In accordance with Rule 3.35 of the Insolvency (England and Wales) Rules 2016 Paragraph 49(4) of Schedule B1 to the Insolvency Act 1986 and regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021.

AM03
Notice of administrator's proposals

Companies House

THURSDAY

ACUYDH6W
A5 18/01/2024 #66
COMPANIES HOUSE

1 Company details

Company number	0 8 5 4 3 7 3 5
Company name in full	East London Liquor Company Limited

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

2 Administrator's name

Full forename(s)	Edward M
Surname	Avery-Gee

3 Administrator's address

Building name/number	27 Byrom Street
Street	
Post town	Manchester
County/Region	
Postcode	M 3 4 P F
Country	

4 Administrator's name ❶

Full forename(s)	Daniel
Surname	Richardson

❶ **Other administrator**
Use this section to tell us about another administrator.

5 Administrator's address ❷

Building name/number	27 Byrom Street
Street	
Post town	Manchester
County/Region	
Postcode	M 3 4 P F
Country	

❷ **Other administrator**
Use this section to tell us about another administrator.

AM03
Notice of Administrator's Proposals

6 Statement of proposals

☑ I attach a copy of the statement of proposals

7 Qualifying report and administrator's statement ❶

☑ I attach a copy of the qualifying report

☑ I attach a statement of disposal

❶ As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)

8 Sign and date

Administrator's Signature

Signature

X X

Signature date 1 7 / 0 1 / 2 0 2 4

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	Bill Brandon
Company name	CG&Co
Address	27 Byrom Street
Post town	Manchester
County/Region	
Postcode	M 3 4 P F
Country	
DX	
Telephone	0161 358 0210

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

CG&CO

Joint Administrators' Report and Statement of Proposals Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986

East London Liquor Company Limited - In Administration

17 January 2024

cg-recovery.com
+44 (0)161 358 021

CONTENTS

APPENDICES

1 Introduction and Background

1.1 Prior to the appointment of an Administrator, an insolvency practitioner may act in an advisory capacity to the Company. During this time the insolvency practitioner's role is not to advise the directors personally or any parties connected with any eventual purchaser of the Company's' business or assets. We would confirm that the directors were advised to take their own independent advice on their position in this regard. It is also possible that a different insolvency practitioner may be the eventual Administrator and not the insolvency practitioner who provided the advice to the Company before any formal appointment was made.

1.2 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.

1.3 The statutory purpose of Administration is for an Administrator to perform his functions with the objective of either 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 rather than being placed into Administration first. If neither of these objectives is reasonably practicable, the third objective of realising property in order to make a distribution to one or more secured or preferential creditors of the company may be pursued providing the Administrator avoids unnecessarily harming the interests of the creditors as a whole.

1.4 In this case, the Administrators have pursued the objective of 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) and considers that the pre-packaged sale enables the statutory purpose of Administration to be achieved. Set out below is further information containing a summary of the circumstances relevant to the pre-packaged sale of the Company's business and assets to Berlin Trading Co. Ltd in accordance with the provisions of Statement of Insolvency Practice 16. In agreeing to the pre-packaged sale, we can confirm that we have considered the purpose of the Administration and the fulfilment of our statutory obligations to creditors under paragraphs 3(2) and 3(4) of Schedule B1 to the Insolvency Act 1986.

Background

1.5 The Company was incorporated on 24 May 2013 as East London Distilling Company Limited by Alexander Wolpert who was the initial director. During the early months, Mr Wolpert sought to prepare the business for start-up and brought onboard further directors to help him achieve this aim. On 17 September 2013, the Director changed the Company name to East London Liquor Company Limited.

1.6 On 1 October 2013, the Company appointed Jon Akerlund; Scott Chillery; Marc Francis-Baum; and Patrik Franzen as Directors of the Company. On 11 March 2020, James Law was appointed as a Director of the Company.

1.7 The Company commenced trading in 2014 from premises located at Unit GF1 Bow Wharf, 221 Grove Road, London E3 5SN by creating their own local range of whisky, gins and vodka. Within a short period of time, the Company had gained a good reputation through word of mouth and the Company marketed its business through both local media and the internet. In addition the Company operated a pub and gave tours of its distillery which also generated income.

