life of case</td></tr> </table>	Type	First 100	Every addtl 10	ADM	£14.00	£1.40	CVL	£7.00	£0.70	MVL	£7.00	£0.70	CPL	£7.00	£0.70	CVA	£10.00	£1.00	BKY	£10.00	£1.00	IVA	£10 p.a. or £25 for life of case	
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CPL	£7.00	£0.70																								
CVA	£10.00	£1.00																								
BKY	£10.00	£1.00																								
IVA	£10 p.a. or £25 for life of case																									
Post re-direction	Redirection of post from Company's premises to office-holders' address	0-3 months £204.00 3-6 months £303.00 6-12 months £490.00																								
Software Licence fee	Payable to software provider for use of case management system	£87.00 plus VAT per case																								
Statutory advertising	Advertising of appointment, notice of meetings etc. - London Gazette - Other	£83.02 plus VAT per advert Dependent upon advert and publication																								
Storage costs	Costs of storage of case books and records	£5.07 plus VAT per box per annum plus handling charges																								

- b) Case-specific expenses – this category includes expenses (other than office-holders' fees) which are likely to be payable on every case but which will vary depending upon the nature and complexity of the case and the assets to be realised. They will include:

Type	Description	Amount
Agents' fees	Costs of appointed agents in valuing and realising assets	Time costs plus disbursements plus VAT
Debt Collection fees	Costs of appointed debt collectors in realising debts	Generally agreed as a % of realisations plus disbursements plus VAT
Legal fees	Costs of externally appointed solicitors. Will generally comprise advice on validity of appointment, drafting of sale contracts, advice on retention of title issues and advice on any reviewable transactions.	Time costs plus disbursements plus VAT
Other disbursements	See disbursements section below	See disbursements section below

Disbursements

Included within both of the above categories of expenses are disbursements, being amounts paid firstly by Leonard Curtis on behalf of the insolvent entity and then recovered from the entity at a later stage. These are described as Category 1 and Category 2 disbursements.

- a) Category 1 disbursements: These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses (excl. mileage), and equivalent costs reimbursed to the office holder or his or her staff. Category 1 disbursements may be drawn without prior approval.
- b) Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Storage of office files (6 years)	£81.25 per box
Business mileage	45p per mile

Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration.

APPENDIX I

Insolvency (England and Wales) Rules 2016

Rule 14.4

Proof of Debt – General Form**Relevant date:****Name of Company in Administration:**PFML Limited (Formerly Parthenon
Facilities Management Limited)**Company registered number:**

08014939

1. Name of creditor (if a company, provide registration number)
2. Correspondence address of creditor (including email address)
3. Total amount of claim (£) at relevant date (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 relates

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

10. Date of signing:

11. Address of person signing (if different from 2 above)

12. Name in **BLOCK LETTERS**

13. Position with, or relation to, creditor

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 the company, please state your relationship to the company.

APPENDIX J

INFORMATION IN RELATION TO THE PRE-PACKAGED SALE
OF THE BUSINESS AND ASSETS IN ACCORDANCE WITH
THE PROVISIONS OF STATEMENT OF INSOLVENCY PRACTICE 16

Please ask for : Anne Jack
Our ref : M/38/AJA/P965K/1040
Your ref :



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

4 January 2019

**TO ALL CREDITORS
TO ALL EMPLOYEES
TO THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES**

Dear Sir(s)/Madam

**PFML LIMITED (FORMERLY PARTHENON FACILITIES MANAGEMENT LIMITED) - IN ADMINISTRATION ("THE COMPANY")
HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN MANCHESTER - COMPANY & INSOLVENCY
LIST (CHD) NO. 3241 OF 2018
COMPANY NUMBER: 08014939**

I write to advise you that Andrew Poxon and I were appointed as Joint Administrators of the Company on 31 December 2018. Attached is formal Notice of our Appointment.

You are receiving this notice because the Company's records show that you are a creditor of the Company. The Company's creditors will fall into one of the following categories:

- Secured creditors – a creditor who has the benefit of a security interest over some or all of the assets of the Company (e.g. banks, factoring providers);
- Preferential creditors – creditors who have a preferential right to payment out of the Company's assets once realised (e.g. employees in respect of arrears of pay and holiday pay, subject to certain limits); and
- Unsecured creditors – a creditor other than a preferential creditor that does not have the benefit of any security interests in the assets of the Company (e.g. ordinary trade suppliers; employees (to the extent that their claims are not preferential)).

In our role as Joint Administrators, we are obliged to perform our functions and responsibilities in the interests of the Company's creditors as a whole and, where the objective of the Administration is to realise property in order to make a distribution to secured or preferential creditors, we have a duty not to unnecessarily harm the interests of creditors as a whole.

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

It is in the nature of a pre-packaged sale in an Administration that unsecured creditors are not given the opportunity to consider the sale of the business or assets before it takes place. It is important, therefore, that you are provided with a detailed explanation and justification of why a pre-packaged sale was undertaken, so that you can be satisfied that we have acted, where necessary, with due regard for your interests.

In this case, a sale of the Company's business and assets was concluded on 31 December 2018 to a connected company, Versatile Hygiene Solutions Limited (CRN: 11140403) ("the Purchaser"). Set out at Appendix A is a summary of the

Leonard Curtis Recovery Limited

Company Number 4200476 (England) Reg Office: Tower 12, 18/22 Bridge Street, Spinningfields, Manchester, M3 3BZ

All Leonard Curtis Recovery Limited Insolvency Practitioners, with the exception of Stuart Robb, are licensed in the UK by the ICAEW. Stuart Robb is licensed in the UK by ICAS.

www.leonardcurtis.co.uk

Tower 12
18/22 Bridge Street
Spinningfields
Manchester M3 3BZ

Tel: 0161 831 9999
Fax: 0161 831 9090

circumstances and information relevant to this sale that we are required to disclose. The Purchaser is a connected company by virtue of the common directorship and shareholding of Mark John Wilson.

With regard to orders placed by the Company prior to Administration but not yet delivered, suppliers should obtain confirmation from the Purchaser that the goods or services are still required and, if so, an order may be placed with the purchasing company. It should be noted that goods sold and delivered by the Company since Administration commenced must be paid for in full and cannot be set off against any claims against the Company.

