

AM03

Notice of administrator's proposals



Companies House

TUESDAY



A18 *A751W649* 01/05/2018 #320
COMPANIES HOUSE

1 Company details

Company number 08526375

Company name in full Astracast 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

Full forename(s) Andrew

Surname Poxon

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

5 Administrator's address

Building name/number Leonard Curtis

Street Tower 12, 18/22 Bridge Street

Spinningfields

Post town Manchester

County/Region

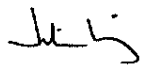
Postcode M3 3BZ

Country

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	<div>Signature</div> <div><input checked="checked" type="checkbox"/> </div> <div><input checked="checked" type="checkbox"/></div>	
Signature date	<div>^d3^d0</div> <div>^m5^y4</div> <div>^y2^y0^y1^y8</div>	

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	Robert Barker
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

**ASTRACAST LIMITED
(IN ADMINISTRATION)**

Registered Number: 08526375
Court Ref: 2234 of 2018
High Court of Justice, Chancery Division,
Manchester District Registry

**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: 27 April 2018
Date report deemed to be delivered to creditors: 1 May 2018**

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/RB/SA870K/1040

CONTENTS

- 1 Introduction
- 2 Distribution of Proposals
- 3 Statutory Information
- 4 Historical Background and Events Leading Up To Administration
- 5 Recent Trading Results and Current Financial Position
- 6 Events Following the Joint Administrators' Appointment
- 7 Achieving the Purpose of Administration
- 8 Joint Administrators' Proposals and Exit Route
- 9 Extension of Administration
- 10 Pre-Administration Costs
- 11 Joint Administrators' Remuneration and Disbursements
- 12 Estimated Outcome for Creditors
- 13 Release of Administrators from Liability
- 14 Conclusion

APPENDICES

- A Joint Administrators' Statement of Proposals
- B Estimated Financial Position as at 16 March 2018, accompanying Notes and List of Creditors
- C Summary of Joint Administrators' Receipts and Payments from 16 March 2018 to 27 April 2018
- D Summary of Joint Administrators' Pre-Administration Costs
- E Joint Administrators' Fees Estimate incorporating time incurred to 30 March 2018
- F Joint Administrators' Statement of Likely Expenses
- G Estimated Outcome Statement
- H Leonard Curtis Policy on Fees, Expenses and Disbursements
- I Proof of Debt Form
- 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
- L Notice of an Invitation to Creditors to Form a Creditors' Committee

TO: THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL EMPLOYEES
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 Astracast Limited ("the Company") on 16 March 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 Paragraph 3 of Schedule B1 to the Act requires the administrators to perform their functions with the objective of:
- Rescuing the company as a going concern; or
 - Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration); or
 - Realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.3 Paragraph 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:
- That the company has sufficient property to enable each creditor of the company to be paid in full; or
 - 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
 - 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 the Company's secured and preferential 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 14 May 2018 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%20Guide%20to%20Creditors%20Committees.pdf>

2 DISTRIBUTION OF PROPOSALS

- 2.1 In accordance with the provisions of Statement of Insolvency Practice 16 ("SIP 16"), when a pre-packaged sale has been undertaken, the Administrator should seek any requisite approval of the Proposals as soon as practicable after appointment and, ideally, the Proposals should be sent with the notification of the sale. If the Administrator has been unable to meet this requirement the Proposals should include an explanation for the delay.
- 2.2 The Joint Administrators did not issue their Proposals together with the notification of the sale in this matter for the following reason:

Delay in Distribution

The Company operated from a large industrial premises at Woodlands, 21 Roydsdale Way, Euroway Trading Estate, Bradford, West Yorkshire BD4 6S ("the Premises"). On entering into the lease, the Company paid the landlord a rent deposit of c£400k. The landlord will utilise the rent deposit to rectify dilapidations on the Premises. The Joint Administrators have delayed issuing the Proposals in this matter whilst an assessment of the Premises has been undertaken by independent agents and a schedule of condition was prepared. The Joint Administrators considered that it was important to assess the value of likely dilapidations and evaluate the prospect of any return to the Company in administration from the rent deposit prior to distributing their Proposals, given the landlords claim may be significant.

3 STATUTORY INFORMATION

- 3.1 The Administration proceedings are under the jurisdiction of the High Court of Justice, Business and Property Courts in Manchester, Company and Insolvency List (CHD) under Court reference 2234 of 2018.
- 3.2 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.

3.3 On 5 April 2018, the registered office of the Company was changed from Woodlands, 21 Roydsdale Way, Euroway Trading Estate, Bradford, West Yorkshire BD4 6SE to Tower 12, 18-22 Bridge Street, Spinningfields, Manchester M3 3BZ. The Company's registered number is 08526375. The Company traded as its registered name.

3.4 The Company's directors are:

Name	Role	Date Appointed
Mr Darren Cooper	Director	26 January 2018
Home Products Group Limited ("HPG")	Director	15 September 2017

3.5 The Company's issued share capital is £3,000,001. This is comprised of 3,000,001 ordinary £1 shares, the shares being wholly owned by HPG.

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

Charge Holder	Date created	Description	Amount secured £	Assets Charged
Demlin Investments Limited	7 February 2014	Fixed & Floating Charge Debenture	All monies	All estate and interest in any freehold and leasehold property, all equipment, plant & machinery, vehicles and computers.
Secured Trust Bank plc	4 September 2015	Fixed & Floating Charge Debenture	All monies	Any freehold and leasehold property, all plant & machinery, vehicles, computers and all furniture furnishings.
HLD Corporation Limited	15 September 2017	Fixed & Floating Charge Debenture	All monies	All freehold and leasehold property, all fixtures & fittings, all plant & machinery, vehicles, computers and office equipment.

3.7 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.

4 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

4.1 The Company was incorporated on 13 May 2013 and was initially known as Ashworth Global Pipe Systems Limited. The name of the Company was subsequently changed to Astracast Limited on 6 February 2014. The registered number is 08526375.

4.2 The Company operated from its Trading Premises in Bradford from incorporation and employed 93 employees at the date of Administration.

4.3 The principal trading activity of the Company was the marketing, manufacture and supply of products for the kitchen and bathroom industry. In 2016, the Board considered that the key focus of the business should be on kitchen activity and sink production only and the Company took steps from that time to reduce non-core activity.

4.4 The Company was initially capitalised through the introduction of personal funds by its shareholders. The Company subsequently funded its operation by obtaining funding from a number of different lenders for which security was granted.

- 4.5 At the date of Administration, the Company had three outstanding charges. The first relates to a loan provided by Demlin Investments Limited ("Demlin"). Demlin holds security in the form of a debenture containing a fixed and floating charge which was created on 7 February 2014 and registered on 13 February 2014. The Company satisfied its indebtedness to Demlin prior to the administration and this charge should be registered as satisfied.
- 4.6 The second charge relates to an invoice finance and stock facility provided by Secure Trust Bank plc ("STB"). The Company's indebtedness to STB is secured by way of a debenture incorporating a fixed and floating charge which was created on 4 September 2015 and registered on 7 September 2015. Three currency accounts were operated with STB. At the date of administration, the Company had a gross debtor ledger, after allowing for currency conversions, of approximately £3.895m. The Company's indebtedness to STB (allowing for currency conversions) totalled £2.374m.
- 4.7 HLD Corporation Limited ("HLD") holds security by way of a debenture incorporating a fixed and floating charge which was created on 15 September 2017 and registered at Companies House on 19 September 2017. The Company is indebted to HLD for approximately £498k.
- 4.8 Historically, the Company has relied on individual contracts and product lines as its principal source of revenue. Sales volumes have been closely linked to economic activity in the UK, US and Europe and in particular housing transactions and mortgage approvals. In recent years, the Company has expanded its operations in the US and Europe to support domestic sales. Revenue has however declined from £35m in 2015 to £30m in 2016, primarily as a result of a decision of management to exit negative margin business supplied to one major retail customer.
- 4.9 During 2017, Management took steps to streamline the Company's business and reduce costs to maintain profitability. Darren Cooper was hired as a consultant to the business and steps were taken to address the Company's tax liabilities. This resulted in the Company entering into a Time to Pay Arrangement ("TTP") with HM Revenue & Customs ("HMRC") over a 12 week period to repay a debt of £294k. Shortly afterwards, the Company implemented a redundancy programme and made redundancies amounting to c£354k. The costs of redundancy were paid with the assistance of a loan obtained from the Redundancy Payments Office ("RPO").
- 4.10 During his time as a consultant Mr Cooper considered that the Company had a potentially strong core business and expressed an interest in acquiring the Company from HLD. Following negotiations, HLD sold its interest in HPG to Astracast International Holdings Ltd ("the Purchaser") in September 2017. As a result of acquiring HPG, the Purchaser took over control of the Company and Mr Cooper was duly appointed as Managing Director of the Company.
- 4.11 Following the share acquisition a general review of the business was undertaken by Mr Cooper which involved:
- Exploring alternative invoice discounting providers;
 - A review of the expensive lease in comparison to its operation;
 - The ability to sub-let part of the Company's trading premises to a third party; and
 - The sale of plant and machinery to support cash flow and repay Company creditors.
- 4.12 Management was subsequently able to negotiate improved terms with STB on its invoice finance facility and an agreement was reached in principal with a third party to sublet part of the Trading Premises which would reduce the rent liability to the Company from c£115k a month to £27k a month. The Company had already been subletting part of the premises and in light of the agreement with the third party has given notice to the tenants to vacate the premises. The Company also began to replace its manufacturing division with a Maltese business taking over production of manufactured goods. Imported goods from Malta are cheaper than manufacturing in the UK.
- 4.13 The Directors ultimately attribute the demise of the Company to the loss of one of the Company's largest customers in November 2017. The Customer accounted for approximately c£320k per month in turnover. The position was compounded by the failure to complete the agreement to underlet part of the Trading Premises. The loss in revenue and high overhead costs in relation to operational activity ultimately impacted on the Company's cash flow and its ability to service its commitments to the RPO and HMRC, as well as discharge its historic

liabilities. As a result, the Company began to experience significant pressure for payment from its creditors and received a number of threats of enforcement action.

- 4.14 Given the circumstances, at a meeting on 5 February 2018 the Directors were of the view that the Company would not be able to generate sufficient profits to enhance its cash flow to discharge historic liabilities, service its overheads and meet its commitments to HMRC and the RPO. Leonard Curtis Recovery ("LCR") subsequently advised the Directors that they must act to protect both the assets and the interests of the Company and its creditors. Further meetings took place with the Board on 8 February 2018 and 9 February 2018 which resulted in the formal engagement of LCR on 21 February 2018 to assist in placing the Company into Administration.
- 4.15 A Notice of Intention to Appoint an Administrators ("NOIAA") was duly signed by the Directors and filed on 27 February 2018 in the High Court of Justice, Chancery Division, Manchester District Registry. A further NOIAA was filed on 13 March 2018. The second NOIAA was required in order to allow additional time to negotiate a sale of the Company's business with the Purchaser.
- 4.16 A Notice of Appointment of Administrators ("NOA") was subsequently filed in the High Court of Justice, Chancery Division, Manchester District Registry on 16 March 2018.
- 4.17 J R Irving and A Poxon are both licensed by the Institute of Chartered Accountants in England and Wales. In accordance with paragraph 100(2) of Schedule B1 to the Act, the function of the Joint Administrators may be exercised by either or both, acting jointly or alone.

5 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

- 5.1 The Company's trading results for the years ended 31 March 2016, 2015 and 2014 are detailed below:

PROFIT AND LOSS ACCOUNT

	Audited Year ended 31 March 2016 £'000	Audited Year ended 31 March 2015 £'000	Audited Period ended 31 March 2014 £'000
Turnover	30,087	35,329	5,079
Costs of Sales	(23,849)	(29,188)	(4,361)
Gross Profit	6,238	6,141	718
Gross Profit %	20.73%	17.38%	14.14%
Distribution Costs	(2,984)	(2,603)	-
Administrative expenses	(2,279)	(3,286)	(418)
Negative Goodwill Amortisation	-	924	798
Other Operating Income	-	387	-
Operating Profit	975	1,563	1,098
Interest and charges	(490)	(463)	(110)
Exceptional Items	(380)	(873)	-
Profit before tax	105	227	988
Taxation	-	-	-
Profit for the year	105	227	988

5.2 The balance sheets as at year ended 31 March 2016, 2015 and 2014 are detailed below:

<u>BALANCE SHEET</u>	Audited 31 March 2016 £'000	Audited 31 March 2015 £'000	Audited 31 March 2014 £'000
Fixed Assets			
Intangible Assets	-	-	(924)
Tangible Assets	2,440	2,747	2,743
	<u>2,440</u>	<u>2,747</u>	<u>1,819</u>
Current Assets			
Stocks	3,783	4,077	4,723
Debtors	12,899	11,832	12,031
Cash at Bank and in Hand	9	44	365
	<u>16,691</u>	<u>15,953</u>	<u>17,119</u>
Creditors: Amounts Falling due within one year	(12,845)	(12,284)	(13,831)
Net Current Assets	<u>3,846</u>	<u>3,669</u>	<u>3,288</u>
Total Assets less Current Liabilities	6,286	6,416	5,107
Creditors: Amounts falling due after more than year	(115)	(350)	(1,119)
Net Assets	<u>6,171</u>	<u>6,066</u>	<u>3,988</u>
Represented by			
Called up share capital	3,000	3,000	3,000
Profit and Loss account	3,171	3,066	988
Shareholders' Funds	<u>6,171</u>	<u>6,066</u>	<u>3,988</u>

5.3 Statement of Affairs

The Directors are required to lodge a Statement of Affairs as at 16 March 2018 which has to be filed with the Registrar of Companies. This document has not yet been received and the Directors have requested that the Joint Administrators provide assistance in the preparation of the Company's Statement of Affairs. 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.

Please note that no provision has been made for the costs and expenses 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:

5.4 Secured Creditors

Secure Trust Bank Plc ("STB")

STB holds security by way of a debenture incorporating a fixed and floating charge which was created on 4 September 2015 and registered at Companies House on 7 September 2015. STB provided an invoice finance and stock loan facility.

Three currency accounts were operated with STB. At the date of Administration, the Company had a gross debtor ledger, (after allowing for currency conversions), of approximately £3.895m. The Company's indebtedness to STB (allowing for currency conversions) totalled £2.374m.

As detailed below, the Joint Administrators effected a sale of the Company's business and assets on 16 March 2018 immediately following their appointment. STB's indebtedness to the Company in respect of the invoice finance facility was settled in full from the disposal of the book debt ledger subject to their fixed charge security.

It is anticipated that the balance outstanding in respect of the stock loan facility will be settled from goodwill realisations and the sale of the plant and machinery subject to STB's fixed charge security.

HLD Corporation Holdings Limited ("HLD")

HLD holds security by way of a debenture incorporating a fixed and floating charge which was created on 15 September 2017 and registered at Companies House on 19 September 2017. The Company is indebtedness to HLD totals £498k.

The Joint Administrators anticipate that a distribution will be made to HLD under the terms of its floating charge security.

Demlin Investments Limited ("Demlin")

Demlin holds security in the form of a debenture containing a fixed and floating charge which was created on 7 February 2014 and registered on 13 February 2014. The Company satisfied its indebtedness to Demlin prior to the Administration and this charge should be registered as satisfied. The Joint Administrators do not anticipate a distribution to Demlin in the Administration.

5.5 Prescribed Part

The Insolvency Act 1986 provides that, where a company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the company's net property available to the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims.

The method of calculating the prescribed part and additional notes as regards its application are detailed in the notes at Appendix B.

Based upon the information currently available, it is estimated that there will be a prescribed part fund available in this case. It is anticipated that the prescribed part will be distributed during the Administration.

5.6 Preferential Claims

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.

The Joint Administrators were only able to conclude a sale of the distribution and wholesale divisions of the business to the Purchaser.