1.8 From the commencement of trading, the Company grew each year from initially producing 200 cases per month to over 2,000 cases per month which was sold to customers through online sales to the public; independent retailers; small chains and large supermarkets.

1.9 On 24 May 2020, Roland Grain was also appointed as a Director of the Company as he made sizeable investments into the business and being a strategic partner in the EU for the sale of the Company's range of alcoholic beverages.

1.10 With the onset of the Covid pandemic, the Company lost over 90% of its revenue due to their main customer bases being spread across the ongoing supplied traders. When the Covid restrictions were lifted, the Company was then able to commence trading again. However, the Company had built up a significant debt with HMRC and sought a "time to pay" ("TTP") arrangement with them. The Directors tried to negotiate a TTP with HMRC which was aimed at achieving an affordable repayment plan whilst also keeping up to date with their current HMRC payments as well as maintaining the ongoing payments to suppliers and the viability of the Company to enable it to survive.

1.11 Matters were also compounded by the fact that the overheads to run a production facility and hospitality venue from their premises were high and, post Covid, the footfall at the premises had been lower than anticipated which also affected the cash-flow. In addition, the cost-of-living crisis, coupled with the energy crisis has made the trading environment very difficult and with consumer confidence at an all-time low, the Company's demographic's discretionary spend was reduced thus further impacting on the viability of the Company.

1.12 On 1 May 2023, both Patrik Franzen and James Law resigned as Directors of the Company.

1.13 The Company continued to try to negotiate with HMRC on an achievable TTP throughout 2023. However, this has ultimately proved unsuccessful and in mid-November 2023, HMRC advised that they were seeking to commence enforcement action. The Director, being mindful of the financial position of the Company, sought professional advice in respect of the Company's financial position. This led to the engagement of CG&Co. and subsequent Administration.

1.14 A moratorium under Part A1 of the Insolvency Act 1986 has not been in force for the Company at any time within the period of 2 years ending with the day on which the Company entered Administration.

1.15 As a result of the Company's financial position, Edward M Avery-Gee and Daniel Richardson of CG&Co, 27 Byrom Street , Manchester, M3 4PF were appointed Joint Administrators of the Company by the Directors of the Company on 12 December 2023. The Administrators are authorised to act jointly and severally in the Administration.

1.16 Information about the way that we will use and store personal data on insolvency appointments can be found at www.cg-recovery.com/privacy-policy-2/. If you are unable to download this, please contact us and a hard copy will be provided to you.

1.17 This report incorporates the Administrators' statement of proposals made under paragraph 49 of Schedule B1 of the Insolvency Act 1986, which will be treated as delivered to creditors on 19 January 2024.

Type of proceedings

1.18 The proceedings flowing from the Administration appointment will be COMI proceedings as the Company is incorporated and had its registered office within the jurisdiction of the courts of England and Wales at Unit Gf1 Bow Wharf, 221 Grove Road, London E3 5SN and its centre of main interests is in the United Kingdom.

2 Administration Strategy and Objective

2.1 The Administrators must perform their functions with the purpose of achieving one of the following objectives:

- *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.*

2.2 The Administrators considered the strategy and objectives and believed that the Company could not be rescued as a going concern as the Company had already granted Fixed & Floating Charge Debentures to both HSBC Bank plc and Close Brothers Limited, and with the level of indebtedness to HMRC, the Administrators and the Director believed that the business would not be an attractive proposition for any third party to purchase the business in its current financial position. Therefore, this course of action was considered as not feasible.

2.3 As the Administrators have undertaken a "Pre-Packaged" sale of the business, which is referred to below. By doing so there is a potential return to the preferential creditors anticipated in this matter and therefore the Administrators are pursuing the second objective which is to achieve a better result for creditors as a whole than would be likely if the Company were wound up (without first being in Administration) as the outcome and the anticipated dividend to creditors is greater than if the Company been placed into liquidation. The Administrators refer creditors to Appendix F (Estimated Outcome Statement).

2.4 The Administrators could also pursue the third objective of realising property in order to make a distribution to one or more secured or preferential creditors.

Pre-Packaged sale

2.5 A *substantial disposal* of the Company's business and assets to a connected party has taken place in the Administration. Further details about this can be found at Appendices H & I.

Sale to a connected person

2.6 Regulations were made by the UK government in 2021 ***(The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021*** (the **Regulations**)) with the aim of improving transparency and increasing confidence in sales to connected parties in Administrations.