You will appreciate that, as a result of the Administration, your previous account with the Company is frozen and neither the Administrators nor the Purchaser are in a position to deal with claims of unsecured creditors. Nevertheless, we should be grateful if you would let us have a detailed account of the amount owing to you as at the date of Administration. Your account, and any future correspondence in connection with the Company, should be sent to our address. Please remember to provide your full name, address, telephone number and email address for our records. If you are claiming title to goods supplied by you, please let us have full details, including your conditions of sale. If you believe you have a claim to goods it is imperative that you contact us as soon as possible and, if necessary, arrange a date to identify the goods in question. Failure to do so may prejudice your claim if any goods to which you claim title have been sold. We will not be liable in the event that goods are sold prior to notice of any valid retention of title claim being received.

Under the provisions of Paragraph 43 of Schedule B1 to the Insolvency Act 1986 ("the Act") no steps may be taken by any creditor to enforce any security over the Company's property or to repossess goods in the Company's possession under any hire purchase agreement (which includes conditional sale agreements, chattel asset leasing agreements and retention of title agreements) without the consent of the Joint Administrators or leave of the Court.

Also no other proceedings and no execution or other legal process may be commenced or continued, and no distress may be levied against the Company or its property except with the consent of the Joint Administrators or leave of the Court.

Where a pre-packaged sale has been undertaken, the Administrators should circulate their Proposals as soon as practicable after appointment, and where possible with this notification. The Joint Administrators Report and Statement of Proposals is not being distributed with this initial notification whilst steps are taken to collect the Company's books and records and an initial assessment is made of any further realisable assets for the estate which may impact upon the overall outcome to creditors. We are currently in the process of formulating our proposals and these along with details of a decision procedure for their approval will be sent to creditors as soon as practicable. At that time, the Joint Administrators will be seeking, from the appropriate body of creditors, approval of the basis upon which their remuneration is to be calculated. A Creditor's guide to Administrators' fees, which sets out the rights of creditors in this respect, is available from our office free of charge or may be downloaded from:

<https://www.r3.org.uk/what-we-do/publications/professional/fees>.

You are also encouraged to visit the following website, which provides a step by step guide designed to help creditors navigate through an insolvency process:

www.creditorinsolvencyguide.co.uk

If you have any information regarding the conduct of the directors which you feel should be brought to our attention, any concerns regarding the way in which the Company's business has been conducted or information on potential recoveries or any particular matters which you consider require investigation, please send full details to this office at the address given below. This request forms part of our statutory investigation procedures and does not necessarily imply any criticism of the directors.

Data Protection

Finally, when submitting details of your claim in the administration, you may disclose personal data to us. The processing of personal data is regulated in the UK by the General Data Protection Regulation EU 2016/679 as supplemented by the Data Protection Act 2018, together with other laws which relate to privacy and electronic communications. We act as Data Controller

in respect of personal data we obtain in relation to this administration and are therefore responsible for complying with Data Protection Law in respect of any personal data we process. Our privacy notice, which is attached to this letter at Appendix D, explains how we process your personal data. Terms used in this clause bear the same meanings as are ascribed to them in Data Protection Law.

Insolvency practitioners at Leonard Curtis are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an Insolvency appointment.

We remind you that the Joint Administrators are agents of the Company and contract without personal liability.

Yours faithfully

For and on behalf of

PFML LIMITED (FORMERLY PARTHENON FACILITIES MANAGEMENT LIMITED)



**JULIEN IRVING
JOINT ADMINISTRATOR**

Julien Irving and Andrew Poxon are authorised to act as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales under office holder numbers 13082 and 8620, respectively

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability.

End

((1))

Para 46 of Sch B1 IA86 and Rule 3.27 Insolvency (England and Wales)
Rules 2018

The Insolvency Act 1986

**Notice of administrator's
appointment**

Name of Company

PFML LIMITED (FORMERLY PARTHENON FACILITIES
MANAGEMENT LIMITED)

Company number

08014939

In the High Court of Justice Business and Property Courts in
Manchester - Company & Insolvency List (CHD)

Court case number

3241 of 2018

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

We (a) Julien Irving & Andrew Poxon of

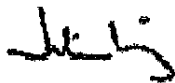
Leonard Curtis, Tower 12, 18/22 Bridge Street, Spinningfields, Manchester M3 3BZ

give notice that we were appointed as administrators of the above company on:

(b) Insert date

(b) 31 December 2018

Signed



Dated 04 January 2019

Joint / Administrator(s) (IP No(s)) 13092 / 8620

APPENDIX A

**PFML LIMITED (FORMERLY PARTHENON FACILITIES MANAGEMENT LIMITED) ("the Company")
(IN ADMINISTRATION)**

**INFORMATION REGARDING THE PRE-PACKAGED SALE OF THE BUSINESS AND ASSETS OF
PARTHENON FACILITIES MANAGEMENT LIMITED**

1 INITIAL INTRODUCTION

- 1.1 The Company was introduced to Leonard Curtis ("LC") on 19 November 2018 by its accountants, Cowgill Holloway LLP ("Cowgill's"). An initial meeting between LC and the Company took place on 20 November 2018 at Cowgill's offices situated at Bedford House, 60 Chorley New Road, Bolton BL1 4DA.
- 1.2 At the initial meeting, LC was advised by the Director that the Company had traded profitably for a number of years until mid-2017 when it lost its largest customer and it suffered a bad debt.
- 1.3 Due to a decrease in sales and the bad debt, the Company had fallen behind in its obligations to HM Revenue & Customs ("HMRC"). The Company had subsequently defaulted on a Time to Pay Arrangement ("TTP") with HMRC and the Company's tax liabilities total approximately £150k.
- 1.4 In light of the above and given increasing pressure from HMRC to pay the arrears, LC advised the Company that it was insolvent pursuant to Section 123 of the Insolvency Act 1986 (as amended) ("the Act") as it could not pay its debts as and when they fall due. The Director was advised that he must act to protect both the assets of the Company and its creditors. LC advised that without an injection of working capital, which was considered unlikely given its insolvent position, that it appeared that there was no alternative for the Company other than to consider a formal insolvency process. LC subsequently provided the Company with the options available given the circumstances.
- 1.5 Having considered the advice provided, the Director advised LC of the intention to take steps to place the Company into Administration and identify a purchaser for all or some of the Company's business and assets. LC was formally engaged by the Company on 30 November 2018 with the view to concluding a sale of the business through an Administration process.
- 1.6 We do not believe that there are any significant personal or professional relationships between the Group or its directors and LC, and we confirm that we carried out the appropriate conflict review prior to accepting the appointment.