As a result, immediately following the appointment of the Joint Administrators, all 51 employees in the manufacturing division were made redundant. Insol Group were instructed to assist with the redundancies and estimate preferential claims to be received in the Administration of approximately £50,438.83.

It is anticipated that a distribution will be made to the Company's preferential creditors.

5.7 Unsecured Claims

At present, it is considered unlikely that a liquidator will be appointed for the purpose of enabling a distribution to unsecured creditors, other than via the prescribed part. 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 will enable the Joint Administrators to pay any prescribed part dividend referred to in paragraph 5.5 above. The claims will also be collated and passed to any subsequently appointed Liquidator, should the position change.

5.8 Receipts and Payments

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

6 EVENTS FOLLOWING THE JOINT ADMINISTRATORS' APPOINTMENT

6.1 Sale of Business

Prior to and upon appointment, the Joint Administrators investigated the possibility of concluding a sale of what remained of the business and assets through an Accelerated Merger and Acquisition ("AMA") process as it was considered that a sale of all or part of the business as a going concern would allow the following:

- Enhanced realisations of the Company's tangible assets;
- Maximising realisations from the debtor ledger;
- A value could be extracted from the Company's goodwill; and
- The transfer of employees would mitigate employee claims on insolvency.

It was considered that exposing the opportunity to acquire the business and assets would allow the open market to determine the best achievable price of the assets. The business was marketed on the website of independent agents and valuers, Auctus Limited t/a Charles Taylor and Cerberus Asset Management ("CAM") in addition to the website of LCR. CAM has sector specific knowledge and experience in managing asset sales. CAM has a nationwide presence and specialises in asset valuations, security, removal and disposal.

A marketing flyer was distributed by e-mail to LCR's database which consists of approximately 2,000 intermediaries, funders and potential purchasers. LCR actively markets business opportunities through its 'business for sale' section of its website. It was considered that this would provide exposure to a wide range of potential purchasers with the ability and interest to complete an AMA process.

Marketing commenced on 6 March 2018, and indicative offers together with proof of funds in excess of £2.5million were requested to be received by 12 March 2018.

On 12 March 2018, an offer was received from a connected company, Astracast International Holdings Limited (CRN: 10188443) ("the Purchaser") for the sum of £2,685,785.30. The Purchaser is a connected Company within the meaning of the Insolvency Act 1986 (as amended) by way of the common directorship of Mr Darren Cooper. The offer received from the Purchaser included the transfer of the Company's distribution and wholesale divisions and 42 members of staff. The offer specifically excluded the manufacturing division and the 51 employees of that division.

Other than the offer received from the Purchaser, no other offer was received from any other party. Following advice from CAM and CDGM Limited t/a Cerberus Receivables Management ("CRM") who valued the Company's debtor ledger, the Purchaser's offer was accepted on 12 March 2018, and the sale was concluded immediately following my appointment on 16 March 2018.

The Joint Administrators sent a letter to all known creditors on 22 March 2018 informing them of the pre-packaged sale and to provide further information on the sale pursuant to the requirements of SIP 16. A copy of that letter can be found at Appendix J of this report. Please note that the consideration included within the SIP 16 letter was incorrect and has been amended in this report to reflect the true position.

The sale consideration has been apportioned as follows:

Asset Specifically Pledged	£
Goodwill, Business Name, and Intellectual Property	50,000.00
Debtor	2,274,785.30
Assets Not Specifically Pledged	
Stock	350,000.00
Office Equipment	10,000.00
Equity in Book Debts	1,000.00
Total	<u>2,685,785.30</u>

The Purchaser was required to pay initial consideration of £2,349,785.30 on completion. Of this amount, £2,274,785.30 was paid directly to STB, with the balance of £75,000 paid to Hill Dickinson. I can confirm that these payments have been paid. The funds held by Hill Dickinson will be forwarded to the Joint Administrators shortly.

The remaining consideration of £336,000 has been deferred over a period of 8 months, as follows:

On or before	Amount (£)
16 April 2018	42,000
16 May 2018	42,000
16 June 2018	42,000
16 July 2018	42,000
16 August 2018	42,000
16 September 2018	42,000
16 October 2018	42,000
16 November 2018	42,000
TOTAL	<u>336,000</u>

The payment due on 16 April 2018 of £42,000 has not been received. The Purchaser has subsequently requested a 3 week deferment of the payment. The Purchaser has explained that the deferment is required as a result of:

- A delay in receiving supplies at the outset which has impacted on trading;
- Its new landlord insisting on a £120k rent deposit; and
- Additional licence payments of c£50k to the Joint Administrators as a result of extending the licence to occupy the Trading Premises.

For the avoidance of doubt, the only assets sold to the Purchaser are those detailed above. The Purchaser did not acquire the Company's manufacturing division and the sale has excluded the Company's plant and machinery. The Joint Administrators through their agents will undertake to sell the plant and machinery in due course.

As a condition of the sale, the Purchaser has granted the Company a fixed and floating charge debenture as security for the unpaid consideration. The Director of the Purchaser, Darren Cooper, has also provided a personal guarantee in respect of the ongoing deferred consideration limited to £50,000 plus interest and costs, and an additional guarantee in respect of any loss or damage to the premises during the licence period limited to £100,000 plus interest and costs.

The sale has resulted in the transfer of 42 members of staff from two divisions of the business to the Purchaser. All 51 staff in the manufacturing division were made redundant shortly following the appointment of the Joint Administrators.

6.2 Licence to Occupy

In conjunction with the sale to the Purchaser, the Joint Administrators granted the Purchaser a licence to occupy the Company's premises for an initial period of one month. The Purchaser has requested an extension to the licence period for a period of two weeks. It has been agreed that the Purchaser will bear the Joint Administrators legal costs that will be incurred in preparation of the necessary extension. I can confirm that the sum of £150,642 has been remitted in respect of the Company's rent and other commitments under the lease to date. In addition, the Purchaser has paid a contribution of £500 plus VAT in relation to the legal costs incurred by the Joint Administrators in attending to the extension of the licence.

6.3 Rent Deposit

The Company operated from a large industrial premises in Bradford, Yorkshire. On entering into the lease, the Company paid the landlord a rent deposit of c£400k. The landlord will utilise the rent deposit to rectify dilapidations on the Premises. The Joint Administrators considered that it was important to assess the value of likely dilapidations and evaluate the prospect of any return to the Company in administration from the rent deposit prior to distributing their Proposals. Following a review of the position, and given the likely significant dilapidations claims from the landlord, we do not expect any realisations from the rent deposit.

6.4 Plant & Machinery

The Purchaser's offer for the Company's business and assets did not include the Company's plant and machinery. Certain of the plant and machinery is subject to STB's fixed charge security. Due to the nature of the fixed charge plant and machinery, it is currently in the process of being decommissioned. The Joint Administrators are currently formulating their plans for the disposal of these assets, which will require STB to release their security prior to any sale.

CAM arranged for the remaining plant and machinery, not subject to STB's fixed charge, to be disposed of by way of an onsite auction which has been undertaken at the Company's premises. This was considered the most effective way of disposing of these residual assets as it would mitigate the costs of uplift and storage of these assets and therefore maximise their value for the benefit of creditors. The residual asset sales have realised approximately £14k plus VAT.

CAM are in the process of collecting payment from the purchasing parties and arranging for the collection the uplift of these assets from the premises. We are awaiting CAM's report on the realisations achieved for the benefit of creditors and will report more fully on collections in due course.

The result of any sale for the plant and machinery subject to STB's security will be reported in due course.

6.5 Professional Advisors Used

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

Name of Professional Advisor	Service Provided	Basis of Fees
Auctus Limited t/a Charles Taylor and Cerberus Asset Management ("CAM")	CAM are anticipated to provide a number of agency services and these are detailed below	Time costs subject to agreement with the Joint Administrators.
Insol Group (HR) Limited ("Insol Group")	Handling of Employee Claims	Time costs subject to agreement with the Joint Administrators.
Insol Group Limited ("Insol")	Pension Scheme Advise	Time costs subject to agreement with the Joint Administrators.

Hill Dickinson LLP ("Hill Dickinson")	Legal Advice	Time costs subject to agreement with the Joint Administrators.
Consultium Property Limited ("CAPA")	Non-Domestic Business Rates Refunds	25% of any successful refund from the Local Authority
Cassons Chartered Accountants ("Cassons")	Statement of Affairs	Time costs subject to agreement with the Joint Administrators.

CAM

CAM are RICS registered independent agents and valuers, based in Manchester, with nationwide reach. In addition to their agency services, CAM also operate an auction service under their Charles Taylor brand, and provided secure storage for assets and Company books and records. CAM have been retained in this matter to provide assistance with the following matters:

- Advising the Joint Administrators on the most cost effective method for the disposal of the Company's assets and assisting the Joint Administrators in the disposal of these assets;
- Monitoring the decommission of the Plant & Machinery;
- Undertaking a schedule of condition in respect of the Premises to assist the Joint Administrators in subsequent future negotiations with the Company's landlord;
- Assistance with the inspection and return of third party and Retention of Title goods, where appropriate;
- Obtaining an electronic back up of the Company's server and database; and
- Assistance with the uplift and storage of the Company's secure records.

Insol Group

Insol Group was instructed to provide assistance with the redundancy claims of the Company's employees. Their management team has over 20 years expertise in dealing with employment related issues arising from insolvency and assisting employees to make claims to the RPO in respect of any claims they may have in respect of redundancy pay and pay in lieu of notice.

Insol Group were instructed to provide and assist with the following:

- Process the employee claims and submit any forms to the RPO on behalf of the employees and the Company; and
- Liaise with the employees regarding any additional information required by the RPO.

The Joint Administrators instructed Insol Group due to its substantial expertise with handling employees' claims.

Insol

Insol are financial consultants specialising in pension schemes. It is anticipated that Insol will shortly be instructed in this matter to calculate the extent of the Company's pension scheme and advise the Joint Administrators as appropriate on the management of this scheme.

Hill Dickinson

Hill Dickinson has incurred costs in relation to completing the sale of certain of the Company's business and assets to the Purchaser and have been instructed to undertake a review of the Company's secured lending. Hill Dickinson is a commercial law firm with a nationwide presence and has significant experience in dealing with insolvency matters. Hill Dickinson has been instructed in this matter due to its substantial expertise in managing insolvency appointments, sales and acquisitions.

CAPA

CAPA forensically analyses and interrogates property outgoings and accounts payable data to highlight potential errors which may result from the Local Authority in relation to non-domestic business rates. CAPA has a number of years' experience conducting property audits for Insolvency Practitioners. CAPA has been instructed to perform a property audit and investigation into refunds from payment of non-domestic business rates.

Cassons

It is the intention of the Joint Administrators to instruct Cassons to assist with the preparation of the Statement of Affairs. The Director has advised that they require assistance in completing the Statement of Affairs. In light of this, the Joint Administrators have agreed to an extension to the time that the Directors must submit a completed statement of affairs. Instructions to Cassons will be issued shortly.

Details of this firm's policy regarding the choice of advisors and the basis for their fees are given in Appendix H.

7 ACHIEVING THE PURPOSE OF ADMINISTRATION

7.1 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.

7.2 The first objective is not capable of being achieved given the extent of historic liabilities.

7.3 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). We consider that this objective has been achieved for the following reasons:

- Maintaining current management has preserved the continuity of the Company's customer relationships. This has resulted in an enhanced recovery of the Company's assets compared to liquidation; and
- The transfer of certain of the Company's employees has resulted in the reduction of employee claims for redundancy.

7.4 In the event that the second objective would not have been achieved, we consider that the third objective has been achieved as a distribution has been made to STB under the terms of its fixed charge security. We also expect to make a distribution to preferential creditors.

8 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE

8.1 The Joint Administrators' Proposals for achieving the objective of Administration are attached at Appendix A.

8.2 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.

8.3 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.

- 8.4 If such a decision is requisitioned, creditors will be invited to consider the appointment of a creditors' committee and to vote on the Joint Administrators' Proposals as set out at Appendix A.
- 8.5 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.
- 8.6 Once approved, the affairs of the Company will be managed in accordance with the Proposals and financed out of asset realisations.
- 8.7 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.

9 EXTENSION OF ADMINISTRATION

- 9.1 The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.
- 9.2 In certain circumstances it may be necessary to extend the Joint 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 each secured creditor of the Company.

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:

- Each secured creditor of the Company; and
- The preferential creditors of the Company.

- 9.3 The appropriate body of creditors will be contacted in due course should an extension be required. It is not currently anticipated that an extension to the Administration will be required.

10 PRE-ADMINISTRATION COSTS

- 10.1 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.

- 10.2 Time charged and expenses incurred by the Joint Administrators and 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 £
LCR	Please see 10.3	87,444.50	-	N/A	87,444.50
CAM	Please see 10.4	13,500.00	-	N/A	13,500.00
CRM	Please see 10.5	5,315.00	-	N/A	5,315.00
Hill Dickinson	Please see 10.6	8,000.00	-	N/A	8,000.00
	Total	114,259.50	-		114,259.50

10.3 Work conducted by LCR

In the period prior to Administration, LCR 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.

The Joint Administrators evaluated the Company's financial position and advised that the Company as insolvent as it was unable to pay its liabilities as and when they fell due.

The work undertaken was included but not limited to:

- Advising the Company on which insolvency process would be most appropriate;
- Dealing with all formalities relating to the appointment of Administrators;
- Attending meetings with the Directors of the business;
- Advising the Company on the financial control and supervision of the business between the date of our engagement and the date of the appointment of Administrators;
- Advising the Company on whether an early sale of the Company's business and assets would likely be in the interests of creditors;
- Liaising with the Company's secured creditors regarding the proposed Administration;
- Liaising with CAM regarding the Company's assets and their values;
- Liaising with CRM regarding the Company's debtor ledger and its equity position;
- Obtaining the Company's relevant financial information;
- Conducting a Company search;
- Reviewing any potential conflict with the Company and the Directors;
- Considering the position in respect of the Company's leasehold premises;
- Undertaking an AMA process to seek potential purchasers for the Company's business and assets;
- Reviewing the offer received from the Purchaser in conjunction with CAM and CRM's advice;
- Accepting the offer received from the Purchaser and working with the Purchaser and Hill Dickinson to agree and prepare a sale and purchase agreement;
- Appointment planning; and
- Preparation of an Estimated Outcome Statement.

Enclosed at Appendix D is an analysis of the Joint Administrators' pre-administration costs. The analysis shows that total pre-administration time costs of £87,444.50 have been incurred which represents 246.9 hours at an average hourly rate of £354.17.

10.4 Work conducted by CAM

CAM was requested to provide advice on the best strategy for the disposal of the Company's assets. The work carried out included:

- Preparing an inventory of the business and assets;
- Asset valuation advice;
- Marketing of the Company's assets;

- Liaising with potentially interested parties; and
- Advising and reporting to the proposed Administrators on expressions of interest and advice in relation to the offers received.

It is proposed that CAM will be paid a fee of £13,500 plus VAT for this work.

10.5 Work conducted by CRM

CRM was requested to provide advice and valuation of the Company's Book Debt ledger and equity position, the work carried out included:

- Providing a book debt ledger of the Company;
- Evaluating the prospect of recoverability;
- Providing a valuation of the equity position; and
- Advising and reporting to the proposed Administrators on expressions of interest and advice in relation to an offer from potential Purchaser.

It is proposed that CRM will be paid a fee of £5,315 plus VAT for this work.

10.7 Work conducted by Hill Dickinson

Hill Dickinson were instructed to assist in the preparation of appointment documentation and in the preparation of the sale and purchase agreement. The work carried out included:

- Drafting and filing the Notice of Intention to Appoint an Administrator and ancillary documents;
- Drafting and filing the Notice of Appointment of an Administrator and ancillary documents;
- Drafting a sale and purchase agreement in respect of the sale of the Company's business and certain of its assets to the Purchaser, which included liaising with STB and the Purchaser solicitors; and
- Taking receipt of the initial consideration.