2.7 The result of this is that an Administrators are prohibited from entering into an agreement (which may include a series of transactions) for the disposal, hiring out or sale, of all or a substantial part of a company's business or assets with a connected person, within the first 8 weeks of an Administration, unless either prior creditor approval is obtained, or the proposed purchaser obtains a *qualifying report* from an independent Evaluator. Such a disposal is known as a *substantial disposal* in the context of the Regulations, and it is the Administrators' responsibility to decide whether the Regulations apply to the proposed transaction and whether the purchaser is a connected person or not.

2.8 The nature of the transaction and purchaser's connection with the Company mean that in this case, the Regulations apply. In the circumstances, it was considered appropriate to obtain a *qualifying report*, full details of which are included below.

Qualifying Report

2.9 The *qualifying report* was obtained from the connected purchaser on 11 December 2023. The substantial disposal was made on 12 December 2023 to Berlin Trading Co Ltd.

2.10 The nature of the transaction meant that it was necessary to complete the transaction upon or shortly after my appointment and therefore, in accordance with government guidelines, the purchaser obtained the *qualifying report* prior to our appointment as Joint Administrators.

2.11 The Administrator sent a letter to creditors on 13 December 2023 to provide further information on the sale pursuant to the requirements of Statement of Insolvency Practice 16. A copy of this statement is attached at Appendix H for your information. A copy of the *qualifying report* provided by an independent Evaluator is also included at Appendix I.

2.12 It was not possible to issue these proposals at the same time as the notification of the pre-packaged sale to creditors because the appointment of the Joint Administrators was made just prior to the Christmas break with the office being closed from 22 December 2023 to 2 January 2024 and information was still being collated in order to prepare the proposals.

2.13 The *qualifying report* contains the Evaluator's statement that they are satisfied that the consideration for the relevant property, and the grounds for the *substantial disposal* are reasonable in the circumstances (ie, that the case has been made for the disposal). The Evaluator's principal reasons for making this statement are detailed in the *qualifying report.*

2.14 The Administrators made the connected person purchaser aware of the desirability of producing a *viability report.* However, the connected party did not provide the Evaluator with a *viability report*, but only a cashflow forecast for the following 12 months, a copy of which is attached at Appendix J. This was considered by the Evaluator (amongst other things), when forming the opinion stated in the *qualifying report.*

Consideration of Proposals by Creditors

2.15 Under Para 52(1) of Schedule B1 to the Insolvency Act 1986, where an Administrator thinks that:

(a) The Company has sufficient property to enable each creditor of the Company to be paid in full,

(b) The Company has insufficient property to enable a distribution to be made to the unsecured creditors other than from the Prescribed Part, or

(c) The Company cannot be rescued as a going concern, or a better result as a whole than would be likely if the Company were wound up (without first being in Administration) cannot be achieved

Then the Administrator is not required to seek a decision from the Company's creditors as to whether they approve these Proposals.

2.16 In this case, we do not think any of the above provisions apply and we are therefore required to seek approval from creditors to our Proposals. Please see the covering letter which accompanies this Report for further information about this.

Progress Since Appointment

Administration (including statutory compliance and reporting)

2.17 Following our appointment, the strategy for the Administration was carefully assessed to ensure that a coherent planned process for the case could be achieved. This work may, where appropriate, have included liaison with solicitors to deal with any legal considerations surrounding the Company's insolvency (such as assessing the validity of any 3rd party security in relation to the assets) and liaising with valuation agents about the most appropriate means of realising the value in the Company's business and assets.

2.18 We have also dealt with a number of statutory formalities which are required of us under related legislation. Typically, this includes issuing and filing all appointment notices with creditors and the Registrar of Companies and advertising our appointment in the London Gazette, together with preparing these proposals to creditors outlining how the purpose of the Administration may be achieved.

2.19 As a pre-packaged sale of the Company's assets and business has taken place, we have also prepared and issued the report on the transaction as required by Statement of Insolvency Practice 16.

2.20 Other statutory duties performed are outlined in further detail in the fees estimate/fees information which can be found at Appendix F. Please note that much of this work will have been performed to comply with statutory requirements and as such may not necessarily add any value to the insolvent estate.