2 PRE-APPOINTMENT CONSIDERATIONS

The extent of the Administrators' involvement prior to the appointment and the Role of the Insolvency Practitioner ("IP")

- 2.1 Following our instruction, we wrote formally to the Director of the Company informing him that our role before any formal appointment would involve providing the following services:
 - i) Advising him on which insolvency process would be most appropriate for the Company;
 - ii) Dealing with all formalities relating to the appointment of Administrators including giving appropriate notification of the intention to make such appointment to secured creditors and other parties entitled to receive notice;
 - iii) Preparing any report(s) necessary and attending Court hearings if appropriate;

- iv) Advising him on the financial control and supervision of the business between the date of our engagement and the date of the appointment of Administrators;
 - v) Advising him on whether an early sale of the Company's business and trading assets would be likely to be in the interests of creditors.
- 2.2 We made it clear that these services were to be given for the benefit of the creditors of the Company and that our role was not to advise the Director in his personal capacity. We recommended that he seek his own independent advice if he was uncertain on any matter, particularly if he had expressed, or was likely to express, an interest in purchasing the Company's business and trading assets. We also wrote to all interested parties who we believed to be connected to the Company advising them of the IP's obligations under Statement of Insolvency Practice 16 ("SIP 16") regarding the marketing of the business and assets of the Company and of their ability to make a submission, or submissions, to the Pre-Pack Pool.
- 2.3 Finally, we explained that initially an IP acts as professional adviser to the Company with responsibilities only to it and its directors. At this stage of the process the IP will assist the directors in making the right decision about what is the correct option for them to pursue in the best interests of creditors having regard to the Company's circumstances. In this case, we advised the Director that the Company was Insolvent and that steps be taken to place it into Administration.
- 2.4 Once the Company has been placed into Administration, the IP becomes Administrator with different functions and responsibilities. The Administrator is obliged to perform his functions and responsibilities in the interests of the Company's creditors as a whole and, where the objective of the Administration is to realise property in order to make a distribution to secured or preferential creditors, he has a duty not to unnecessarily harm the interests of creditors as a whole.

3 BACKGROUND INFORMATION

- 3.1 The Company was incorporated on 2 April 2012 and commenced to trade shortly following its inception. The registered number of the Company is 08014939.
- 3.2 The principal trading activity of the Company was cleaning services primarily to the bar/restaurant industry. At the date of the Administration, the Company employed 149 employees (7 full time and 142 part time).
- 3.3 The Company traded from leasehold premises at Anfield Business Centre, 58 Breckfield Road South, Liverpool L6 5DL.
- 3.4 Mark John Wilson was appointed as a Director of the Company on 2 April 2012, and has been the sole Director of the business since 11 June 2014 following the resignation of Michael James Joy as a Director on 10 June 2014.
- 3.5 The Company's shareholding comprises 2 Ordinary £1 shares which are wholly owned by Mark John Wilson.
- 3.6 In April 2012, the Company obtained an invoice finance facility from Lloyds Bank Commercial Finance Limited ("Lloyds") to fund working capital. The Lloyds facility was the Company's principal source of funding and was secured by way of a debenture, incorporating fixed and floating charges over all assets created on 27 April 2012. At the date of the Administration, the Company had a gross ledger of £270,501.00 of which £252,830.03 had been approved for funding. The amount owed to Lloyds totalled £165,385.19 (excluding applicable interest and charges).
- 3.7 The Company operated banking facilities with the Royal Bank of Scotland plc ("RBS"). At the date of Administration, the bank account held a small credit balance of £282.57.

- 3.8 The Company traded profitably from Incorporation until mid-2017 when it suffered a substantial decline in turnover following the loss of a major customer. Turnover reduced from c£200k per month to c£110k per month and the Company failed to reduce overhead costs in line with the decreasing sales which resulted in the Company becoming loss making.
- 3.9 The position of the Company was compounded when it suffered a substantial bad debt of £100k, of which it was only able to recover c£30k through its credit insurance. The loss of £70k significantly impacted on cash flow to the extent that the Company fell behind in its obligations to HMRC.
- 3.10 The Company was successful in negotiating a TTP with HMRC to pay its arrears, however the Company ultimately defaulted on payments. HMRC subsequently threatened enforcement action should the Company fail to pay the arrears. The Company's tax liabilities at the date of Administration are approximately £150k.
- 3.11 The Company was not in a position to pay its tax liabilities and the Director sought assistance from Cowgill's, the Company's accountant. Cowgill's subsequently introduced the Company to LC for advice on the Company's financial position. Following an assessment of the business and given its circumstances, it was concluded that the Company was insolvent in accordance with Section 123 of the Act in so far as 'the Company could not pay its debts as and when they fall due' and without an injection of working capital to repay the HMRC liability, which was considered unlikely, it would appear that it had no alternative option other than to consider a formal insolvency process.
- 3.12 It was considered that Administration was the most suitable insolvency procedure for the Company as it would provide the best opportunity of selling the business as a going concern and preserve the integrity of the book debt ledger, the principal asset. It was considered that a sale, without the need for ongoing trading whilst in Administration, would be preferable to allow maximum value to be realised from the Company assets, primarily its book debts, and to minimise the professional costs of the Administration.
- 3.13 On 14 December 2018, the Director filed a Notice of Intention to Appoint an Administrator ("NOIAA") in the High Court of Justice Business and Property Courts in Manchester under Court number 3241 of 2018 with Andrew Poxon and Julien Irving of LC the proposed Administrators. The NOIAA was duly served on Lloyds as qualifying floating charge holders.
- 3.14 Marketing of the business and its assets commenced on 14 December 2018 which resulted in a sale being agreed in principal with the eventual purchaser of the business, Versatile Hygiene Solutions Limited (CRN: 11140403).
- 3.15 A Notice of Appointment of an Administrator ("NOA") was subsequently filed in the High Court of Justice Business and Property Courts in Manchester under Court number 3241 of 2018 on 31 December 2018. Andrew Poxon and Julien Irving were duly appointed as Administrators on that date and the sale to the Purchaser was concluded shortly following the Joint Administrators' appointment.
- 3.16 Andrew Poxon and Julien Irving are licensed by the Institute of Chartered Accountants in England and Wales. In accordance with paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the functions of the Joint Administrators may be exercised by either both, acting jointly or alone.

4 ALTERNATIVE COURSES OF ACTION CONSIDERED BY THE ADMINISTRATOR

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

Do Nothing

- 4.2 The Director was advised that he could choose to do nothing and allow HMRC or a creditor to proceed with enforcement action against the Company which was likely to result in the ceasing of goods or the Company's winding up. We advised the Director that this course of action was likely to result in the Company trading whilst insolvent and would be a breach of his fiduciary duties. The implications of trading whilst insolvent and the potential actions against the Director by any subsequently appointed Administrator or Liquidator was explained to the Director. LC advised the Director that he had an overriding duty to protect the Company's assets and to minimise the Company's liabilities to its creditors and members generally. Doing nothing would risk asset values diminishing and the creditor position being made worse. The Director agreed that doing nothing was not an option and discounted this course of action.