It is proposed that Hill Dickinson will be paid a fee of £8,000 plus VAT and disbursements for this work.

- 10.8 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 and preferential creditors to this resolution.

11 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

11.1 General

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.

11.2 Approval by appropriate body

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.

- 11.3 In the absence of a Creditors' Committee being established in this case, approval will be sought from the secured and preferential creditors and the outcome will be reported to all creditors in due course.

11.4 **Information to be given to creditors**

The Joint Administrators wish, in this case, to seek the secured and preferential creditors' 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").

11.5 **The Fees Estimate**

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.

Details of the Joint Administrators' time costs 30 March 2018 have also been included for comparison purposes. In summary, time costs of £28,058.50 have been incurred to 30 March 2018, the last date to which time has been uploaded to our case management system, which represents 85.8 hours at an average rate of £327.02 per hour.

The total amount of time costs as set out in the Fees Estimate is £66,488.50. 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.

- 11.7 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 creditors for further approval.

- 11.8 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.

- 11.9 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 Robert Barker of this office on 0161 831 9999.

11.10 **Statement of Likely Expenses**

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 and preferential creditors in the same way as fees and the secured and preferential creditors will be contacted directly in this respect. The basis of the calculation of their recharge is detailed in Appendix H.

11.11 Further Updates

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.

12 ESTIMATED OUTCOME FOR CREDITORS

12.1 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.

12.2 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.

12.3 In summary:

- **Secured Creditors**

STB

As confirmed at 5.4 of the report, it is anticipated that STB will be repaid in full under the terms of its fixed charge security.

HLD

We anticipate that a distribution will be made to HLD under the terms of its floating charge security, subject to asset realisations and defraying the costs of the Administration.

Demlin

We do not anticipate any distribution to Demlin in the Administration.

- **Preferential Creditors**

As previously set out at 5.6 of this report, the Joint Administrators anticipate that a distribution will be made to preferential creditors.

- **Unsecured creditors**

Paragraph 5.7 of this document confirms that it is anticipated that a distribution will be made to unsecured creditors by way of the prescribed part only.

13 RELEASE OF ADMINISTRATORS FROM LIABILITY

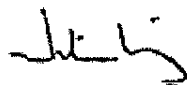
- 13.1 As soon as all outstanding matters in the Administration have been attended to it is anticipated that we will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically to dissolution.
- 13.2 The appointment of the Joint Administrators will cease as soon as this notice is issued.
- 13.3 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 and preferential creditors. The appropriate class of creditor will be contacted directly in this respect.

14 CONCLUSION

- 14.1 It is important that you give careful attention to this report and its Appendices.
- 14.2 Creditors will be notified of the outcome of voting in due course.

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

Yours faithfully
For and on behalf of
ASTRACAST 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 8620

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.

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 16 MARCH 2018

	Notes	Book value £'000	In Administration £'000
ASSETS SPECIFICALLY PLEDGED			
Goodwill		-	50
Plant & Machinery / Tooling		1,379	Uncertain
Book Debts		3,168	2,274
Less: STB		(2,250)	(2,374)
Surplus / (Deficit) as regards STB c/d		2,297	(50)
Less: HLD		(498)	(498)
Deficit as regards HLD c/d		1,799	(498)
ASSETS NOT SPECIFICALLY PLEDGED			
Surplus as regards HLD b/d		1,799	-
Equity in Book Debts		-	1
Office Furniture		-	10
Residual Plant & Machinery		-	14
Stock		2,511	350
		4,310	375
Costs (est.)		-	(193)
Amount available for Preferential Creditors		4,310	182
Less: Preferential Creditors		-	(50)
Surplus as regards Preferential Creditors		4,310	132
Less: Prescribed Part		-	(30)
Amount available for Floating Charge Holders		4,310	102
Less: STB b/d		-	(50)
Available to HLD		4,310	52
Less: HLD b/d		-	(498)
Surplus/(Deficit) as regards HLD c/d		4,310	(446)
Add back prescribed part		-	30
Amount available for Unsecured Creditors		4,310	30
Unsecured Creditors			
Employee / ERA Claims		-	(490)
RPO Loan		(305)	(305)
HM Revenue & Customs – VAT, Interest, CT and PAYE & NIC		(627)	(627)
Trade & Expense Creditors		(4,991)	(4,991)
Total value of unsecured creditors		(5,923)	(6,413)
Estimated deficiency as regards unsecured creditors		(681)	(6,383)
Less: Deficit to HLD b/d		-	(446)
Estimated Deficiency as regards all creditors		(681)	(6,829)

NOTES TO THE ESTIMATED FINANCIAL POSITION

All book values have been taken from the Company's latest financial information or from valuations obtained upon administration by independent valuers. It should be noted that no provision has been made for the costs and expenses of the administration.

1. Debtors

CRM reviewed the ledger with the approval of STB, and provided an indicative outcome in Administration and winding up scenarios for the proposed Administrators. CRM subsequently advised that the gross ledger value included:

- Aged provisions of £516k;
- Rebate provisions of £831k;
- Contra of £222k; and
- Pricing differential provisions of £38k.

Taking into account the above, CRM advised that the revised ledger was £2.380m. After applying a general provision for bad, disputed and doubtful debts, CRM considered that the estimated collectable value of the ledger was between £2.261m and £1.666m.

With the consent of STB the pre-packaged sale of the Company's business and assets to the Purchaser included the Company's book debts for a value of £2,274m.

The Joint Administrators consider that a sale of the ledger represents a better outcome to the estate than undertaking to collect the ledger in Administration. It was considered that a debt collection process in Administration was likely to incur significant costs due and a collection process would also fail to provide any certainty of achieving debtor realisations in excess of the sale value. The sale of the ledger has enabled the Company's indebtedness to STB in relation to the book debt ledger to be repaid in full.

In addition to the above, the Purchaser's offer included £1k in respect of any equity that may remain in the ledger after repayment of STB. CRM recommended acceptance of this offer given the level of uncertainty in the balance that would be available following repayment of STB.

2. STB

STB provided an invoice finance and stock facility to the Company, and was granted security in the form of a fixed and floating charge debenture. The Company's indebtedness to STB (allowing for currency conversions) totalled c£2.374m.

3. Goodwill

No value was attributed to the Company's goodwill in the last set of statutory accounts as at 31 March 2016. Given the distressed position of the business, it was considered that any value attributable to the goodwill of the business would be minimal, if any at all. Goodwill in the business included certain trademarks.

A valuation of the Company's goodwill was not considered necessary for the following reasons:

- The Purchaser was the only party to make a formal offer for the business. Its offer included a value of £50,000 for the goodwill (including the trademark, Company name and intellectual property) of the business;
- The goodwill was likely to be more valuable to a connected party;
- It was *not* considered likely that an equivocal offer to that of the Purchaser would be received from a third party; and
- The cost of obtaining a goodwill valuation were estimated by an independent third party were estimated at £2.5k. As no competing offer was received for this asset it was not considered to be appropriate to incur costs obtaining a valuation of this asset.

In light of the above, and no formal third party offer materialising, the offer was accepted on the basis that a value had been extracted from this category of asset which would have been unlikely had a sale not been affected to the Purchaser and the Company entered into Liquidation and ceased to trade.

4. HLD

HLD holds security by way of a debenture incorporating a fixed and floating charge which was created on 15 September 2017 and registered at Companies House on 19 September 2017. The Company's indebtedness to HLD totals £497,857.14.

The Joint Administrators anticipate that a distribution may be made to HLD under the terms of its floating charge security after settlement of the Joint Administrators costs and expenses, and in

5. Plant and Machinery

The book value of the Company's plant and machinery has been extracted from the Company's management accounts as at 31 December 2017 which have been adjusted for disposals. CAM has attributed a value of between £132k and £29k to the remaining plant and machinery. As confirmed at 6.4 this report, the Joint Administrators have not disposed of the Company's plant and machinery and this category of asset is not the party to the sale of the business and assets to the Purchaser.

The plant and machinery is currently in the process of being decommissioned in preparation for sale and the Joint Administrators will arrange for the sale of these assets in due course. We anticipate that a sale of the plant and machinery will be sufficient to discharge the Company's indebtedness to STB.

6. Office Furniture and Equipment

The book value of the Company's office furniture has been extracted from the Company's management accounts as at 31 December 2017 which have been adjusted for disposal. CAM undertook a physical valuation of these assets and attributed a high value of £16,000 and low value of £5,000 to these assets.

The Purchaser attributed a value of £10,000 in its offer for these assets which CAM recommended as it was *in line with its valuation*.

7. Stock

A stock report was obtained by CAM following its initial attendance at the premises. CAM subsequently advised that stock levels would vary with delivery of materials and production. The book value of the stock has been obtained from a stock report as at 15 March 2018. The report detailed that the Company held stock with a book value of £2.773m. CAM assessed the aged stock report in addition to undertaking a physical assessment of the stock in the Company's warehouse. In its valuation, CAM advised that a

substantive element of the stock had not been paid for and would likely be subject to third party claims for retention of title. Additionally, a substantive element of the stock was considered to be obsolete. CAM subsequently attributed a value of between £425,000 and £175,000 to this category of asset. The Purchaser attributed a value of £350,000 in its offer to this category of asset which was recommended for acceptance by CAM.

8. Property Rent Deposit

The Company provided its landlord with a rental deposit of c£400,000. Following investigations and the preparation of a schedule of condition by CAM, it is anticipated the deposit will not be realisable for the benefit of the Company's creditors.

9. 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. As part of the sale of the Company's business and assets, all of the Company's employees were transferred to the Purchaser under the relevant TUPE regulations and provisions.

We understand that there are unpaid pension contributions which employees will be entitled to submit a claim form to the Redundancy Payments Office. A claim in respect of unpaid pension contributions is likely to rank as a preferential claim in the Administration. Asset realisations will be available to enable a small distribution to preferential creditors.

10. Prescribed Part

The Insolvency Act 1986 provides that, where a Company has created a floating charge after 15 September 2003, the Administrator must make a prescribed part of the Company's net property available to unsecured creditors and not distribute it to the floating charge holder, except in so far as it exceeds the amount required for the satisfaction of unsecured claims.

The method of calculating the prescribed part is given below:

Where the net property does not exceed £10,000 – 50% of that property.

Where the net property exceeds £10,000 – 50% of the first £10,000 plus 20% of the property which exceeds £10,000 up to a maximum part of £600,000.

It is anticipated a Prescribed Part distribution may be payable to the Company's unsecured creditors in this matter.

11. H M Revenue & Customs – PAYE / NI

Details of the Company's PAYE / NI liability has been extracted from the Company's records and should not be regarded as agreed amounts.

12. H M Revenue & Customs – VAT

Details of the Company's VAT liability has been extracted from the Company's records and should not be regarded as agreed amounts.

13. Redundancy Payments Office Loan

Details of the Company's Redundancy Payments Office Loan liability has been extracted from the Company's records and should not be regarded as agreed amounts.

14. Trade and expense creditors

Details of the trade and expense creditors has been extracted from the Company's records and should not be regarded as agreed amounts.

APPENDIX B (CONTINUED)

CREDITORS LIST FOR THE ESTIMATED FINANCIAL POSITION

AME	ADDRESS	BATLEY	WEST YORKSHIRE	BARNSLEY	S YORKS	WF17 6GH	AMOUNT OF DEBT £
AB PRINT GROUP LTD	1 GRANGE VALLEY ROAD	UNIT L ZENITH PARK	WHALEY ROAD	BARNLEY	S YORKS	WF17 6GH	19,424.00
ABODE ADVANCEFIRST TECHNOLOGIES LIMITED	DIV OF MOROCCO GRP (HOLDS) LTD	FELIX MARINA	FELIX LANE	SHEPPERTON	MIDDLESEX	S75 1 HT	19,738.86
AKZO NOBEL POLYMER CHEMICALS BV	SHEPPERTON MARINA	P.O. BOX 247 29016 CORTEMAGGIORE (PC)	3800AE AMERSFOORT	THE NETHERLANDS		TW17 8NS	12,480.00
ALBERTI E SANTI	STATIONSSTRAAT 77	ITALY					38,640.00
ALDERMORE ASSET FINANCE	VIA SALVO DIACQUISTO 7/9	FORBURY ROAD	READING				730.00
ALTDIGITAL NETWORKS LTD	4TH FLOOR BLOCK D	3 JOHN CHARLES WAY	LEEDS			RG1 1 AX	26,143.55
ALTUGLAS INTERNATIONAL	MADELEY HOUSE	89 BOULEVARD NATIONAL	92257 LA GARENNE-COLOMBES CEDEX	FRANCE		LS12 6QA	2,302.05
ANAHEIM MARKETING INTL	IMMEUBLE VISION DEFENSE	ANAHEIM	CA 92807	USA			20,685.41
APOGEE CORP LTD	4332 E. LA PALMA AVE	WHISBY ROAD	LINCOLN			LN6 3 DG	64,475.80
AQUAPPOINT LTD	HARRISON PLACE	YORK ROAD BUSINESS PARK	MALTON			YO17 6YD	0.92
BAPP IND SUPPLIES LTD	THE WATER CENTRE	ELLAND ROAD	BRIGHOUSE			HD6 2 QS	311.94
BATLEYS LTD	VINE INDUSTRIAL ESTATE	ROYSDALE WAY	BRADFORD			BD4 6 RY	166.32
BIFFA PLC	EUROWAY TRADING ESTATE	CRESSEX	HIGH WYCOMBE			HP12 3TZ	602.71
BILT SURFACES LLC	CORONATION ROAD	SAN FRANCISCO	CA 94118				5,362.31
BLUE CHIP .CO.UK	3701 SACRAMENT STREET 185	PRIORY BUSINESS PARK	BEDFORD			MK44 3JZ	59,733.36
BNP HFGI LTD (NISSAN)	FRANKLIN COURT	8 MARKET PLACE	BASINGSTOKE			RG21 1LY	11,076.38
BOC LIMITED	BARCLAYS BANK PLC	PRIESTLEY ROAD	WORSLEY				280.31
BRADFORD M.B.C.	P.O. BOX 6	POBOX 1248	WAKEFIELD			BD1 9 YU	223.44
CALDA-MORLEY LIMITED	BUSINESS RATES	GLECHOLT BUSINESS PARK	WEST YORKSHIRE			WF2 9 DD	140,000.00
CALIBRE CLEANING SUPPLIES	285 (REAR) DEWSBURY ROAD	ALLEN ROW	PADDOCK			HD1 4 SB	292.13
CANADA LIFE	UNIT 55	TEMPLE QUAY	BRISTOL			BS1 6 ER	2,521.65
	3 RIVERGATE						7,507.05