Trading

2.21 The business was not traded post appointment, as the business was sold as a pre-packaged sale.

Realisation of assets

Business Assets

2.22 Since our appointment we have undertaken a sale of the assets of the Company by way of a "Pre-pack" sale which is referred to at Appendix H.

Book Debts

2.23 Following our appointment, we have liaised with Close Brothers Limited in their collection of the book debt ledger. The outstanding Book Debt ledger at the time of our appointment was £152,732 of which £80,557 was approved for factoring purposes. Close Bothers have collected a sum of £63,926 and after settlement of their costs and termination charges totalling £51,295 a surplus of £12,131 will shortly be transferred to the Administrators. We are also awaiting the outstanding debtor ledger to be transferred to the Administrators for pursuit.

Shares in Group Undertakings

2.24 The Company owns shares and investments within sister Companies with a value of £3,150,001 as per the last set of accounts filed for the year ended 31 March 2023. It is uncertain as to whether these have any tangible value. The Administrators will obtain a valuation and consider whether they can sell those shares and investments accordingly. However, for the purposes of this statement they are showing as having an uncertain value.

2.25 The work undertaken by the Administrator and his staff to date in realising the Company's assets has been necessary in order to maximise the likelihood of a return to creditors being made. Where assets remain to be realised, these will be dealt with as the Administration progresses and further updates will be provided to creditors in my progress reports.

2.26 Further information on the estimated outcome of the Administration can be found in section 9 below.

Creditors

Secured Creditors

2.27 A review of the records held at Companies House indicate that the Company has the following outstanding charges registered against its name.

2.28 The Company granted a fixed and floating charge debenture and a Legal assignment of contract monies charge to the HSBC Bank plc on 18 October 2018 with the Debenture being registered at Companies House on 19 October 2018 and the Legal assignment being registered at Companies House on 22 October 2018. It is estimated that HSBC Bank are owed £7,000 under their charges.

2.29 On 29 March 2022 the Company granted a fixed and floating charge Debenture to Close Brothers Limited in support of an Invoice Factoring Agreement which was registered at Companies House on 7 April 2022. Since the appointment of the Administrators, Close Brothers Limited have been repaid in full from their collection of the debtors ledger under their Invoice Factoring Agreement.

Preferential Creditors

2.30 Since 1 December 2020, claims from preferential creditors now fall into one of two categories, either ordinary (typically involving employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal, which rank equally among themselves), or secondary (which are claims by HMRC for VAT or other relevant tax deductions such as PAYE and employee NIC deductions, together with student loans and CIS deductions, which also rank equally among themselves). Ordinary preferential claims rank ahead of secondary preferential claims and all preferential creditors must be paid in full before any distribution can be made to the unsecured creditors of a company.

Ordinary Preferential Creditors

2.31 Preferential creditors encompass liabilities for arrears of pay, accrued but unpaid holiday pay and any unpaid pension contributions. There are no known ordinary preferential creditors.

Secondary Preferential Creditors

2.32 HMRC are owed an estimated sum of £127,770 in respect of PAYE & Employee NIC as well as a sum of £35,607 in respect of Alcohol Duty.

Unsecured Creditors

2.33 The trade and expense creditors are estimated at £300,668. There is a sum of £40,416 owed to HSBC Bank under a Bounce Back Loan and HMRC are owed further sums of £31,945 in respect of Employers NIC and £100 in respect of a Corporation Tax penalty. There is a sum of £100,000 owed to an associated Company.

2.34 Work undertaken by an Administrator in dealing with a company's creditors may only therefore bring a financial benefit to certain classes of creditor such as a secured creditor or the preferential creditors, however an Administrator is required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Administrator in dealing with those claims.

Investigations

2.35 Some of the work the Joint Administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (**CDDA 1986**) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that can be pursued for the benefit of creditors.

2.36 Our report on the conduct of the Directors of the Company to the Department for Business, Energy & Industrial Strategy under the CDDA 1986 has not yet been submitted. It should be noted that the report is confidential.

2.37 At the present time, we are unable to comment on matters relating to investigations into the affairs of the Company as these are not complete and we have issued questionnaires to the Directors, in respect of their roles in the Company.