Distressed sale of business and assets as a going concern by management

- 4.3 Given the distressed position of the business, a sale of its shares by Management was considered. In the circumstances, this was not considered to be viable for the following reasons:
- The Company had substantial arrears to HMRC and was under the threat of enforcement action;
 - It was loss making having suffered a substantial bad debt and a significant decline in turnover;
 - Any prospective purchaser of the shares would have to inject significant capital into the business at the outset to satisfy the HMRC debt and the indebtedness to its trade creditors;
 - The Company is a manpower business relying on its 149 employees to generate its revenue. Any prospective purchaser would have to introduce sufficient capital at the outset to ensure that all outstanding wages and salaries were paid; and
 - The support of current management would be fundamental in taking the business forward and their cooperation could not be guaranteed.
- 4.4 The Company was considered to represent a high risk investment with little prospect of receiving a return for any investment made due to the funds required to alleviate the creditor position. It was considered extremely unlikely that a share sale would have completed and this process was therefore discounted.

Company Voluntary Arrangement ("CVA")

- 4.5 A CVA is a formal procedure which enables a company to agree with its creditors a composition in satisfaction of its debts or a scheme of arrangement of its affairs which can determine how its debts should be paid and in what proportions. The Arrangement typically lasts over a period of 5 years and the entity remains the same and under the control of its directors. It requires the approval of 75% or more in value of the Company's creditors voting on the resolution to approve the arrangement. If a CVA is validly approved, it binds all of the Company's creditors who were entitled to vote (whether or not they so voted) or would have been so entitled had they received notice of the decision procedure.
- 4.6 This was not considered to be a viable option for the Company as there was no immediate source of funding to continue to allow business critical suppliers to be paid whilst a CVA was considered by creditors.
- 4.7 It was also considered that receiving creditor support would be difficult, given the default of the TTP with HMRC and that fact that it was unlikely that the Company would be able to make substantial contributions into a CVA whilst servicing ongoing costs and overheads.
- 4.8 Any contributions that the Company would be able to make would be reliant on future profits. Given the reduced turnover and loss a key client, it was concluded that a CVA would not have a reasonable prospect of approval and implementation. This course of action would also fail to provide immediate protection to the Company, and would not bind the secured creditor, Lloyds.

- 4.9 In addition, the Director had concerns in the Company's ability to win new tenders in a CVA.

Liquidation

- 4.10 Liquidation is generally an option where the business has no future and the Company would look to cease to trade.
- 4.11 Prior to the commencement of a liquidation, there would be no protection for the Company. The Company would therefore have been susceptible to recovery actions commenced by its creditors. Additionally, trading would cease and all employees would be made redundant. A duly appointed Liquidator would then take steps to recover any chattel assets held by the Company and these would be sold by auction at a forced sale value.
- 4.12 A sale of the business and assets as a going concern would not be achievable in a liquidation scenario and would not lead to better realisations. Independent agents and valuers, Auctus Limited t/a Charles Taylor and Cerberus Asset Management ("CAM") who were instructed to value the Company's assets advised that the value of the Company's chattel assets would be minimal if they were sold on a forced sale/piecemeal basis. A sale on this basis would have resulted in lower realisations, as well as incurring additional costs for removal, storage and sale. Furthermore, any Goodwill in the business would hold little or no value given the cessation of trade.
- 4.13 In addition, employee claims for unpaid wages, accrued holiday pay, pay in lieu of notice and redundancy would have also crystallised by the Company ceasing to trade and entering into liquidation.
- 4.14 Based upon the information available, it was considered that a liquidation process would not be appropriate as the cessation of the business was likely to negatively impact upon the collectability of the Company's sales ledger and any realisation for Goodwill as there would be no continuity of the business. Furthermore, it was considered that liquidation would negatively affect the value of realisations of the chattel and property assets as these would likely be sold at auction on a piecemeal basis.

Administration

- 4.15 An Administration is a formal insolvency process and is used to maximise the value of the Company's assets and to facilitate a transfer of the trade/business by way of a sale of the business and assets. Administration is generally a process to 'restructure' a business which has suffered from an unexpected bad debt or has encountered a period of trading losses which can be rectified following this type of restructure.
- 4.16 The Directors, a secured creditor (as holder of a qualifying floating charge), or the Company itself could appoint an Administrator. The objectives of Administration are as follows:
- a) Rescuing the Company as a going concern; or
 - b) Achieving a better result for the Company's creditors as a whole than would be likely achieved if the Company be wound up (without first being in administration); or
 - c) Realising property to make a distribution to one or more secured or preferential creditors.

Sale of Assets by the Administrator after a period of marketing

- 4.17 We considered that there was a reasonable prospect of achieving a better result for the Company's creditors as a whole than would be likely if the Company be wound-up (without first being in Administration), or enabling a distribution to one or more secured or preferential creditors. It was considered that a sale of the remaining business and assets in Administration would achieve one of these objectives by:

- The transfer of employees would mitigate employee redundancy claims. A sale would allow for all employees to be transferred to a purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"), reducing the liability in the Administration and preserving 149 jobs;
 - An immediate sale of the business and assets on a going concern basis would result in a payment for Goodwill which would not otherwise be possible in a controlled shut down scenario; and
 - The continuity of the business would enhance asset realisations as a going concern sale would maximise the value for the assets as opposed to them being sold on a piecemeal / break-up basis. Customer continuity was likely to enhance book debt collections, which would reduce Lloyd's indebtedness, and improve the position of creditors generally.
- 4.18 LC was subsequently instructed to assist the Company in attempting to find a purchaser for the business through an Accelerated Merger and Acquisition ("AMA") process. An AMA process seeks to identify likely buyers within a short period of time, such that the Goodwill of the business is preserved as far as possible, asset realisations are maximised and staff are transferred to a buyer under the relevant legislation following a sale of the business.
- 4.19 It was considered that an AMA process in this matter would comprise the following:
- Preparation of an information pack to be forwarded to parties expressing an interest in acquiring the remaining business and assets;
 - Valuation of the business and assets to be undertaken by an independent agents; and
 - Obtaining signed non-disclosure agreements from interested parties and allowing time for interested parties to consider the information pack.
- 4.20 The proposed Administrator would also undertake a web based marketing process of the business and assets to ensure that SIP 16 protocol is followed and maximum value is achieved for the assets.
- 4.21 It would be anticipated that the sale of the business and assets would be sold on a pre-pack basis which would mean that the sale and purchase agreement ("SPA") was agreed prior to the Administration and the sale would be completed simultaneously on the appointment of the Administrator. A sale on this basis would also mitigate the costs and risks associated with ongoing trade in Administration.
- 4.22 Throughout discussions with the Company and upon commencement of the AMA process, the Director of the Company expressed an interest in purchasing the business and assets of the Company through a connected company, Versatile Hygiene Solutions Limited (CRN: 11140403). A letter was sent to the Director and the connected company on 24 December 2018 with advice on how to approach the pre-pack pool following its expression of interest.
- 4.23 A pre-packaged sale was considered to be likely to achieve the objective of the Administration for the following reasons:
- A pre-packaged sale could ultimately improve net realisations of the Company's assets as a higher value could be achieved by a sale of the assets in situ rather than by a piecemeal sale of the assets ex situ or a forced sale at auction. An in situ sale of the assets was therefore considered to benefit the overall creditor position and maximise any value attributable to Goodwill;
 - Preservation of employment of staff. We would seek to transfer the Company's staff to a purchaser under the relevant legislation, resulting in the mitigation of employee claims from 149 members of staff;

- Maintaining continuity with customers was likely to enhance the prospect of achieving a higher recovery from the Company's debtor ledger and contracts than would be the case if the Company was wound up (without first being in Administration); and
 - Preservation of the Goodwill of the Company. A sale of this manner would allow preservation of the relationships enhancing the prospect of attaining a realisable value for the Company's Goodwill.
- 4.24 A pre-packaged sale has resulted in a better outcome due to the enhanced level of realisations compared to the anticipated level of realisations in a shut down or liquidation scenario.
- 4.25 Details of why it was not appropriate to continue to trade in Administration and offer the Company as a going concern are detailed at 4.31 and 4.32 below.
- 4.26 It was considered that an Administration was the most appropriate process because it allowed the business to be preserved whilst a sale as a going concern was explored. It was recognised that a sale without the need for ongoing trading whilst in Administration was preferable to allow the maximum value to be realised from the Company's assets as well as reducing the professional costs of the administration.
- 4.27 Details of the marketing of the business and assets can be found in Section 5 below.

Whether efforts were made to consult with major creditors and the outcome of any consultations

- 4.28 LC contacted Lloyds in regard to the Company's financial position and presented the strategy for the Administration. Throughout discussions with the Purchaser it was necessary to engage with Lloyds in relation to their security. Correspondence between LC and Lloyds during the AMA process consisted of the disclosure of the strategy for the Administration and details of the transaction involving the sale of the Company's assets to the Purchaser. This included discussions with Lloyds in relation to funding the Purchaser and the structure of assignment of the book debt ledger. Lloyds holds a Qualifying Floating Charge pursuant to a Debenture and was duly served with the NOI and the NOA.
- 4.29 The secured creditor, Lloyds, were consulted and kept informed throughout the process. Lloyds provided funding to cover critical payments, mainly employee wages, to allow the Company to continue to trade in the period leading up to Administration.

Trade and Expense Creditors

- 4.30 It was considered that due to the increasing creditor pressure, consultation with the general body of creditors was not appropriate. It was considered that to do so could result in enforcement action. This was likely to have had an adverse impact on the likelihood of a going concern sale being achieved which may have put the Company's assets at risk.

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

- 4.31 Trading in Administration was not considered viable for the following reasons:
- A period of uncertainty whilst trading in Administration would be likely to lead to a loss of customers which would erode any value in the Goodwill of the business;
 - Trading the business would not have guaranteed an improved offer for the assets and may, conversely, have devalued the Company's Goodwill;

- There was no certainty of an alternative credible buyer being found given the marketing of the business had already been undertaken; and
- The Joint Administrators did not consider that trading the Company would result in an increase in realisations sufficient enough to outweigh the costs associated with trading and likely losses incurred. Given the nature of the business it was considered that to trade whilst in Administration would require substantial funding, and any losses incurred in Administration could worsen the position for all stakeholders. Therefore trading the Company in Administration was not considered appropriate.

- 4.32 Given the above it was considered that a pre-packaged sale would allow for maximum value for the Company's assets to be obtained for the benefit of creditors.

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

- 4.33 Given the extent of the Company's liability position, the reduction in revenue and threat of enforcement action, it was considered that approaching an alternative commercial funder to source working capital was not a viable option. Given the financial position of the Company, it was not in the interests of creditors to take on further debt, which the Company may not have been able to repay.
- 4.34 The Director and Shareholder was not in a position to invest further funds to provide additional working capital to the Company in its current form.

Details of registered charges and dates of creation

- 4.35 According to Companies House, the following charge is registered against the Company:

Charge Holder	Date Created	Type of Charge	Assets Charged	Amount Secured
Lloyds	27 April 2012	Debenture	All assets	All monies

Details of any acquisition of business assets from an insolvency practitioner

- 4.36 We confirm that the business, or business assets, of the Company were not acquired from an insolvency practitioner within the 24 months prior to our appointment.

5 MARKETING OF THE BUSINESS AND ASSETS

- 5.1 The Director confirmed that no formal marketing activities had been conducted by the Company prior to the proposed Joint Administrators' involvement.
- 5.2 The proposed Joint Administrators, with the assistance of the Director and professional advisors, organised a marketing campaign. The key features of the marketing process are summarised below:

Broadcasting the Opportunity on the Internet

- 5.3 An advertisement for the business was placed on two websites as follows:
1. www.leonardcurtis.co.uk - the website of the proposed Joint Administrators.
 2. www.charlestaylor.com - the website Auctus Limited t/a Charles Taylor and Cerberus Asset Management ("CAM"), the Joint Administrators' instructed valuation agent.
- 5.4 The advertisement went live on 14 December 2018 across both websites and included details of the nature of the business, location, number of employees, assets available for sale and turnover.