Astracast Limited - In Administration

CENTERPRISE INTERNATIONAL LTD	HAMPSHIRE INTL BUSINESS PARK	CHINEHAM	BASINGSTOKE	HAMPSHIRE	RG24 8GQ	1,095.80
CHEMIX ENVIRONMENTAL LTD	UNIT D CHARNOCK ROAD	AINTREE	LIVERPOOL		L9 7E T	2,755.20
CLAYTON COUNTY TAX COMMISSIONER	ADMINISTRATION ANNEX 3	2ND FLOOR	121 S.MCDONOUGH STREET	JONESBORO	GA 30236	8,952.00
CLIMAVENT SYSTEMS LIMITED	UNIT 1, PARK INDUSTRIAL ESTATE	LIVERPOOL LANE	ASHTON IN MAKERFIELD		WN4 0 YU	3,060.00
COHEN & MASON CPAs, PC	2631 MERRICK ROAD	SUITE 200, 255 FULLER ROAD, SUITE 327	BELLMORE	NEW YORK 11710	USA	3,100.00
COMMERCE HUB	COMMERCE TECHNOLOGIES LLC	SILKWOOD PARK	ALBANY	NY 12203		140.00
COMPLETE OFFICE SOLUTIONS CONTROLLED TEMPERATURE SOLUTIONS	DAUGHTERS COURT	QUEENSBURY	WAKEFIELD		Lynn	759.27
CORRAD LIMITED	23 MOSSY BNK CLOSE	WITTON	BRADFORD		BD13 1PX	756.00
COURIER LOGISTICS LTD	HOLDFORD ROAD	BARBOT HALL IND ESTATE	BIRMINGHAM		B6 7E P	47,542.10
CROMWELL GROUP (HOLDINGS) LTD	MANGHAM ROAD	CAROL CURRIE 86SH1029	ROTHERHAM		S62 8 EF	2,197.14
D.S.SMITH PACKAGING EASTERN BOX	TRACIE CHAPMAN G4A1101	UNIT 5B CAERPHILLY BUSINESS PARK	65 CHARTWELL DRIVE	WIGSTON	LEICESTER	28,021.87
DATATEAM BUSINESS MEDIA LTD	SOLOMON HOUSE (FORMERLY DATATEAM PUBLISHING LTD)	15A LONDON ROAD	CAERPHILLY		CF83 3GS	2,051.00
DEAN MARKETING COMMUNICATIONS LTD	SPRINGCROFT	GREENSWARD LANE 178-188 GREAT SOUTH WEST ROAD	MAIDSTONE	KENT	ME16 8LY	840.00
DHL INTERNATIONAL UK LTD	PO BOX 524	LAW STREET	ARBORFIELD		RG2 9 JN	937.80
DIS (NORTHERN) LTD	UNIT 20 MOORLAND IND ESTATE	NEWPORT PAGNALL WESTWOOD BUSINESS PARK	HOUNSLOW	MIDDLESEX WEST YORKS BD19 3QR	TW3 9 LP	19.43
E O ASSOCIATES LIMITED	P O BOX 3635	CLECKHEATON	MK16 0ZD			2,163.90
E.ON UK PLC	WESTWOOD WAY	COVENTRY	GERMANY		CV4 8LG	30,277.81
EKOMI LTD	MARKGRAFENSTRABE 11	10969 BERLIN	BRADFORD		BD8 9 AF	877.00
ENERGAS LTD	BROWNROD STREET	BINGEN	GERMANY		55411	27.38
ENRICO KLINGER	BERLINSTR. 52	EDUCATION ROAD	LEEDS		LS7 2 AL	786.30
ENSEERVE	ENTERPRISE HOUSE INTERGRATED ORDERING SYSTEMS LTD	SHUTTINGTON FIELDS FARM	SHUTTINGTON	TAMWORTH	WARWICKSHIRE	129.60
EO SOFTWARE	1 CALLANGHAM SQUARE	CARDIFF			B79 0 HA	1,794.00
EVERSHEDS LLP	PHILLIPS ROAD	WHITEBIRK 31031 CAERANO DI SAN MARCO (TV)	BLACKBURN	LANCASHIRE	BB1 5 NA	9,252.72
F PHILLIPS & CO OFFICE SUPPLIES LTD						3.06
FISC ITALIANA SRL	VIA PADOVA, 103			ITALY		75,531.75

Astracast Limited - In Administration

FISHER PHILIPS	1075 PEACHTREE STREET NE	SUITE 3500	ATLANTA	GA 30309	USA	1,483.50
FORKWAY FUSION OCCUPATIONAL HEALTH LTD	UNIT 7	CORINUM INDUSTRIAL ESTATE	RAANS ROAD	AMERSHAM	BUCKS	HP6 6 JQ 43,124.37
FUTURE FORWARDING CO	4380 INTERNATIONAL PARKWAY	PARC NANTGARW	NANTGARW	CARDIFF	WALES	CF83 3GG 996.00
FUTURE FORWARDING CO LTD	HAWTHORNE HOUSE	SUITE C	ATLANTA	GA 30354	USA	12,150.39
GEBERIT SALES LTD	GEBERIT HOUSE	DARK LANE	BIRSTALL	BATLEY	WEST YORKSHIRE	WF17 9LW 1,823.00
GREENWORKS SOLUTIONS LTD	UNIT 1 WARSOP TRADING EST	EDGEHILL DRIVE	WARWICK	WARWICKSHIRE		CV34 6NH 828,784.41
GXS LIMITED	420 THAMES VALLEY PARK DRIVE	HEVER ROAD	EDENBRIDGE	KENT		TN8 5LD 1,132.80
H RISTELHUEBER'S NACHFOLGER	POSTFACH 1727 ENFORCEMENT AND INSOLVENCY SERVICE (EIS)	THAMES VALLEY PARK	READING	BERKSHIRE		RG6 1PT 1,063.26
HM REVENUE AND CUSTOMS		79745 WALDSHUT-TIENGEN DURINGTONG BRIDGE HOUSE	GERMANY	WORTHING		BN12 4SE 627,141.00
HOESSINGER HOLDENS (PATTERN & TOOLING) LTD	MURRHARDTER	TAMM	GERMANY			71732 662.22
HOLLY PARK REMIANDS	UNIT 3 HARGREAVES STREET	HASLINGDEN	ROSSENDALE	LANCASHIRE	BB4 5RQ	7,116.00
HRH EXPORT LIMITED	GOVERNOR HALL	47 KENT ROAD	PUDSEY	LEEDS		LS28 9BB 444.00
HUB MDP	THE OLD SCHOOL HOUSE	MOOR LANE	ARKENDALE	KNARESBOROUGH	NORTH YORKSHIRE	HGS 0 QU 1,200.00
IAPMO RESEARCH & TESTING	TEXTILE HOUSE	HOLLY PARK MILLS	WOODHALL ROAD	CALVERLEY	LEEDS	LS28 5QS 5,242.38
INFOR GLOBAL SOLUTIONS	5001 EAST PHILADELPHIA STREET	ONTARIO	CALA FORNIA BLTHE VALLEY BUSINESS PARK	91761 USA	WEST MIDLANDS	B90 8 BG 3,195.00
INTEGRATED UTILITY SERVICES	THE PHOENIX BUILDING	CENTRAL BOULEVARD MANOR HOUSE, STATION ROAD	NEW PENSHAW	SOLIHULL HOUGHTON LE SPRING	TYNE & WEAR	B90 8 BG 14,304.00
J W LISTER LTD	IUS ACCOUNTS PAYABLE	CLIFTON ROAD	BRIGHOUSE	W YORKSHIRE HD6 1SL	FAO PAT	DH4 7 LA 642.00
JACUZZI FRANCE SAS	BOROUGH WIRE WORKS	03305 CUSSET	FRANCE	STOCKPORT	CHESHIRE	SK3 0 RB 4,326.02
JAGUAR CONTRACT HIRE	LEX AUTOLEASE LTD	HEATHSIDE PARK	HEATHSIDE PARK ROAD			345.00
JCT800 CONTRACTS LTD	TORDOFF HOUSE	APPERLEY BRIDGE	BRADFORD			743.84
JELF INSURANCE BROKERS LTD	HILLSIDE COURT	BOWLING HILL	CHIPPING SODBURY	BRISTOL	CITY GUANGDONG, CHINA	BD10 0PQ 10,610.87
JIANGMEN BINVOYA METAL PRODUCTS	MANUFACTURING CO LTD	No 1 A AREA LONG MIAN	JIN LONG INDUSTRIAL AREA	DU RUAN TOWN,JIANGMEN		BS37 6JX 60,041.51
JOHNSON & AKAM LTD	OLD PARK COURT	52 HARRIS STREET	BRADFORD			52900 0 67,392.45
JOHNSONS APPARELMASTER	UNIT 12 RIVERSIDE PLACE	BRIDGEWATER ROAD	LEEDS			BD1 5 HW 23,519.33
KARL HEINZ RATHMANN GMBH	POSTFACH 14 65	SARSTEDT	GERMANY			LS9 0 RQ 226.80
						31154 3,486.39

Astracast Limited - In Administration

KB OFFICE SUPPORT SERV LTD	BRUNEL HOUSE	340 FIRECREST COURT	CENTRE PARK	WARRINGTON	WA1 1 RG	2,000.80
KEY BANYO VE MUTFAK	FENERYOLU BAGDAT CAD HAYAT	APT. NO 126-1	34726 KADIKOY	ISTANBUL		8,001.51
URUNLERI DIS TI		35678 DULENBURG-	GERMANY		TURKEY	
L&T LOGISTIK + TRANSPORT	SCHELDERHUTTE 10	NIEDERSCHIED				24,482.11
LANDSCAPE GARDENING	DUDWELL	162 DUDWELL LANE	SKIRCOAT GREEN	HALIFAX	HX3 0 SH	824.00
SERVICES						
LEGAL & GENERAL ASSURANCE	C/O JONES LANG LASALLE	PO BOX 2534	40 BERKELEY SQUARE	BRISTOL	BS8 9 AQ	449,148.80
SOC LTD	LIBERTY HOUSE	BROOK AVENUE	WARSAW	SOUTHAMPTON	SO31 9HP	71,644.42
LIBERTY LEASING LTD	RECYCLING HOUSE	KNOWSTHORPE LANE	CROSS GREEN IND PARK	LEEDS	LS9 0 PE	874.80
LSS WASTE MANAGEMENT	CREDIT MANAGEMENT	PO BOX 62	DARWEN	LANCASHIRE	BB3 1 GD	480,219.54
LUCITE INTERNATIONAL UK LTD	UNIT 8, HURRICANE WAY	LANCASTER BUSINESS WAY	SHERBURN-ELMET	NORTH YORKSHIRE	LS25 6PB	127,798.01
MAYFAIR BRASSWARE LTD	GELDERD ROAD	GILDERDSOME	LEEDS		LS27 7JN	5,880.00
MAZARS	BENNINGSEN-PLATZ 1	40474 DUSSELDORF	GERMANY			2,864.25
MAZARS TAX GMBH	KELVIN AVENUE	HILLINGTON	GLASGOW			83,299.89
MEAD DIAMOND TOOLING LTD	397a PETRE STREET	SHEFFIELD			G52 4LF	16,071.28
MICROSOFT IRELAND	ATRIUM BUILDING BLOCK B	CARMANHALL ROAD	SANDYFORD IND ESTATE	DUBLIN 18	IRELAND	574.12
OPERATIONS LTD						
MILLENIUM DEPOT - AGENTS						
COMMISSION						
NEXUS SOLICITORS LTD	CARLTON HOUSE	16-18 ALBERT SQUARE	MANCHESTER		M2 5P E	19,120.13
NIGEL H PRESTON	79 FAIR VIEW	KNOWLER HILL	LIVERSEDE		WF15 6LL	456.00
NL COMMERCIAL LEEDS LTD	168 BROWN AVENUE	LEEDS			LS11 0OS	3,944.51
NULFOX RUBBER LTD	UNIT 1, BENTLEY AVENUE	MIDDLETON	MANCHESTER		M24 2 GP	4,104.00
OMYA UK	MELTON OFFICE	MELTON BOTTOM ROAD	NORTH FERRIBY	YORKSHIRE	HU14 3HU	5,501.15
PDS DIRECT UK	LOGISTICS HOUSE	PORTWAY ROAD	OLDBURY		BB9 2 BP	3,107.22
PERFECT PRINT SOLUTIONS	27 BYRON STREET	BARWELL			LE9 8 FE	33.54
POLYANT COMPOSITES UK LTD	LAPORTE ROAD	STALINGBOROUGH	MR GRIMSBY	NORTH EAST LANCOS	DN41 8DR	81,735.97
POVOAS PACKAGING LIMITED	STOKE ALBANY ROAD	DESBOROUGH	NORTHANTS		NN14 2SR	3,321.45
PPH GALICJA-ART SP z o o	38-300 GORLICE	ul Kosciuszki no 94	POLAND			5,577.50
PPL UK	1 UPPER JAMES STREET	LONDON			W1F 9 DE	797.99
PURCHASE POWER	PO BOX 6570	HARLOW	ESSEX		CM20 3GZ	513.00
PUREFLO LTD	89 HIGH STREET	ABERLOUR	MORAY		AB38 9QB	6,690.00

Astracast Limited - In Administration

OLICKIT REDUNDANCY PAYMENTS SERVICE	CENTURY BUSINESS CENTRE PO BOX 18694	MANVERS BIRMINGHAM	ROTHERHAM	S YORKS	S64 5 DA B2 2EF	2,730.00 304,957.00
REI OPACK GMBH	GEWERBEPARK HUTTENWERK GREENGATE STREET	UNTERER HAMMER 3 OLDHAM	64720 MICHELSTADT	GERMANY	OL4 1DF	89,530.23
RIBBLE PACKAGING LIMITED	WASHINGTON HOUSE REMITTANCE CENTRE	INTERNATIONAL SQUARE PAPYRUS ROAD	STARLEY WAY WERRINGTON	BIRMINGHAM PETERBOROUGH	B37 7 GN PE4 5 PG	795.60 3,410.82
ROYAL MAIL	FIFTH FLOOR NORTH PARK	CENTRAL SQUARE NEWCASTLE UPON TYNE	29 WELLINGTON STREET	LEEDS	L51 4DL	33,998.34
RSM UK AUDIT LLP						
SAGE (UK) LTD						
SANITARE B S PORCHER	ZONE INDUSTRIELLE BIR RAMI EST	KENTRA 14090	MORROCCO		NE13 9AA	522.22
SAR LUBRICANTS	GILL BRIDGE OIL WORKS	LOWLANDS ROAD	MIRFIELD	W YORKS	WF14 8LU	7,700.00
SCHINDLER LIMITED	BENWELL HOUSE HALBEATH INTERCHANGE BUSINESS PARK	GREEN STREET KINGSEAT ROAD	SUNBURY ON THAMES HALBEATH	MIDDLESEX DUNFERMLINE	TW13 6QT KY11 8RY	805.34 652.40
SCOTT TIMBER LTD was SCOTT PALETS						
SEALED AIR LTD	C/o Citibank European Lockbox	PO Box 62449	33 Canada Square	London	EC14 1HH PR2 6 BT	49,475.85 954.00
SECTOR SECURITY	STANLEY HOUSE	27-29 BLACKPOOL ROAD	PRESTON			6,822.14
SELCO BUILDERS WAREHOUSE	1ST FLOOR BOUNDARY HOUSE	2 WYTHALL GREEN WAY	WYTHALL	BIRMINGHAM	B47 6 LW	255.00
SGS UNITED KINGDOM LTD	ROSSMORE BUSINESS PARK	ELLSMERE PORT	CHESHIRE		CH65 3EN	1,164.07
SHAW TIMBER LTD/RBS	C/O RBS INVOICE FINANCE	PO BOX 598	ROTHERHAM		S63 3 GP	2,900.00
SHOWPLA PLASTICS LTD	LANDYWOOD LANE	CHESLYN HAY	WALSALL		WS6 7 AL	11,127.89
SPECTRUM COPIERS LTD	1 TRINITY STREET	HULL			HU3 1 JR	198.74
SPRINGFAST LTD	13.1 GLOUCESTER BUSINESS PARK	NORTH ROAD	BROCKWORTH	GLOUCESTER	GL3 4 AA	16,252.13
STAINLESS STEEL PRODUCT LTD	A33/34 INDUSTRIAL ESTATE	MARSA LODA 06	MALTA			1,302,875.22
STAR	ACCOUNTS PAYABLE THE OLD BREWERY BUSINESS CENTRE	BRIGHOUSE COURT CASTLE EDEN	BARNETT WAY COUNTY DURHAM	BARROWOOD	GL4 3 RT	6,286.86
SWS COMPAK LIMITED	PARNA 1	ADAFERE 48001	JOGEVAMMA	ESTONIA	TS27 9SU	3,087.23
TAME WOOD PRODUCTS	LANDGRABENWEG 161	53227 BONN	GERMANY			2,582.77
TELEKOM DEUTSCHLAND GMBH TIANLI (FUJIAN) SANITARY WARE TECH C	NO. 3 BINJIANG MECHANICAL EQUIP PO BOX 186	INDUSTRIAL BASE RAMSBOTTOM	XIAMEI TOWN NANAN CITY	FUJIAN PROVINCE	CHINA	13,557.06
TNT INTERNATIONAL TOTAL E-SOLUTIONS						
CONSULTING	1812 BUILDING	WHEATLEY PARK	WOODBOTTOM	MIRFIELD	BL0D9 R WF14 8HE	33.84 3,942.00

Astracast Limited - In Administration

TRAVIS PERKINS	LODGE WAY HOUSE	LODGE WAY	HARLESTONE ROAD	NORTHAMPTON	NN5 7 UG	62,844.00
UNIVER SERVICE LIMITED	STATION ROAD	BRADFORD	WEST YORKSHIRE		BD1 4 SF	8,490.01
UTILITIES 400 LIMITED	CHURCHGATE HOUSE	CHURCHGATE	BOLTON		BL1 1 HS	504.80
VENDMARQUE	U28B DUDLEY HILL BSNS CENTRE	KNOWLES LANE	DUDLEY HILL	BRADFORD	BD4 9 SW	312.00
VIAMASTER TRANSPORT LTD	EUROPOST DISTRIBUTION CENTRE	ALTOFTS LANE	CASTLEFORD	WEST YORKSHIRE	WF10 9PZ	10,565.91
VODAFONE BUSINESS	Acc 2045209	BRUNEL PARK	BRUNEL DRIVE	NEWARK	NG24 2EG	4,873.06
VODAFONE FIXED NETWORKS	3 THE MALTINGS	WETMORE ROAD	BURTON ON TRENT	STAFFORDSHIRE	DE14 1SF	14.00
WEEE LINK	UNIT 27 M11 BUSINESS LINK	PARSONAGE LANE	STANSTED	ESSEX	CM24 86F	4.34
WEST RIDING ENGRAVERS LTD	60 WELLINGTON STREET	LEEDS			LS1 2EE	2,331.60
WHISTL UK LIMITED	MERIDIAN HOUSE	FIELDHOUSE LANE	MARLOW	BUCKINGHAMSHIRE	SL7 1 TB	277.75
WILLIAM HAYES LTD	UNIT 1 COPLEY VALLEY BSNS PARK	COPLEY VALLEY ROAD	SOWERBY BRIDGE	WEST YORKSHIRE	HX6 2 WA	532.46
WITHERS & ROGERS LLP	4 MORE LONDON RIVERSIDE	LONDON PRODUCT REBATE ADMINISTRATOR	PO BOX 21	BOROUGHBRIDGE ROAD	SE1 2 AU	949.92
WOLSELEY UK LIMITED	MISS NICOLA HARRIOTT		CHELMSFORD	ESSEX	RG4 1 SL	11,629.20
WOODLAND INTERNATIONAL TRANSPORT	AMARYLLIS HOUSE	MONTROSE ROAD	CHELMSFORD	ESSEX	CM2 6 TE	39,039.51
WOODLAND INTERNATIONAL VAT ONLY	AMARYLLIS HOUSE	MONTROSE ROAD	CHELMSFORD	ESSEX	CM2 6 TE	28,827.17
WORLD OPTIONS LTD	LINK 665 BUSINESS CENTRE	TODD HALL ROAD	CARRS INDUSTRIAL ESTATE	HASLINGTON	BB4 5 HU	329.34
YORKSHIRE WATER	P O BOX 52	BRADFORD			BD3 7 YD	1,284.25
ZIEGLER UK LTD	609 LONDON ROAD	WEST THURROCK	ESSEX 3F LIANUN INTERNATIONAL CENTER	8# LIANAN ROAD	RM20 3BJ	71,976.75
ZURN INTERNATIONAL INC	ZHUHA REPRESENTATIVE OFFICE	AB AREA	WEYBRIDGE	SURREY	KT13 0TJ	10,102.98
RIGBY CAPITAL LIMITED	13 HORIZON BUSINESS VILLAGE	BROOKLANDS ROAD				4,074.18
					TOTAL	5,921,903.47

Astracast Limited - In Administration

NAME	ADDRESS	AMOUNT OF CLAIM £	DETAILS OF SECURITY HELD	DATE OF SECURITY	VALUE OF SECURITY
DEMLIN INVESTMENTS LIMITED	114 THE STRAND, GZIRA GZR, 1027, MALTA	-	Fixed and floating charge debenture	07/02/2014	All monies
HLD CORPORATION HOLDINGS LIMITED	C/O GSSL, THE MILL LANE, GLENFIELD, LEICESTER, LE3 8DX	497,857.14	Fixed and floating charge debenture	15/09/2017	All monies
SECURE TRUST BANK	ONE ARLESTON WAY, SOLIHULL, MIDLANDS, B90 4LH	2,374,785.30	Fixed and floating charge debenture	04/09/2017	All monies
45 Employees with claims totalling		540,635.60			
		3,413,278.00			

**SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS FROM
16 MARCH 2018 TO 27 APRIL 2018**

	Notes	Estimated Financial Position £	Received by Hill Dickinson to date £	Received by STB £	Received by Joint Administrators to date £	Cumulative £
RECEIPTS						
Asset Specifically Pledged						
Goodwill		50,000	50,000.00	-	-	50,000.00
Book Debts		2,274,785	-	2,274,785.30	-	2,274,785.30
Plant, Machinery & Tooling		Uncertain	-	-	-	-
Assets Not Specifically Pledged						
Office Equipment		10,000	10,000.00	-	-	10,000.00
Stock		350,000	14,000.00	-	-	14,000.00
Equity in Book Debts		1,000	1,000.00	-	-	1,000.00
Contribution to legal costs		-	-	-	500.00	500.00
Licence to Occupy		-	50,000.00	-	100,642.00	150,642.00
Residual Plant & Machinery	1	14,000	-	-	-	-
		<u>2,699,785.00</u>	125,000.00	2,274,785.30	101,142.00	2,500,927.30
PAYMENTS						
None			-	-	-	-
			125,000.00	2,274,785.30	101,142.00	2,500,927.30
DISTRIBUTIONS						
STB			-	(2,274,785.30)	-	(2,274,785.30)
			125,000.00	-	101,142.00	226,142.00
BALANCE IN HAND			125,000.00	-	101,142.00	226,142.00

NOTES:

1. Residual Plant & Machinery – an onsite auction has been held by CAM with sales from the auction totalling c£14k. CAM are in the process of collecting payment from the purchasers of these assets and will forward the balance collected in due course.

APPENDIX D

SUMMARY OF JOINT ADMINISTRATORS PRE-ADMINISTRATION COSTS

	Total Units	Cost £	Average Hourly Rate £
Appointment	10	450.00	450.00
Financial Assessment	594	16,579.00	279.11
Strategy & Purpose Evaluation	1,240	49,296.50	397.55
Preparation of Documents	389	11,570.00	297.43
Chargeholder	216	8,734.00	404.35
Court Related Issues	20	815.00	407.50
Total	2,469	87,444.50	

Average Hourly Rate (£) 354.17

All Units are 6 minutes

APPENDIX D (CONTINUED)

DETAILED ANALYSIS OF PRE-ADMINISTRATION COSTS

Financial Assessment

Prior to the appointment of Administrators, time was spent by all members of the case administration team in relation to:

- Meeting with STB;
- Assessing the Company's asset position and obtaining copies of all relevant security documentation;
- Instructing Hill Dickinson to review the security;
- Cash management, including:
 - The preparation of a cash flow forecast;
 - Monitoring invoicing uploaded to the STB facility;
 - Assessing critical payments; and
 - Reviewing drawdown requests.
- Preparation of an Estimate Outcome Statement and distribution of the same to STB and HLD;
- Assessing creditor pressure and funding requirements;
- Correspondence with the Company and obtaining financial information;
- Consideration of the RPO Loan liability;
- Obtaining detail in relation to the employees rates of pay and length of service;
- Discussions with the Company in relation to its pension liabilities;
- Reviewing the Company's unsecured liabilities;
- Assessing the impact of Retention of Title on the Company's asset and liability positions;
- Liaising with CAM and CRM in relation to asset valuations;
- Discussions with Insol in relation to the employee position; and
- Considering the options available to the Company in the circumstances.

Strategy & Purpose Evaluation

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

- Establishing a case plan for dealing with the Company and the proposed Administration;
- Collating the information provided by the Company to assist in identifying the best courses of action;
- Monitoring the Company's cash flow and liaising with the Company's secured creditor in relation to drawdown on the Company's invoice finance facility;
- Engaging with the Company's secured creditors regarding the proposed Administration of the Company. This involved a number of meetings with STB and HLD to discuss the position of the Company, disclosure of the Administration strategy, updates on the marketing process and details of the offers received for the Company's assets;
- Attending a number of meetings with the Company's management and stakeholders;
- The preparation of a strategy note for management and the Company's secured creditors, and subsequent discussions of its contents with the appropriate stakeholders;
- Monitoring the Company's ledger and liaising with CRM in relation to the value, collectability and performance of the debtor ledger;
- Formalising the engagement of the Joint Administrators and undertaking necessary ethical and conflict reviews;
- Conducting an Accelerated Merger and Acquisitions process which included:

- Obtaining and reviewing financial data;
 - Obtaining details of the Company's assets;
 - Obtaining employee information;
 - Preparation of a marketing flyer and presenting the same of the Board;
 - Distribution of the marketing flyer to LCR's database of contacts;
 - Uploading the marketing flyer to the website of LCR;
 - Instructing CAM to upload the marketing flyer to their website;
 - Distributing Non-Disclosure Agreements to interested parties;
 - Keeping a register of all expressions of interest;
 - Distribution of an information memorandum; and
 - Reviewing the offer received for the business.
-
- Instructing Hill Dickinson to review the Sales and Purchase Agreement;
 - Reviewing the terms of the Sale and Purchase Agreement;
 - Considering the position of the Company's leasehold property; and
 - Fielding queries from the Company and its staff.

Preparation of Documents

Significant time has also been incurred in relation to this category of work. Time recorded has involved:

- Drafting a letter of engagement and ethical / conflict review paper work for review;
- Overseeing the preparation of a Notice of Intention to Appoint an Administrator and its filing;
- Drafting and updating an Estimated Outcome Statement as appropriate;
- Monitoring the filing of Form HR1 in respect of the pending redundancies;
- Collating and reviewing management information and preparing an Information Memorandum for issue to interested parties;
- Liaising with interested parties to secure Non-Disclosure Agreements and Proofs of Funding, and in turn issuing the Information Memorandum;
- Fielding queries from interested parties;
- Review of the information pack provided by the Company;
- Review of the Company's employee information;
- Arranging for the attendance of Insol Group at the Company's premises to assist with the employee redundancies;
- Considering the practicalities in respect of the uplift of the Company's physical and electronic records and liaising with CAM regarding assistance with the same;
- Corresponding with Hill Dickinson regarding the draft of the sale and purchase agreement the licence to occupy to be granted to the Purchaser;
- Liaising with the Joint Administrators' insurers regarding insurance cover; and
- Finalising paperwork and preparation for attendance at the Company's premises upon appointment.

Charge Holder

Time recorded to this category of work has involved the following:

- Meeting with STB and HLD to discuss the position of the Company;
- Reviewing the Company's security and requesting copies of the security documentation;
- Liaising with Management to assess the cash requirements and reviewing drawdown requests on its invoice finance facility;
- Update calls with STB;
- Preparation of a summary note incorporating an Estimated Outcome Statement for distribution to STB and HLD;

Astracast Limited - In Administration

- Meeting with CAM and discussing the assets subject to security;
- Advising STB and HLD of the offer received for part of the business; and
- Liaising with Solicitors instructed on behalf of STB and HLD in relation to obtaining Deeds of Release.

Court related issues

Time recorded to this category of work related to the filing of the Notice of Intention to Appoint an Administrator.

Appointment

Time recorded to this category of work related to a review of the Joint Administrators consents to act to be filed with the Notification of Appointment.

JOINT ADMINISTRATORS' FEES ESTIMATE INCORPORATING TIME INCURRED TO 30 MARCH 2018

	FEES ESTIMATE			TIME INCURRED TO 30 MARCH 2018		
	Total Units	Cost £	Average Hourly Rate £	Total Units	Cost £	Average Hourly Rate £
Statutory & Review	190	5,959.50	313.66	105	3,001.50	285.86
Receipts & Payments	104	2,599.50	249.95	5	140.50	281.00
Insurance	27	943.50	349.44	17	632.00	371.76
Assets	504	16,583.50	329.04	112	3,912.50	349.33
Liabilities	631	20,944.00	331.92	237	8,167.00	344.60
Landlords	17	565.00	332.35	11	338.50	307.73
Debenture Holder	51	1,854.50	363.63	31	1,344.00	433.55
General Administration	181	4,813.50	265.94	131	2,840.50	216.83
Appointment	80	2,375.00	296.88	156	5,316.00	340.77
Planning & Strategy	24	796.00	331.67	35	1,575.00	450.00
Post Appointment Credits Mtngs	171	5,212.50	304.82	17	765.00	450.00
Investigations	120	3,842.00	320.17	1	26.00	260.00
Total	2,100	66,488.50	316.61	858	28,058.50	327.02

All Units are 6 minutes

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. This matter will primarily be dealt with by a Case Administrator and Manager, ultimately overseen by Directors of Leonard Curtis, including the Joint Administrators. Consideration will be given to tasks that are to be undertaken to ensure the work is discharged by staff with sufficient experience, skills and expertise, whilst also ensuring that where appropriate, more junior staff discharge the required work to ensure that time costs are mitigated where possible for the benefit of creditors. Whilst this work will not directly result in a return to creditors, effective management of staffing will ensure costs as a whole are reduced;
- 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;
- Completion of case closing procedures at the end of the case.

The following work has been undertaken:

- An initial review of the case;
- Consideration of prior engagements with LCR;
- An initial review of the landlord's position;
- Completing an ethical review form;
- Completing diary lines;
- Preparation of the Joint Administrators' Report and Statement of Proposals; and
- Reviewing the time spent on 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;
- Monitoring receipt of deferred consideration;
- 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 this matter it is estimated that a receipts payment account will be required for this report, a six monthly progress report, and a final report, as a minimum;
- Timely completion of all post appointment tax and VAT returns; and
- Managing estate expenses.

In addition to the foregoing, the Joint Administrators staff have made requests of CAM, CRM and Hill Dickinson regarding their estimates for post appointment fees and expenses for the purpose of these Proposals.

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.

- Reviewing and progressing any pre-appointment insurance claims. The Joint Administrators are aware of claims currently being progressed by the Company's insurers and may be required to provide assistance with these claims as required;
- Notification and progression of post-appointment insurance claims should any arise;
- Periodic review of insurance requirements over physical assets, to minimise costs to the estate. The Joint Administrators have placed the Company's asset on open cover whilst we are in the process of disposing of them;
- 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. The initial bond has been prepared;
- 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 pension's 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.

To date, time recorded to this category includes:

- Notifying insurers of the appointment;
- Preparation of the initial letter to creditors;
- Submitting notification of the Administration to the Pensions Regulator, the Pension Protection Fund and the Trustees of the Pension scheme;
- Preparing a bonding calculation; and
- Submitting the IP Bond.

Assets

Time recorded to this category will typically include:

- Agreeing a strategy for the realisation of the Company's assets – in this case, the Company's manufacturing division was not transferred to the Purchaser. The plant and machinery associated with this division is in the process of being decommissioned and moved to a secure location. Time will be spent during the administration in liaising with CAM and arranging to sell the plant and machinery. Time is likely to be spent in monitoring any interest in the plant and machinery. In the event that the plant and machinery is sold by private treaty, it is likely that additional time will be spent liaising with Solicitors and reviewing any resulting sales and purchase agreement;
- Instruction of and liaising with agents as required;
- Liaising with the Company's bankers in relation to pre-appointment bank accounts;
- Identification and return of third party assets; and
- Identification and dealing with any assets subject to retention of title.