Rationale for Marketing Strategy

- 5.5 CAM has sector specific product knowledge and experience in managing asset sales. It specialises in asset valuation, security, removal and disposal and is supported by a team of RICS registered professionals. CAM has a nationwide presence. CAM also has a significant and longstanding history of assisting insolvency practitioners with business and asset sales. It was considered that to market the opportunity on CAM's website would generate the most number of web traffic hits in the short period of time available.
- 5.6 LC is a leading national business solutions practice which has a reputable and experienced history of providing business acquisition opportunities to the open market. LC actively markets business opportunities on its website through its 'businesses for sale' section. It was considered that by advertising the opportunity on the website of LC this would provide exposure of the Company to a wide range of potential purchasers with the ability and interest to complete an AMA process.
- 5.7 Marketing commenced on 14 December 2018, and indicative offers together with proof of funding were requested to be received by 12noon on 21 December 2018.
- 5.8 The length of the marketing period in this matter was determined by the following factors:
- Alternative funding was not available to the business;
 - The Company had received threats of enforcement action from HMRC; and
 - The Company did not have sufficient cash reserves to continue ongoing trade for a prolonged period.
- 5.9 The advertisement for the business remained on the website of LC and CAM until the sale had concluded on 31 December 2018.
- 5.10 We considered the period in which the business was marketed for sale to be proportionate to the Company's financial position having due regard to the interests of creditors and I can confirm that I am satisfied with the adequacy and independence of the marketing undertaken.
- 5.11 The marketing strategy adopted ensured the greatest level of exposure to potential interested parties whilst maintaining costs at a level consistent with the estimated realisable value of the assets on offer. This strategy also ensured that the identity of the Company remained confidential pending a sale to preserve any potential value held in the assets, and specifically Goodwill.
- 5.12 At the initial meeting 20 November 2018, the sole Director and Shareholder expressed an interest in acquiring the Company's business and assets. An offer was subsequently made by a connected company, which was formalised on 18 December 2018. The Purchaser is a connected company by virtue of Mark John Wilson who is a Director and Shareholder of both the Company and the Purchaser.
- 5.13 The Purchaser's offer was the only offer received for the business and assets. No other expressions of interest were received.
- 5.14 The offer received from the Purchaser was accepted on 21 December 2018, and the sale to the Purchaser was concluded immediately following my appointment on 31 December 2018.
- 5.15 We are not aware of any marketing of the business and / or assets of the Company being carried out by the Company's directors prior to our instruction.
- 5.16 We confirm that in our opinion we consider that the marketing undertaken conformed with the marketing essentials set out in the Appendix to SiP16.

- 5.17 The Joint Administrators are also satisfied that this report includes sufficient information to satisfy their disclosure requirements under Statement of Insolvency Practice 13.

6 VALUATION OF THE BUSINESS AND ASSETS

Details of valuers/advisors

Cerberus Receivables Management Limited ("CRM")

- 6.1 CRM were verbally instructed on 20 December 2018 to prepare an indicative valuation report in respect of the Company's book debts, contracts and work in progress in order to assist in the initial appraisal of the business. CRM were instructed to provide their opinion on the collectability of the assets and costs of collection of the same, on a high and low basis. CRM reviewed the position and provided an update of the position on 24 December 2018.
- 6.2 CRM has confirmed their independence to act and have confirmed they hold the requisite level of professional indemnity insurance. In addition, CRM has advised that they have the appropriate level of experience, skill and competence to conduct the valuation of the assets.
- 6.3 CRM were made aware that a pre-packaged sale of the Company's business and assets was contemplated, and as such the marketing essentials detailed in SIP16 must be complied with in this matter.

Auctus Limited t/a Cerberus Asset Management ("CAM")

- 6.4 The physical assets of the Company were valued by RICS registered independent agents and valuers, CAM following on 14 December 2018 following instruction on 3 December 2018.
- 6.5 CAM was asked to prepare an indicative valuation report setting out the Company's remaining business and assets. In addition, CAM was asked to assist the proposed Joint Administrators in determining the method of disposal that was likely to be in the best interests of creditors as a whole.
- 6.6 CAM were made aware that a pre-packaged sale of the Company's business and assets was contemplated, and as such the marketing essentials detailed in SIP16 must be complied with in this matter.
- 6.7 In accepting the instructions, CAM confirmed their independence to act in this matter and have confirmed they hold the requisite level of professional indemnity insurance. Furthermore, we have been advised that the agents conducting the valuations have the appropriate level of experience, skill and competence to conduct the valuations.

The valuations obtained of the business or the underlying assets

Category of asset	Notes	Book value (Note 1) £	High value (Note 2) £	Low value (Note 3) £	Value achieved £
ASSETS SPECIFICALLY PLEDGED					
Goodwill and Intellectual Property Rights	A	-	-	-	1,000
Book Debts	B	270,500	225,000	146,000	185,385
ASSETS NOT SPECIFICALLY PLEDGED					
Equity in Encumbered Motor Vehicles, Plant & Machinery, Office Equipment and Stock	C	45,715	8,525	2,720	9,000
TOTAL		316,215	233,525	148,720	195,385

NOTES

1 Book Value

- 6.8 The book value figure for the plant and machinery has been taken from the latest set of financial accounts for the year ended 30 April 2017. No provision was made in these accounts for Goodwill and Intellectual Property Rights, Motor Vehicles, Office Equipment and Stock.
- 6.9 The book value of the Debtors has been taken from Company information provided by Lloyds as at 31 December 2018.
- 6.10 No provision was made in the Company's last set of accounts to 30 April 2017 for Goodwill and Intellectual Property Rights, Motor Vehicles, Office Equipment and Stock.

2 High Value

- 6.11 Also referred to as "market value in-situ". This assumes that all assets are sold together as a whole, in their existing location, as part of a sale as a going concern, and that there is sufficient time and resources available to fully market the business for sale.
- 6.12 Market value is defined as "the estimated amount for which an asset should exchange (at the valuation date) between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

3 Low value

- 6.13 Also referred to as "market value ex-situ without appropriate marketing". This assumes that assets are removed from their current location for piecemeal disposal, after cessation of trading. This basis assumes that assets are sold quickly and without adequate marketing being possible.
- 6.14 CAM and CRM advised that a sale of the business as a going concern would, in the circumstances of this case, result in the best possible outcome for the Company's creditors and therefore provided the "High Value" noted above. If a going concern sale was not achievable CAM and CRM confirmed that the "Low Value 1" given above was a reasonable expectation of what could be achieved given sufficient time.
- 6.15 Valuations have been provided on the above basis in order to benchmark offers and compare potential outcomes.