Time has been incurred to date as follows:

Sale of Business

Whilst the sale of the business was negotiated prior to the appointment of the Joint Administrators, time has been spent since the case administration team since the appointment in relation to:

- Attending the Company's premises on appointment, securing all assets which were not subject to the sale, such as:
 - Plant and machinery;
 - Residual assets; and
 - Financed motor vehicles.
- Engaging with members of staff transferred to the Purchaser and notifying them that their employment has been transferred to the Purchaser. Addressing the 51 members of staff in the manufacturing division and assisting them in submitting claims to the Redundancy Payments Office;
- Liaising with the Insol Group in relation to claims submitted to the Redundancy Payments Office and providing additional information related to the sale;
- Correspondence with the Company's secured creditors (STB and HLD) to establish their indebtedness as the date of appointment of Administrators. This also includes a periodic update on the progress of the Administration and the preparation and distribution of an updated Estimated Outcome Statement;
- Preparing and distributing an initial letter to creditors detailing the pre-packaged sale of the Company's business and assets in accordance with Statement of Insolvency Practice 16. This letter was prepared by the case administrator and case manager. The letter was subsequently reviewed by senior members of staff including Directors and the Joint Administrators;
- Correspondence with the Company's creditors in relation to the sale, which has included:
 - Liaising with creditors in relation to claims for retention of title;
 - Adjudicating on retention of title claims;
 - Arranging access to the Company's trading premises and supervising access to identify goods;
 - Liaising with financiers in relation to collecting leased equipment; and
 - Correspondence with the Purchaser to notify them of creditors attending the premises in relation to ROT and collection of equipment.

- Liaising with the Purchaser in relation to the consideration required on appointment and confirming that the same has been received with Hill Dickinson; and
- Correspondence with the Purchaser in relation to the first consideration payment due on 16 April 2018, and correspondence in relation to the request to defer this payment. This included time spent by a senior members of LCR in considering the explanation given for the request for deferment.

Licence to Occupy

In conjunction with the sale to the Purchaser, the Joint Administrators granted the Purchaser a licence to occupy the Company's premises for an initial period of one month. The Purchaser has subsequently requested an extension to the licence period for a period of two weeks. Time has been spent since the Administration in liaising with the Purchaser and Hill Dickinson in relation to the extension to the licence.

Time has also been spent by the case administration team by:

- Pursuing licence payments from the Purchaser and monitoring receipts which has included correspondence with LCR's cashiers;
- Liaising with the Landlord's solicitor and providing periodic updates on the Purchaser's occupation of the premises; and
- Investigating and monitoring any further payments required under the terms of the lease and liaising with the Purchaser in this regard.

Rent Deposit

Time has been spent during the period since the Joint Administrators appointment in relation to:

- Reviewing the terms of the lease;
- Discussions with Management and confirming the payment of the rent deposit on entering into the lease;
- Correspondence with the Landlord's solicitor;
- Instructing CAM to arrange for the preparation of a schedule of condition of the property;
- Reviewing the schedule of condition;
- Assessing the value of likely dilapidations; and
- Evaluating the prospect of any return to the Company in administration from the rent deposit after the Landlord has undertaken rectification works.

Plant & Machinery

The Purchaser's offer for the Company's business and assets did not include the Company's plant and machinery. Certain of the plant and machinery is subject to STB's fixed charge security. Due to the nature of the fixed charge plant and machinery, the Joint Administrators have been required to instruct CAM to oversee the decommissioning and removal of these assets to a secure location. Time spent in relation to the plant and machinery has included:

- Regular correspondence with CAM to monitor progress of the removal of the plant and machinery;
- Liaising with STB and providing periodic updates on the progress of achieving a realisation of the plant and machinery subject to its security;
- Correspondence with CAM in relation to the onsite auction of the residual assets;
- Marketing the plant and machinery for sale, and liaising with CAM in relation to interest in these assets; and
- Providing the secured creditors with an update on the sale of the residual assets.

Cash at Bank

The case administration team have spent time corresponding with the Company's bankers and requesting that the Company's bank account be frozen. This has included the preparation of a letter to the bankers and telephone correspondence.

Liabilities

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

Statutory

- Processing of claims from the Company's creditors. The Company has 203 creditors (including secured, unsecured and preferential creditors). Time has been expended in issuing Proof of Debt Forms and receiving creditor claims and it is anticipated further time will be expended taking receipt of claims and creditor queries regarding the overall progression of the Administration.
- Processing of claims from the Company's employees. Insol Group have been instructed to provide assistance in this regard and in the preparation of appropriate forms for the attention of the RPO in respect of the Company's employees who were made redundant. Time has also been incurred in assisting with the preparation of P45's for the redundant employees and further time is likely to be expended in assisting the RPO;
- Preparation, review and submission of pre-appointment tax and VAT returns, if considered appropriate, prior to any distribution to the Company's unsecured creditors ; and
- Preparation and submission of periodic progress reports to creditors. A report in accordance with the provisions of Statement of Insolvency Practice 16 has already been circulated to creditors and a 6 month and final report are also anticipated to be issued during the course of the Administration.

Non-statutory

- Dealing with enquiries from the Company's creditors
- Dealing with enquiries from the Company's employees

Landlords

- Review of current leases in respect of the Company's trading premises;
- Considering the likelihood of a dilapidations claim arising under the terms of the lease;
- Collecting of funds from the Purchaser in respect of the licence to occupy; and
- Liaising with landlords in respect of premises. This will involve agreeing the Company's exit from the lease and the remittance of funds due under the licence to occupy.

General Administration

- General planning matters;
- Setting up and maintaining the liquidators' records;
- Arranging collection and storage of company records which estimated to be circa 6 pallets of boxed records; and
- Dealing with general correspondence and communicating with directors and shareholders.

Appointment

- Attendance of the Case Administrator and Case Manager at the Company's premises immediately following the appointment of the Joint Administrators;
- Consideration and review of the letter to creditors in accordance with the provisions of Statement of Insolvency Practice 16;
- 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.

Planning & Strategy

During the Administration, the case administration team will meet regularly to discuss matters related to case progression. In the circumstances of this case, this is likely to include:

- Dealing with issues in relation to the Trading Premises, including:
 - Monitoring the Purchaser's exit from the property;
 - Liaising with the Landlord in relation to handing back the property;
 - Considering the position in relation to the Purchaser's obligations in respect of the property under the licence.
- Monitoring the realisation of assets, including:
 - Decommission of the plant and machinery;
 - Liaising with CAM in relation to interest in these assets;
 - Considering offers for these assets; and
 - Monitoring the payment of the deferred consideration.
- Arranging to distribute to secured and preferential creditors, and subject to costs, preparing to make a prescribed part dividend.

Post Appointment Creditors' Meetings

- 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 meeting by correspondence to agree Fees Estimate with appropriate body of creditors;
- Reporting on outcome of voting.

Investigations

- Collecting and reviewing the Company's records. This process has commenced and the majority of the records have been uplifted;
- 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. This work is required in statute and may also serve to identify additional revenue streams should any antecedent transaction be identified which the Joint Administrators may challenge under insolvency legislation.

JOINT ADMINISTRATORS' STATEMENT OF LIKELY EXPENSES

Standard Expenses

Type	Description	Amount £
AML Checks	Electronic client verification	5.00
Bond Fee	Insurance bond	260.00
Document Hosting	Hosting of documents for creditors	140.00
Software Licence Fee	Case management system licence fee	87.00
Statutory Advertising	Advertising	240.00
Storage Costs	Storage of books and records	500.00
Post redirection	Redirection of post	303.00
	Total standard expenses	1,535.00

Case Specific Expenses

Type	Description	Amount £
Agents Fees - CAM	Costs of appointed agents to provide assistance with assets realisations, third party and retention of title claims, a schedule of condition in respect of the Company's premises, obtaining backups of the Company's server and databases and uplift of the Company's records	20,000.00
Legal Fees - Hill Dickinson	Costs of appointed solicitors	4,500.00
Accountancy Advice	Work in respect of the Company's Statement of Affairs	2,500.00
Agents Fees - Insol Group	Assistance with employee redundancies and the completion and submission of statutory forms	2,550.00
Agents Fees - Insol	Pension Scheme Advice	1,500.00
Agents Fees - CAPA	Investigating refund from the local authority in respect of non-domestic rates refunds	25% of any refund awarded
Insurance - Eddison's	Asset and property insurance	1,000.00
Staff Mileage	Category 2 disbursement requiring specific creditor / committee approval	300.00
	Total case specific expenses	32,350.00

APPENDIX G

ESTIMATED OUTCOME STATEMENT

	Secured £'000	Financed £'000	Preferential £'000	Unsecured £'000
Amount estimated available to class of creditor	2,352	-	372	66
Amount due to creditor per Appendix B	(2,748)	-	(50)	(6,413)
Estimated dividend rate (as a %)	86%	N/A	100%	1%

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 Regulations 2007	£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

Astracast Limited - In Administration

Document hosting	Hosting of documents for creditors	Type	100 creds	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	
Post re-direction	Redirection of post from Company's premises to office-holders' address	0-3 months £185.00		
		3-6 months £275.00		
		6-12 months £445.00		
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	£83.02 plus VAT per advert		
	- London Gazette	Dependent upon advert and publication		
	- Other			
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)	£70.40 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.

Proof of Debt – General Form

Relevant date: 16 March 2018

Name of Company in Administration: **Astracast Limited**

Company registered number: **08526375**

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.

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

((3;s,2))

Please ask for : Robert Barker
Our ref : M/38/RB/SA870K/1040
Your ref :



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

22 March 2018

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

Dear Sir(s)/Madam

**ASTRACAST LIMITED - IN ADMINISTRATION ("THE COMPANY")
FORMERLY: ASHWORTH GLOBAL PIPE SYSTEMS LIMITED
HIGH COURT OF JUSTICE, CHANCERY DIVISION, MANCHESTER DISTRICT REGISTRY NO. 2234 OF 2018
COMPANY NUMBER: 08526375**

I write to advise you that Andrew Poxon and I were appointed as Joint Administrators of the Company on 16 March 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 16 March 2018 to a connected company, Astracast International Holdings Limited (CRN: 10908950) ("the Purchaser"). Set out at Appendix A is a summary of the circumstances and information relevant to this sale that we are required to disclose. The Purchaser is connected to the Company by virtue of a common director, Mr Darren Cooper.

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 are licensed in the UK by the ICAEW.

www.leonardcurtis.co.uk

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

**Tel: 0161 831 9999
Fax: 0161 831 9090**

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. 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:

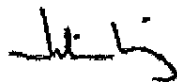
www.creditorinsolvencyguide.co.uk

Finally, 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.

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
ASTRACAST 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 13092 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.

Enc

((1))

Para 46 of Sch B1 IA86 and Rule 3.27 Insolvency
(England and Wales) Rules 2016

The Insolvency Act 1986

Notice of administrator's appointment

Name of Company ASTRACAST LIMITED	Company number 08526375
In the High Court of Justice, Chancery Division, Manchester District Registry	Court case number 2234 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) 16 March 2018

Signed 

Dated 22 March 2018

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



APPENDIX A

ASTRACAST LIMITED ("the Company") (IN ADMINISTRATION)

INFORMATION REGARDING THE PRE-PACKAGED SALE OF THE BUSINESS AND ASSETS OF ASTRACAST LIMITED

1 INITIAL INTRODUCTION

- 1.1 The Company was introduced to Leonard Curtis Recovery ("LCR") a division of Leonard Curtis Business Solution Group ("LCBSG") by the relationship manager of the Company's invoice finance facility and lender, Secure Trust Bank plc ("STB") on 28 November 2017. STB introduced the Company to LCR in light of a downturn in trade following the loss of a key customer which accounted for approximately £320k a month in turnover. An initial meeting took place between LCR and the Company on that date at the Company's trading premises situated at Woodlands 21 Roydsdale Way, Euroway Trading Estate, Bradford, West Yorkshire BD4 6SE ("the Trading Premises").
- 1.2 At that meeting, Management advised that the Company had suffered as a result of the following issues:
- Turnover had reduced by c£320k a month following the loss of a key customer and this had severely impacted on the Company's cash flow;
 - The Company had been in the process of replacing its manufacturing division with a Maltese business taking over production of manufactured goods;
 - The Company had recently sold plant and machinery to a business in Malta for €3.9m;
 - The Company traded from a large leasehold premises which was too large for the business in its current form;
 - An agreement to underlet part of the Trading Premises to a third party which would have reduced the rent liability from £115k per month to £27k per month did not complete;
 - Sales had remained strong, although were insufficient to continue to meet operational overheads;
 - The Company had undertaken a redundancy programme costing c£354k with support of the Redundancy Payments Office ("RPO"); and
 - The Company was committed to a Time to Pay Arrangement ("TTP") with HM Revenue & Customs ("HMRC") for unpaid VAT and c£464k remained outstanding.
- 1.3 A further meeting took place between LCR and the Company on 18 December 2017 which resulted in the instruction of Corporate Strategies, a division of LCBSG, on 5 January 2018. Corporate Strategies has previously been engaged by the Company and was first introduced to the Company by its former director, Mr Demis Ohandjanian ("DO") on 9 July 2015. Further details on the instruction of Corporate Strategies and the relationship between LCR and the Company are detailed at 2 below.
- 1.4 Corporate Strategies were engaged with the intention of conducting a limited financial review. This engagement was not concluded and no fees were paid. The business not viable in its current form and as such the Directors sought restructuring and insolvency advice from LCR.
- 1.5 A meeting between LCR and the Company to discuss the options available took place on 5 February 2018. Given the circumstances, the Directors were of the view that the Company would not be able to generate sufficient profits to enhance its cash flow to discharge historic liabilities, service its overheads and meet its commitments to HMRC and the

RPO. LCR subsequently advised the Directors that they must act to protect both the assets and the interests of the Company and its creditors.

- 1.6 Further meetings took place with the Board on 8 February 2018 and 9 February 2018 which resulted in the formal engagement of LCR on 21 February 2018 to assist in placing the Company into Administration.

2 SIGNIFICANT PROFESSIONAL AND / OR PERSONAL RELATIONSHIP

- 2.1 Prior to accepting any Insolvency appointment, an Insolvency Practitioner should take all reasonable steps to evaluate any threats to compliance with the fundamental principles described in the Code of Ethics for Insolvency Practitioners issued by the Insolvency Practitioners Association and the Institute of Chartered Accountants in England and Wales
- 2.2 The Ethical Code provides that an Insolvency Practitioner should consider what a reasonable and informed third party, having knowledge of all relevant information, including the significance of the threat, would conclude to be acceptable.
- 2.3 A summary of prior engagements is provided below:

Corporate Strategies

The following is a summary of prior engagements that have involved Corporate Strategies and the Company:

Type	Date of Engagement	Scope of Work
TTP	9 July 2015	<p>The scope of work for this engagement included:</p> <ul style="list-style-type: none"> • Confirming the current financial position of the Company; • Reviewing integrated monthly projections prepared by management for the next financial year including profit and loss, balance sheet and cash flow forecasts to assess the viability and ability to meet a realistic TTP; • Preparation of a report which comprised an overview of the recent trading performance, current financial position and future strategy of the business; and • Liaising with HMRC to secure a TTP in respect of the PAYE/NI and VAT arrears. <p>The fee for this work was capped at £4k plus disbursements and VAT.</p> <p>Corporate Strategies was successful in agreeing a £803k TPP on a 10 month payment arrangement.</p>
TTP	27 February 2017	<p>The scope of work for this engagement included:</p> <ul style="list-style-type: none"> • Confirming the current financial position of the Company; • Reviewing integrated monthly projections prepared by management for the next financial year including profit and loss, balance sheet and cash flow forecasts to assess the viability and ability to meet a realistic TTP; • Preparation of a report which comprised an overview of the recent trading performance, current financial position and future strategy of the business; and • Liaising with HMRC to secure a TTP in respect of the PAYE/NI and VAT arrears. <p>The fee for this work was capped at £3k plus disbursements and VAT.</p> <p>Corporate Strategies was successful in agreeing a £294k TPP on a 12 week arrangement.</p>

RPO Loan

4 April 2017

The scope of work for this engagement included:

- Confirmation of the current financial position;
- Reviewing the integrated monthly projections prepared by management for the next financial year including profit and loss, balance sheet and cash flow forecasts to assess viability;
- Preparation of a report which comprised of an overview of the recent trading performance, current financial position and future strategy of the business; and
- Liaising with the RPO to secure financial assistance.