An explanation of the sale of the assets compared to those valuations

A Goodwill and Intellectual Property Rights

- 6.16 The Company's latest filed accounts do not attribute any value to Goodwill or Intellectual Property Rights.
- 6.17 Given the distressed position of the business, it was considered that any value attributable to this category of asset would be minimal, if any at all.
- 6.18 A valuation of this category of asset was not considered necessary for the following reasons:
- The Purchaser was the only party to make an offer for the business. The offer included a value of £1,000 for the Goodwill and Intellectual Property Rights of the business;
 - This category of asset was likely to be more valuable to a connected party;

- There being no expressions of third party interest, it was considered unlikely that an equivalent offer to that of the Purchaser would be received from a third party; and
- The cost of obtaining a Goodwill valuation was estimated at £2,500 plus VAT. As no competing offer was received and there was no value previously attributed to this category of asset, the benefit of obtaining a valuation was considered to be disproportionate to any costs.

6.19 In light of the above, the Purchaser's offer of £1,000 was accepted.

6.20 Acceptance was on the basis that a value had been extracted from this category of asset which would have been unlikely had a sale not been effected to the Purchaser and the Company had entered into liquidation or ceased to trade.

B Book Debts

6.21 As detailed above, Lloyds provided an invoice finance facility to the Company.

6.15 On appointment the book value of the debtor ledger was £270,501.00 and of this amount £252,830.03 had been approved for funding by Lloyds. The capital debt to Lloyds on our appointment totalled £165,385.19 (please note that this does not include any applicable termination fees or charges).

6.16 Under the terms of the invoice finance agreement Lloyds had taken an assignment of the debtor ledger and has first call over any recoveries made until repaid in full.

6.16 CRM conducted a review of the ledger on 24 December 2018 and advised that the Company had a concentrated ledger with its 5 principal accounts comprising approximately 60% of the gross sales ledger. The Company operated a timesheet based workforce which if not paid on time would no longer work for the Company. This would immediately impact service and ultimately undermine any collection of the ledger. There was also high risk of spurious disputes associated with the industry which would be difficult to counterclaim in a collect out scenario with the cessation of trade.

6.17 CRM provided their opinion based upon the estimated collectable balance after applying specific provisions, further general provisions to reflect the insolvency and costs of collection. A summary of the valuation received from CRM is outlined below:

		Low	Med	High
	NOTES	(£'000's)	(£'000's)	(£'000's)
Gross Sales Ledger		270	270	270
Ageing / Bad Debt Provision		(28)	(25)	(20)
Revised Balance		242	245	250
General Provision 40/25/10%	1	(96)	(61)	(25)
Estimated Outcome		146	184	225
Funds In Use		(165)	(165)	(165)
Estimated Funder Fees (5%)	2	(14)	(14)	(14)
Cost of Collection (10%)	3	(14)	(18)	(22)
Equitable Value		(47)	13	24

NOTES

1. General Provision

General provisions have been applied at 40 / 25 / 10% of the revised ledger balance.

2. Estimated Funder Fee

Under the terms of the facility agreement, Lloyds is entitled to charge a fee for the termination of the ledger agreement. This has been calculated at 5% of the gross ledger value.

3. Costs of Collection

Under the terms of the facility agreement, Lloyds is entitled to charge a fee for the collection of the ledger. This has been calculated at 10% of the estimated surplus after applying provisions for ageing, bad debts and a general provision.

6.18 The Purchasers offer included £20,000.00 plus £165,385.19 (being Lloyd's indebtedness) for the Company's and Lloyd's interest in the debtors. In addition to the consideration payable of £185,385.19 the Purchaser also agreed that if a surplus (after all amounts outstanding to any third party who holds any security, rights or other interest in the Book Debts has been paid) of £50,000 or more arises, the Purchaser shall pay to the Company a further amount of 50% of any such surplus over and above £50,000 within 14 days.

6.19 This offer was recommended for acceptance by CRM. This required the ledger to be re-assigned to the Company and simultaneously assigned to the Purchaser, with £165,385.19 being repaid to Lloyds on appointment.

C Equity in Encumbered Motor Vehicles, Plant & Machinery, Office Equipment and Stock

6.20 The Company's accounts to 30 April 2017 attribute a book value of £45,715 to plant and machinery. No provision was made in these accounts for Motor Vehicles, Office Equipment and Stock.

6.21 CAM valued the Company's physical assets on 14 December 2018 and advised that the Company operated 9 vehicles which were all subject to hire purchase agreements. After reviewing the finance agreements, CAM indicated that equity was available in these vehicles of between £1,775 and £1,000. CAM further advised that the plant and machinery operated by the Company consisted of 92 vacuum cleaners and 100 mop buckets which CAM attributed a value of between £6,300 and £1,600. It is understood that the plant and machinery value noted in the last accounts included the vehicles subject to finance.

6.22 A summary of CAM's valuation of the physical assets is detailed below:

Category of asset	High value £	Low value £
Equity in Encumbered Motor Vehicles	1,775	1,000
Plant & Machinery	6,300	1,600
Office Equipment	350	120
Stock	100	-
TOTAL	8,525	2,720

6.22 The Purchaser's offer attributed £9,000 to these assets which was recommended for acceptance by CAM on the basis that the offer exceeded their valuation for this group of assets.

If no valuation has been obtained, the reason for not having done so and how the administrator was satisfied as to the value of the assets.

Goodwill and Intellectual Property Rights

- 6.23 No formal valuation was obtained for the Goodwill and Intellectual Property Rights.
- 6.24 The value achieved for was after a period of marketing, where no formal offers were received from any other party, other than the Purchaser. The value has been determined on an open market sale.

7 THE TRANSACTION

- 7.1 A sale of the business and assets was completed on 31 December 2018 to Versatile Hygiene Solutions Limited (CRN: 11140403). The Purchaser is connected to the Company pursuant to sections 249 and 435 of the Insolvency Act 1986 by virtue of a common director and shareholder of both the Company and the Purchaser, namely Mark John Wilson.