Fees for this work was capped at £4k plus disbursements and VAT.

Corporate Strategies was successful in agreeing a £354k loan on a 32 month repayment arrangement.

Financial Review

5 January 2018

Corporate Strategies were engaged with the intention of conducting a limited financial review. This engagement was not concluded and no fees were paid.

LCR

The following is a summary of prior engagements that have involved LCR and its former Directors:

Name

Details

WXYZ Corporation Limited
(formerly Astracast Limited)
CRN:01455007
('WXYZ')

John Tittle, Julien Irving and Conrad Beighton were appointed as Administrators of WXYZ on 7 February 2014.

WXYZ's business and certain assets were sold to the Company by way of a pre-packaged sale on 7 February 2014 for consideration totalling £1.45m.

At the time of the sale, DO, Christopher Pearson and HLD were directors of the Company. The ultimate controlling party was HLD via its shareholding in Home Products Group Ltd ('HPG') which owned 100% of the Company's shares. HLD are also a secured creditor of the Company.

On 15 September 2017, HLD sold its interest in HPG to Astracast International Holdings Ltd, a company wholly owned by Darren Cooper. HPG became a Director of the Company on that date following the resignation of HLD subsequent to the transaction. DO and CP had resigned previously on 20 March 2014 and 24 November 2015 respectively. Darren Cooper was appointed as a director of the Company on 31 January 2018.

LCR was paid £86,244.28 plus VAT for work conducted prior to the appointment of Administrators. The Joint Administrators received remuneration totalling £80,166.67 plus VAT.

- 2.4 I can confirm that having identified and evaluated a potential threat to the fundamental principles appropriate safeguarding measures have been implemented on this assignment to reduce any perceived or actual threat to an acceptable level.
- 2.5 Other than the relationships detailed above, we do not believe that there are any other significant personal or professional relationships between the Company or its Directors and LCBSG, and we confirm that we carried out the appropriate conflict review prior to accepting the appointment.

3 PRE-APPOINTMENT CONSIDERATIONS

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

- 3.1 Following our instruction, we wrote formally to the Directors of the Company informing them that our role before any formal appointment would involve providing the following services:
- i) Advising them 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 reports necessary and attending Court hearings if appropriate;
 - iv) Advising them 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 them on whether an early sale of the Company's business and trading assets would be likely to be in the interests of creditors.
- 3.2 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 directors in their personal capacity. We recommended that they seek their own independent advice if they were uncertain on any matter, particularly if they had expressed, or were 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.
- 3.3 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 Directors that the Company was insolvent and that steps be taken to place it into Administration.
- 3.4 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.

4 BACKGROUND INFORMATION

- 4.1 The Company was incorporated on 13 May 2013 and was initially known as Ashworth Global Pipe Systems Limited. The name of the Company was subsequently changed to Astracast Limited on 7 February 2014. The registered number is 08526375.
- 4.2 The Company operated from its Trading Premises in Bradford from incorporation and employed 93 employees at the date of Administration.

- 4.3 The principal trading activity of the Company was the marketing, manufacture and supply of products for the kitchen and bathroom industry. In 2016, the Board considered that the key focus of the business should be on kitchen activity and sink production only and the Company took steps from that time to reduce non-core activity.
- 4.4 The Company was initially capitalised through the introduction of personal funds by its shareholders. The Company subsequently funded its operation by obtaining funding from a number of different lenders for which security was granted.
- 4.5 At the date of Administration, the Company had three outstanding charges. The first relates to a loan provided by Demlin Investments Limited ("Demlin"). Demlin holds security in the form of a debenture containing a fixed and floating charge which was created on 7 February 2014 and registered on 13 February 2014. The Company satisfied its indebtedness to Demlin prior to the administration and this charge should be registered as satisfied.
- 4.6 The second charge relates to an invoice finance and stock facility provided by STB. The Company's indebtedness to STB is secured by way of a debenture incorporating a fixed and floating charge which was created on 4 September 2015 and registered on 7 September 2015. Three currency accounts were operated with STB. At the date of administration, the Company had a gross debtor ledger, after allowing for currency conversions, of approximately £3.895m. The Company's indebtedness to STB (allowing for currency conversions) totalled c£1.729m.
- 4.7 HLD holds security by way of a debenture incorporating a fixed and floating charge which was created on 15 September 2017 and registered at Companies House on 19 September 2017. The Company is indebted to HLD for approximately £498k.
- 4.8 Historically, the Company has relied on individual contracts and product lines as its principal source of revenue. Sales volumes have been closely linked to economic activity in the UK, US and Europe and in particular housing transactions and mortgage approvals. In recent years, the Company has expanded its operations in the US and Europe to support domestic sales. Revenue has however declined from £35m in 2015 to £30m in 2016, primarily as a result of a decision of management to exit negative margin business supplied to one major retail customer.
- 4.9 During 2017, Management took steps to streamline the Company's business and reduce costs to maintain profitability. Darren Cooper was hired as a consultant to the business and steps were taken to address the Company's tax liabilities. This resulted in the Company entering into a TTP with HMRC over a 12 week period to repay a debt of £294k. Shortly afterwards, the Company implemented a redundancy programme and made redundancies amounting to c£354k. The costs of redundancy were paid with the assistance of a loan obtained from the RPO.
- 4.10 During his time as a consultant Mr Cooper considered that the Company had a potentially strong core business and expressed an interest in acquiring the Company from HLD. Following negotiations, HLD sold its interest in HPG to Astracast International Holdings Ltd ("the Purchaser") in September 2017. As a result of acquiring HPG, the Purchaser took over control of the Company and Mr Cooper was duly appointed as Managing Director of the business.
- 4.11 Following the share acquisition a general review of the business was undertaken by Mr Cooper which involved:
- Exploring alternate invoice discounting line providers;
 - A review of the onerous lease;
 - The ability to sub-let the Company's trading premises to a third party; and
 - The sale of plant and machinery to support cash flow and repayment of the Company's creditors.
- 4.12 Management was subsequently able to negotiate improved terms with STB on its invoice finance facility and an agreement was reached in principal with a third party to underlet part of the Trading Premises which would reduce the rent liability to the Company from c£115k a month to £27k a month. The Company had already been subletting and in light of the agreement with the third party has given notice to the tenants to vacate the premises. The Company also began to replace its manufacturing division with a Maltese business taking over production of manufactured goods. Imported goods from Malta being cheaper than manufacturing in the UK.
- 4.13 The Directors ultimately attribute the demise of the Company to the loss of one of the Company's largest customers in November 2017. The Customer accounted for approximately c£320k per month in turnover. The position was compounded by the failure to complete the agreement to underlet part of the Trading Premises. The loss in revenue

and high overhead costs ultimately impacted on the Company's cash flow and its ability to service its commitments to the RPO and HMRC, as well as discharge its historic liabilities. As a result, the Company began to experience substantial pressure from its creditors and received a number of threats of enforcement action.

- 4.14 Given the circumstances, at a meeting on 5 February 2018 the Directors were of the view that the Company would not be able to generate sufficient profits to enhance its cash flow to discharge historic liabilities, service its overheads and meet its commitments to HMRC and the RPO. LCR subsequently advised the Directors that they must act to protect both the assets and the interests of the Company and its creditors. Further meetings took place with the Board on 8 February 2018 and 9 February 2018 which resulted in the formal engagement of LCR on 21 February 2018 to assist in placing the Company into Administration.
- 4.15 A Notice of Intention to Appoint an Administrators ("NOIAA") was duly signed by the Directors and filed on 27 February 2018 in the High Court of Justice, Chancery Division, Manchester District Registry. A further NOIAA was filed on 13 March 2018. The second NOIAA was required in order to allow additional time to negotiate a sale of the Company's business with the Purchaser.
- 4.16 A Notice of Appointment of Administrators ("NOA") was subsequently filed in the High Court of Justice, Chancery Division, Manchester District Registry on 16 March 2018.
- 4.17 J R Irving and A Poxon are both licensed by the Institute of Chartered Accountants in England and Wales. In accordance with paragraph 100(2) of Schedule B1 to the Act, the function of the Joint Administrators may be exercised by either or both, acting jointly or alone.

5 ALTERNATIVE COURSES OF ACTION CONSIDERED BY THE ADMINISTRATOR

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

5.2 Do Nothing

The Company had substantial liabilities and had received a number of threats of enforcement action and it was not in a position to discharge its liabilities as and when they fell due. We advised the Directors that they could choose to do nothing and allow a creditor to take enforcement action. We advised that this course of action was likely to result in the Company trading whilst insolvent and would be a failure of the Directors fiduciary duties. The implications of trading whilst insolvent and the potential actions against the Directors by any subsequently appointed Administrator or Liquidator were explained to the Directors. LCR advised Management that they had an overriding duty to best 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 Directors agreed that doing nothing was not an option and discounted this option.

5.3 Sale of the Shares by Management

Given the distressed position of the business, a sale of the shares by Management was not considered to be viable in the circumstances, given the following:

- The Company was experiencing substantial creditor pressure and was at risk of enforcement action;
- Turnover had declined substantially in recent years and the Company had recently lost one of its major customers;
- The Trading Premises' lease was onerous and the size of the property was not suitable for the business in its current form;
- The Company had substantial commitments to HMRC and the RPO; and

- Any prospective purchaser of the shares would have to inject significant capital into the business at the outset to satisfy the debts to creditors, which was considered unlikely.

The Company therefore represented a high risk investment which had little prospect of providing a return to any prospective investor.

5.4 Company Voluntary Arrangement ("CVA")

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 in what proportions.

It requires the approval of 75% or more in value of the Company's creditors present in person or by proxy and 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 requesting acceptance of the CVA.

This was not considered to be a viable option for the Company for the following reasons:

- There was no immediate source of funding to allow the Company to continue trading and service its overheads;
- There were no funds available to pay month end wages of c£174k;
- The Company was subject to the threat of enforcement proceedings by a number of creditors;
- The TTP with HMRC was in breach;
- The terms of the RPO loan were in breach; and
- Turnover had reduced by c£320k a month following the loss of a major customer.

The Company's unsecured creditors would be fundamental in supporting a proposal for the Company to enter into a voluntary arrangement. In light of the level of the Company's trade liabilities and inability to adhere to the terms of its TTP with HMRC and loan with the RPO, it was considered that gaining creditor support would be difficult and uncertain, particularly as the Company was unlikely to be able to make substantial contributions into a CVA given the level of its overheads. As such, it was determined that a CVA did not have a reasonable prospect of implementation and success.

5.5 Liquidation

Liquidation is generally an option where the business has no future and the Company would look to cease to trade.

Prior to the commencement of Liquidation, there would be no protection for the Company. The Company may therefore be susceptible to recovery actions commenced by its creditors. Before entering into Liquidation, trading would cease and all employees would generally be made redundant. A duly appointed Liquidator would then take steps to recover the physical assets of the Company and these would be sold by auction at a forced sale value.

Based upon the information available, it was considered that a liquidation process would not be appropriate as the business may have ongoing viability. Cessation of the business would therefore negatively impact on the collectability of the Company's debtor ledger and the realisable value of the Company's assets, in particular goodwill in the absence of continuity in the business. The overall liability position would be increased due to a likely shortfall to the secured creditors and employee redundancies. Furthermore, it was considered that liquidation would negatively affect the value of realisations of the Company's stock which would likely be sold at auction on a piecemeal basis.

5.6 Administration

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 suffered from an unexpected bad debt or has encountered a period of trading losses which can be rectified.

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

We considered that there was a reasonable prospect of achieving either 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). It was considered that a sale of the remaining business and assets in Administration would achieve one of these objectives by:

- Enhancing realisations of the Company's tangible assets;
- Maximising realisations from the debtor ledger;
- A value could be extracted from the Company's goodwill; and
- The transfer of employees would mitigate employee claims on redundancy.

LCR 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, debtor realisations are maximised and some or all staff are transferred to a buyer under the relevant legislation following a sale of the business.

Throughout discussions with the Company and upon commencement of the AMA process, existing Management expressed an interest in purchasing the business and assets of the Company through a connected company. A letter was sent to the Director and the connected entity on 22 February 2018 with advice on how to approach the pre-pack pool following its expression of interest.

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;
- Maintaining continuity with customers was likely to enhance the prospect of achieving a higher recovery from the Company's debtor ledger than would be the case if the Company was wound up (without first being in Administration);
- Keeping the current workforce intact would allow for customer continuity which should result in greater debtor realisations and minimise any disruption to a debt recovery process. This also reduces the costs of the administration process by removing the need for ongoing trading in administration, ultimately providing a better result for creditors;
- 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; and
- Preservation of the goodwill of the Company. The Company's current management would be maintained by a buyer. This is considered fundamental to the continuity of the Company's customer relationships. A sale of this manner would allow preservation of the relationships enhancing the prospect of attaining a realisable value for the Company's goodwill.

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

Trading the business in an administration followed by a sale of the business was considered, although this was not considered to be the optimal process for the following reasons:

- The Company did not have sufficient free assets which could be used to cover trading losses;
- Trading the business would have resulted in increased professional costs in addition to the overheads associated with trading which would have to be paid as an expense of the Administration. The proposed Joint Administrators did not consider that trading the business would have resulted in an increase in realisations sufficient enough to outweigh the costs associated with trading. It was therefore concluded that trading the business would result in less funds being available to creditors and would not have guaranteed an improved offer for the assets and may, conversely, have devalued the Company's goodwill;
- There was no prospect of receiving adequate funding to trade the business;
- Wages and salaries of the business are paid monthly in arrears and total approximately £174k. The continuing support of staff, and the receipt of funding to pay wages and salaries in a trading period was uncertain;
- A period of trading would require the Administrators to undertake environmental and health and safety assessments which would invariably increase the costs of the administration process and reduce the sums available to creditors;
- The uncertainty of a period of trading in administration is more likely to lead to a cancellation of customer orders, or delay in submitting new enquiries, rather than generate new opportunities; and
- Ongoing trading with no guarantee of a purchaser being found could have a significant adverse impact on the position of creditors.

Given the above, it was concluded that trading the business whilst in Administration was not a viable option.

5.8 Details of Outstanding Registered Charges

According to Companies House, the following charges are registered as outstanding against the Company:

Date of creation	Charge holder	Type of charge	Amount Secured	Assets Charged
7 February 2014	Demin	Debenture	All monies	All Assets
4 September 2015	STB	Debenture	All monies	All Assets
15 September 2017	HLD	Debenture	All monies	All Assets

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

STB

LCR was introduced to the Company by STB in November 2017. LCR subsequently reported on the position of the Company to STB on a regular basis. Throughout discussions with the Purchaser it was necessary to engage with STB. Correspondence between LCR and STB 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. We also advised STB on the expressions of interest received during the marketing period and the offer received from the Purchaser. STB holds a qualifying floating charge pursuant to a debenture and was duly served with each NOIAA.

HLD

HLD holds a qualifying floating charge pursuant to a security agreement. LCR contacted HLD 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 HLD. Correspondence between LCR and HLD during the AMA process consisted of the disclosure of the strategy for the administration, the prospect of a distribution to HLD in an Administration scenario and details of the transaction involving the sale of the Company's assets. We also advised HLD on the expressions of interest received during the marketing period and the offer received from the Purchaser. Each NOIAA was also served on HLD.

Demlin

LCR contacted Demlin in relation to a loan provided to the Company to establish the security position and any outstanding indebtedness.

HMRC

LCR liaised with HMRC in relation to the breach of the TTP and proposed enforcement action against the Company. A copy of the second NOIAA was served on HMRC.