- 7.2 The sales consideration of £195,385.19 was apportioned as follows:

ASSETS SPECIFICALLY PLEDGED		£
Goodwill and Intellectual Property Rights		1,000.00
Book Debts		185,385.19
ASSETS NOT SPECIFICALLY PLEDGED		
Equipment, Equity in Encumbered Motor Vehicles and Stock		9,000.00
TOTAL		<u>195,385.19</u>

- 7.3 The total sales consideration is payable as follows:

Date	£	Notes
On Completion	175,385.19	£10,000 in cash and the balance per Funds Flow Letter
On or before 4pm on 31 January 2019	10,000.00	
On or before 4pm on 28 February 2019	10,000.00	
	<u>195,385.19</u>	

- 7.4 I can advise that the initial payment of £10,000 is currently being held to order by the Administrators legal advisors, Pannone Corporate LLP and this amount will be transferred to the Joint Administrators shortly. The deferred consideration has been secured by way of a personal guarantee from Mark John Wilson, director of the Company and the Purchaser.
- 7.5 In addition to the consideration payable outlined at 7.2 and 7.3 above, the Sale Agreement includes an additional clause that in the event that the Purchaser collects in the Book Debts and a surplus (after all amounts outstanding to any third party who holds any security, rights or other interest in the Book Debts has been paid) of £50,000 or more arises, the Purchaser shall pay to the Company a further amount of 50% of any such surplus over and above £50,000 within 14 days. Provisions were made in the Sale Agreement that the Purchaser is to provide information periodically to the Joint Administrators as regards debt collections.
- 7.6 There were no options, buy back arrangements or similar conditions included as part of the sale agreement. It should be noted that the following assets were specifically excluded from the sale:
- The Administrators' Records;
 - The VAT Records

- 9.3 In this instance, it is not possible to achieve objective (a) given the level of historic liabilities and realisations anticipated.
- 9.4 It is considered that objective (b) will be achievable as realisations are greater than those anticipated had the Company had been wound up. In addition the transfer of 149 staff has mitigated any claims that may arise on Insolvency.
- 9.5 In the event that objective is not achievable it is considered that objective (c) has been achieved as the Company's capital indebtedness to Lloyds has been repaid in full under the terms of its fixed charge security following a sale of the book debts subject to its invoice finance facility.
- 9.6 We confirm that, in our opinion, the transaction will enable the statutory purpose to be achieved and that the sale price achieved was the best reasonably obtainable in all the circumstances.

PRIVACY NOTICE

LEONARD CURTIS PRIVACY NOTICE FOR CREDITORS

Information we collect and hold about you

By requesting details of your claim in this Insolvency, we may collect Personal Data from you, particularly if you are a consumer creditor, a sole trader or are lodging a claim in your personal capacity.

Personal Data is information relating to a living individual. Whenever Personal Data is processed, collected, recorded, stored or disposed of it must be done within the terms of the General Data Protection Regulation ("the GDPR"). Examples of Personal Data include but may not be limited to your name, address, telephone number and email contact details.

If you do not provide us with the information we require, this may adversely affect our ability to deal with your claim, but we would ask you not to submit more Personal Data than we request from you.

Legal justification for processing your Personal Data

The processing of your Personal Data by us is necessary to enable us to comply with legal obligations under the Insolvency Act 1986 and associated legislation which we are subject to as Insolvency Practitioners.

How we use your information

All information you supply to us is required to enable us to comply with our duties under the Insolvency Act 1986 and associated legislation. It will be used to enable us to assess the extent of the insolvent entity's liabilities, to allow you to vote on any decision procedures, to enable us to communicate with you, to process your claim and to pay any dividends which may be due to you from the insolvent estate.

Who we share your information with

We may be required to share some of your Personal Data with other creditors. The data which will be shared with other creditors will be limited to that specifically required to be disclosed under Insolvency legislation.

We may share some of your information with our Data Processors. Data Processors include solicitors, accountants and employment law specialists who assist us with our duties where required. We will only share your information with our Data Processors if we require their specialist advice. All of our Data Processors are subject to written contracts with us to ensure that your Personal Data is processed only in accordance with the GDPR.

How long will we hold your Personal Data for?

We will need to hold your Personal Data for a period of time after the Insolvency has been concluded. This is to enable us to deal with any queries which might arise. Our Records Management Policy requires us to destroy our physical files 6 years after closure of the case. Electronic data files will be removed from our Case Management System 6 years after conclusion of the case but may be held on our server for a longer period of time but with restricted access.

Your rights in respect of your Personal Data

You have the right to request access to your Personal Data and to require it to be corrected or erased. You also have the right to request a restriction in the way we process your Personal Data or to object to its processing. You should be aware however that we may not be able to comply with your request if this would affect our ability to comply with our legal obligations.

You have the right to Data Portability. This is a right to have the Personal Data we hold about you to be provided to you in a commonly used and machine-readable format so that you can transfer that Data to another organisation in a way that is not too onerous to upload the Data.

Your right to complain

You have the right to be confident that we are handling your Personal Data responsibly and in line with good practice. If you have a concern about the way we are handling your Personal Data you should contact our Privacy Manager in the first instance.

If you are unable to resolve your concerns with us, you have the right to complain to the Information Commissioners' Office. The Information Commissioner can be contacted at Wycliffe House, Water Lane, Wilmslow, Cheshire SK6 5AF or on 0303 123 1113.

Contacting us

If you have any questions relating to the processing of your Personal Data, please write to our Privacy Manager at Leonard Curtis, Level 5, The Grove, 248A Marylebone Road, London NW1 6BB Alternatively our Privacy Manager can be contacted by telephone on 0207 535 7000 or by email: privacy@leonardcurtis.co.uk.

Data Controller: LEONARD CURTIS

APPENDIX K

Insolvency (England and Wales) Rules 2016

Rule 3.39

Notice of an Invitation to Creditors to Form a Creditors' Committee

In the:	HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN MANCHESTER - COMPANY & INSOLVENCY LIST (CHD)	No:	3241 OF 2018
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Re:	PFML LIMITED (FORMERLY PARTHENON FACILITIES MANAGEMENT LIMITED) (IN ADMINISTRATION)
Previous Name:	
Registered No:	08014939

Address of Company	ANFIELD BUSINESS CENTRE, 58 BRECKFIELD ROAD SOUTH, L6 5DR
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NOTICE IS HEREBY GIVEN, IN ACCORDANCE WITH PARAGRAPH 57 OF SCHEDULE B1 TO THE INSOLVENCY ACT 1986, RULE 3.39 AND PART 17 OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016, THAT creditors are invited to decide whether a creditors' committee should be established if sufficient creditors are willing to be members of that committee. Julien Irving and Andrew Poxon invite creditors to put forward their nominations for membership of the committee. Such nominations must be received by the date specified in this notice. The Joint Administrators can only accept nominations if they are satisfied as to the creditors' eligibility under Rule 17.4 of the Insolvency (England and Wales) Rules 2016.

Nominations must be received by:
and should be delivered to:

5 February 2019
Julien Irving and Andrew Poxon
Tower 12, 18/22 Bridge Street
Spinningfields
Manchester
M3 3BZ
Tel: 0161 831 9999
Email: recovery@leonardcurtis.co.uk

Signed:		Dated:	
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Creditors are referred to section 1.18 of this report for a link to guidance for creditors as to the roles, duties and responsibilities of members of creditors' committees.