RPO

On the advice of LCR, the Company submitted advanced notification to the RPO that there was a risk of more than 20 redundancies taking place at one establishment as a result of an impending insolvency procedure.

Trade and Expense Creditors

No trade or expense creditor was consulted during the pre-administration period by LCR.

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

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

Attempts were made by Management to consider a refinance of the business. Given the business was not viable this was not possible.

5.10 Details of any acquisition of business assets from an insolvency practitioner

The Company acquired the business, trade and certain assets of WXYZ on 7 February 2014.

WXYZ entered into Administration on 7 February 2014, and the Administrators effected a sale of WXYZ's business and assets to the Company shortly after their appointment. The assets sold to the Company, and the purchase price are detailed below:

	£
Assets Specifically Pledged	
Equipment	300,000
Goodwill	100,000
Assets Not Specifically Pledged	
Equipment	450,000
Stock	600,000
	<u>1,450,000</u>

As detailed above, the Administrators of WXYZ at the date of the sale were J M Titley, C Beighton and J R Irving of LCR. Other than the purchase from WXYZ detailed above 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.

6 MARKETING OF THE BUSINESS AND ASSETS

- 6.1 We confirm that the marketing undertaken conformed with the marketing essentials set out in the Appendix to SIP16.
- 6.2 It was considered that exposing the opportunity to acquire the business and assets would allow the open market to determine the best achievable price of the assets.
- 6.3 Given the nature of the business we advertised the opportunity on the websites of LCR and independent agents and valuers, Auctus Limited t/a Charles Taylor and Cerberus Asset Management ("CAM"). In addition, a marketing flyer was distributed by e-mail to LCR's database which consists of approximately 2,000 intermediaries, funders and potential purchasers.
- 6.4 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 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.
- 6.5 LCR is a leading national business solutions practice which has a reputable and experienced history of providing business acquisition opportunities to the open market. LCR 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 LCR and by publicising the opportunity to LCR's database of contacts this would provide exposure of the Company to a wide range of potential purchasers with the ability and interest to complete an AMA process.
- 6.6 Marketing commenced on 6 March 2018, and indicative offers together with proof of funds in excess of £2.5million were requested to be received by 12 March 2018.
- 6.7 The length of the marketing period in this matter was determined by the following factors:
- The Company operated its machinery continuously for 24 hours a day with manufacturing and production staff working on four shift patterns over a 14 day period. Supply of raw material had been substantially reduced as a result of its indebtedness with a number of suppliers. Forecasts produced by the Company indicated that it would not be able to continue to manufacture after 16 March 2018;
 - Wages and salaries of the business are paid monthly in arrears and total approximately £174k. The Company was not in a position to pay wages; and
 - The Company did not have cash reserves to continue ongoing trade.
- 6.8 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.
- 6.9 The marketing of the Company resulted in 13 expressions of interest from unconnected parties. Non-disclosure agreements were returned by 12 parties of which five demonstrated funding in excess of £2.5million. An information memorandum containing details of the Company's assets and financial position was duly provided to each of the five parties that had demonstrated funding.
- 6.10 The business remained available for sale on the websites of CAM and LCR for the duration of the marketing period and until 16 March 2018. I can confirm that I am satisfied with the adequacy and independence of the marketing undertaken.
- 6.11 On 12 March 2018, an offer of £2,090,658.48 was received from the Purchaser to acquire the Company's remaining business and assets. This was the only offer received. The Purchaser is a connected company by way of the common

directorship of Mr Darren Cooper. The offer received from the Purchaser included the transfer the Company's distribution and wholesale divisions and 42 members of staff. The offer specifically excluded the manufacturing division and the 51 employees within that division.

- 6.12 Other than the offer received from the Purchaser, no other offer was received from any other party.
- 6.13 The offer received from the Purchaser was accepted on 12 March 2018, and the sale to the Purchaser was affected immediately following my appointment on 16 March 2018.

7 VALUATION OF THE BUSINESS AND ASSETS

Details of valuers / advisors

7.1 Auctus Limited t/a Cerberus Asset Management ("CAM") and CDGM Limited t/a Cerberus Receivables Management ("CRM")

The physical assets of the Company were inspected by RICS registered independent agents and valuers, CAM, on 8 February 2018, further to a verbal instruction on 7 February 2018. Formal instruction setting out the requirements for the valuation were provided on 12 March 2018. 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.

In addition to the above, a further request was also made verbally on 8 February 2018 to CRM to assess the Company's remaining book debt ledger, and to assess the prospect of recoverability and the value of any equity position. Formal instruction outlining the requirements of the valuations were sent to CRM on 12 March 2018.

CAM and CRM were both made aware that a pre-packed sale of the Company's business or assets was contemplated, and as such the marketing essentials detailed in Statement of Insolvency Practice 16 ("SIP16") must be complied with in this matter.

In accepting the instructions, CAM and CRM confirmed their independence to act in this matter and have confirmed they both 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.

7.2 The valuations obtained of the business or the underlying assets

Category of asset	Note	Book value £'000	High value (note 1) £'000	Low value (note 2) £'000	Value achieved £'000
Fixed charge assets					
Goodwill	7.3	-	-	-	50
Debtors	7.4	3,985	2,261	1,666	1,680
Floating charge assets					
Plant and machinery	7.5	219	132	29	-
Office Furniture & Equipment	7.6	13	16	5	10
Stock	7.7	2,773	425	175	350
Equity in Book Debts	7.4	-	-	-	1
TOTAL		6,990	2,834	1,875	2,091

Book Value – No value was attributed to goodwill in the Company's last set of statutory accounts as at 31 March 2016. The book values of the Company's physical assets excluding stock have been extracted from the Company's management accounts as at 31 December 2017 which have been adjusted for disposals. The book value of the stock has been obtained from a stock report as at 15 March 2018. The book value of the debtor ledger has been taken from CRM's valuation report as at 16 March 2018.

High Value (In Situ) – The valuation of the assets in-situ makes the following additional assumptions:

- That any purchaser of assets will enjoy continued quiet occupation of the premises;
- That all assets will be retained in-situ and with the benefit of all necessary power supplies and any other services; and
- That any assets, owned by third parties are available for the purchaser to buy from the third parties.

Low value (ex-situ) – CAM has advised that market value ex situ is intended to reflect the amount which would be achieved if all assets were offered for sale by means of a properly marketed private treaty sale for the major, more specialised items together with a properly promoted piecemeal public online auction sale for the remaining assets. In the event of any of the principal assets being withdrawn or otherwise being unavailable for sale the overall attraction of the sale would be diminished and the price achieved for the remaining items reduced.

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. The "Low" value was provided as what the Joint Administrators could expect to achieve if a sale of the business was not possible and the assets had to be sold on a piecemeal basis.

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

7.3 Goodwill

No value was attributed to the Company's goodwill in the last set of statutory accounts as at 31 March 2016. Given the distressed position of the business, it was considered that any value attributable to the goodwill of the business would be minimal, if any at all. Goodwill in the business included certain trademarks.

A valuation of the Company's goodwill was not considered necessary for the following reasons:

- The Purchaser was the only party to make a formal offer for the business. Its offer included a value of £50,000 for the goodwill (including the trademark, company name and intellectual property) of the business;
- The goodwill was likely to be more valuable to a connected party;
- It was not considered likely that an equivocal offer to that of the Purchaser would be received from a third party; and
- The cost of obtaining a goodwill valuation were estimated by an independent third party were estimated at £2.5k. As no competing offer was received for this asset it was not considered to be appropriate to incur costs obtaining a valuation of this asset.

In light of the above, and no formal third party offer materialising, the offer was accepted 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 and ceased to trade.

7.4 Debtors

As detailed above, STB provided an invoice finance facility to the Company. Three currency accounts were operated with STB. As at 16 March 2018, the Company had a gross debtor ledger, after allowing for currency conversions, of approximately £3.985m. The Company's indebtedness to STB (allowing for currency conversions) totalled c£1.729m.

CRM reviewed the ledger with the approval of STB, and provided an indicative outcome in administration and winding up scenarios for the proposed Administrators. CRM subsequently advised that the gross ledger value included:

- Aged provisions of £516k;
- Rebate provisions of £831k;
- Contra of £222k; and
- Pricing differential provisions of £38k.

Taking into account the above, CRM advised that the revised ledger was £2,380m. After applying a general provision for bad, disputed and doubtful debts, CRM considered that the estimated collectable value of the ledger was between £2,261m and £1,666m.

With the consent of STB the pre-packaged sale of the Company's business and assets to the Purchaser included the Company's book debts for a value of £1,679,658.48. On completion, the Joint Administrators remitted £1,679,658.48 to STB in satisfaction of all amounts owed by the Company in relation to financed book debts.

The Joint Administrators consider that a sale of the ledger represents a better outcome to the estate than undertaking to collect the ledger in administration. It was considered that a debt collection process in administration was likely to incur significant costs due and a collection process would also fail to provide any certainty of achieving debtor realisations in excess of the sale value. The sale of the ledger has enabled the Company's indebtedness to STB in relation to the book debt ledger to be repaid in full.

In addition to the above, the Purchaser's offer included £1k in respect of any equity that may remain in the ledger after repayment of STB. CRM recommended acceptance of this offer given the level of uncertainty in the balance that would be available following repayment of STB.

7.5 Plant & Machinery

The book value of the Company's plant and machinery has been extracted from the Company's management accounts as at 31 December 2017 which have been adjusted for disposals. CAM has attributed a value of between £132k and £29k to the remaining plant and machinery. The Joint Administrators have not disposed of the Company's plant and machinery and this category of asset is not party to the sale of the business and assets to the Purchaser.

7.6 Office Furniture & Equipment

The book value of the Company's office furniture has been extracted from the Company's management accounts as at 31 December 2017 which have been adjusted for disposals. CAM undertook a physical valuation of these assets and attributed a high value of £16k and a low value of £5k to these assets. The Purchaser attributed a value of £10k in its offer for these assets which CAM recommended as it was in line with its valuation.

7.7 Fixtures and Fittings

The book value of the Company's fixture and fittings has been extracted from the Company's management accounts as at 31 December 2017 which have been adjusted for disposals. No value was attributed to this category of asset in CAM's valuation.

7.8 Stock

A stock report was obtained by CAM following its initial attendance at the premises. CAM subsequently advised that stock levels would vary with delivery of materials and production. The book value of the stock has been obtained from a stock report as at 15 March 2018. The report detailed that the Company held stock with a book value of £2,773m. CAM assessed the aged stock report in addition to undertaking a physical assessment of the stock in the Company's warehouse. In its valuation, CAM advised that a substantive element of the stock had not been paid for and would likely be subject to third party claims for retention of title. Additionally, a substantive element of the stock was considered to be obsolete. CAM subsequently attributed a value of between £425,000 and £175,000 to this category of asset. The Purchaser attributed a value of £350,000 in its offer to this category of asset which was recommended for acceptance by CAM.

- 7.8 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.

We did not obtain a valuation of the Company's goodwill. The reasons for this are set out at for the following reasons 7.3 above. Valuations were obtained for all other assets.

8 THE TRANSACTION

- 8.1 On 16 March 2018, Immediately following the Joint Administrators appointment, a sale of part of the Company's remaining business and assets was completed to a connected company, Astracast International Holdings Limited (CRN: 10188443) ("the Purchaser") for the sum of £2,090,658.48. The Purchaser is a connected party to the Company by virtue of the common directorship of Mr Darren Cooper.

- 8.2 The transaction has been apportioned as follows:

	£
Assets Specifically Pledged	
Goodwill, Business Name, and Intellectual Property	50,000.00
Debtors	1,679,658.48
Assets Not Specifically Pledged	
Office Equipment	10,000.00
Stock	350,000.00
Equity In Book Debts	1,000.00
	<u>2,090,658.48</u>

- 8.3 On completion, initial consideration of £1,754,658.48 was paid by the Purchaser, which has been apportioned as follows:

	£
Assets Specifically Pledged	
Goodwill	32,000.00
Book Debts	1,679,658.48
Assets Not Specifically Pledged	
Office Equipment	10,000.00
Stock	32,000.00
Equity In Book Debts	1,000.00
	<u>1,754,658.48</u>

- 8.4 The amount of the purchase price not paid on completion being the sum of £336,000 is to be deferred and payment is due in accordance with the following schedule:

	£
Date	
Due on 16 March 2018	42,000
Due on 16 April 2018	42,000
Due on 16 May 2018	42,000
Due on 16 June 2018	42,000
Due on 16 July 2018	42,000
Due on 16 August 2018	42,000
Due on 16 September 2018	42,000
Due on 16 October 2018	42,000
Total	<u>336,000</u>

- 8.5 In addition to the sale of the assets above, the Purchaser was granted a licence to occupy the Company's premises for a period of 4 weeks following completion. I can confirm that two weeks rent has been received in advance from the Purchaser.
- 8.6 As part of the sale and purchase agreement, the Purchaser has granted the Company a fixed and floating charge debenture as security over its assets pending receipt of the deferred consideration. The Director of the Purchaser, Darren Cooper, has also provided a personal guarantee in respect of the ongoing deferred consideration limited to £50,000 plus interest and costs, and an additional guarantee in respect of any loss or damage to the premises during the licence period limited to £100,000 plus interest and costs.
- 8.7 The Purchaser did not acquire the Company's manufacturing division and the sale has excluded the Company's plant and machinery. The Joint Administrators will undertake to sell the plant and machinery in due course.
- 8.8 The Administration has resulted in the transfer of 42 members of staff from two divisions of the business to the Purchaser. All 51 staff in the manufacturing division were made redundant shortly following the appointment of the Joint Administrators.
- 8.9 The Purchaser has assumed all responsibility for any claims arising in respect of any assets subject to retention of title

9 PRE-PACK POOL AND REQUEST FOR VIABILITY STATEMENTS

- 9.1 Prior to our appointment, existing Management via a connected party (the Purchaser) had expressed an interest in purchasing the Company's business and assets.
- 9.2 I can confirm that the Director of the Company, and the Purchaser, was advised in writing on 22 February 2018 about options available concerning an approach to be made to the pre-pack pool.
- 9.3 I can confirm the pre-pack pool was not approached by the Purchaser of the business and assets.
- 9.4 In addition to the above, a request was made to the Purchaser on 22 February 2018 to prepare a viability statement stating how the purchasing entity would survive for at least 12 months from the date of the proposed acquisition.
- 9.5 Whilst the Purchaser subsequently provided the Joint Administrators with cash flows based on the Purchaser's anticipated future trade, no formal viability statement was provided.

10 STATUTORY PURPOSE OF ADMINISTRATION

- 10.1 The Joint Administrators must perform their functions with the objective of:
- (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.
- 10.2 As mentioned previously, we are obliged to perform our functions 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 the creditors as a whole.
- 10.3 In this instance, objective (a) is not possible to be achieved given the level of historic liabilities and realisations anticipated.
- 10.4 We consider that objective (b) has been achieved for the following reasons:

- Maintaining current management has preserved the continuity of the Company's customer relationships. This has resulted in an enhanced recovery of the Company's assets compared to liquidation; and
- The transfer of certain of the Company's employees has resulted in the reduction of employee claims for redundancy.

10.5 In the event that objective (b) would not have been achieved, we consider that objective (c) has been achieved as a distribution has been made to STB under the terms of its fixed charge security.

10.6 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.

APPENDIX K

Insolvency (England and Wales) Rules 2016

Rule 3.39

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

In the:	MANCHESTER DISTRICT REGISTRY OF THE HIGH COURT	No:	2234 OF 2018
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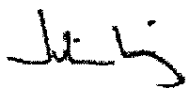
Re:	ASTRACAST LIMITED (IN ADMINISTRATION)
Previous Name:	ASHWORTH GLOBAL PIPE SYSTEMS LIMITED
Registered No:	08526375

Address of Company	WOODLANDS, 21 ROYDSDALE WAY, EUROWAY TRADING ESTATE, BRADFORD, BD4 6SE
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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 to form 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:

14 May 2018
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:	27 April 2018
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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.