Sale of Assets to Connected Parties

2.38 In accordance with Statement of Insolvency Practice 13, we would advise you that the following assets were sold to a party connected with the Company:

Date of transaction	Assets involved & nature of transaction	Consideration paid & date	Sold to	Relationship
12.12.2023	Pre-Pack sale of the business & the chattel assets of the Company	Initial deposit of £85,000 on 12.12.2023. See Appendix H for further information on the deferred payment terms	Berlin Trading Co Limited	Mr Alexander Wolpert is a director of the purchaser and also a director of East London Liquor Company Limited.

2.39 The assets were sold as part of a pre-packaged sale and we refer creditors to the SIP16 statement at Appendix H for further information.

3 Joint Administrators' Receipts and Payments

3.1 A summary of receipts and payments for the Administration period from the date of our appointment to 17 January 2024 is attached at Appendix B.

4 Financial Position

4.1 Attached at Appendix C is a summary of the Directors' Estimated Statement of Affairs of the Company as at the date of the appointment of the Administrators together with a list of creditors names and addresses along with details of their debts (including details of any security held by them). Creditors should note that the estimated financial position is before the costs of the Administration procedure are considered.

5 Administrators' Proposals

5.1 It is proposed that the Administrators will continue to manage the affairs of the Company in order to achieve the objective of the Administration as set out in section 2 of this report. A Summary of the Administrators' Proposals in relation to the pursuance of this objective can be found at Appendix D.

6 Exit Routes

6.1 All Administrations automatically come to an end after the period of one year, unless the Company's creditors agree to extend this period, or the Court orders the Administrator's term of office be extended for a specified period of time.

6.2 At the time of drafting these Proposals we do not believe that an extension to the period of Administration will be necessary, however will confirm the position to creditors in a subsequent progress report in due course.

Based on information currently available, the information on the exit route(s) we believe may be appropriate in this Administration is/are set out below.

Creditors Voluntary Liquidation

6.3 If, the Administrators think a dividend will be paid to the unsecured creditors other than by virtue of the Prescribed Part, the Administrators will either make an application to Court to enable them to make a distribution to unsecured creditors in the Administration or they will 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 (**CVL**) to facilitate this distribution. It is proposed that the Administrators in office at the date of conversion to CVL will become the Joint Liquidators of the CVL.

6.4 It is proposed that the Joint Liquidators will be authorised to act jointly and severally in the subsequent liquidation.

6.5 Creditors have the right to nominate an alternative liquidator of their choice. To do this, creditors must make their nomination in writing to the Administrators prior to these proposals being approved. Where this occurs, the Administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Administrators will automatically become the Joint Liquidators of the subsequent CVL.

Dissolution of the Company

6.6 Based on present information, the Administrator thinks that the Company has insufficient property to permit a distribution to the unsecured creditors and that there may only be a distribution available to the secured and/or preferential creditors of the Company. As a result, once these distributions have been made, a notice will be filed at Court and with the Registrar of Companies with the Administrator's final report, for the dissolution of the Company.

6.7 The Administrators' appointment will end following the registration of the notice by the Registrar of Companies.

Compulsory Liquidation

6.8 If a move to Creditors' Voluntary Liquidation is not possible because a dividend to the unsecured creditors (other than by virtue of the Prescribed Part) is not anticipated, but the Administrators conclude that an exit into liquidation is appropriate so that further investigations into the Company's affairs may be carried out for example, an application to Court may be made to exit into Compulsory Liquidation instead. If this exit route is appropriate, at this stage it is anticipated (but is not mandatory) that the Administrators will become the Joint Liquidators in the subsequent liquidation.

7 Pre-administration Costs

7.1 Pre-administration costs are defined as:

(i) Fees charged, and

(ii) Expenses incurred

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

7.2 Below is information on the pre-administration costs incurred in this case, together with details of any amounts which remain unpaid, where applicable.

7.3 The pre-appointment fees charged and expenses incurred by the Administrators are as follows:

Fees or Expenses charged by	Brief description of services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
CG&Co	Initial review of the financial position and options available to the Company. Meetings with the Company to discuss the options available and practicalities involved. Discussions with Valuation Agents and Evaluator in relation to the value of the business and assets and marketing of the Company/it's assets. Liaison with Solicitors in relation to statutory notices and appointment documents. Negotiation and agreement of sale and sales contract immediately prior to appointment.	£15,000	Nil	N/A	£15,000

Robson Kay Associates Limited	Attendance at trading premises of the Company to review and value the business and assets. Report on valuation and marketing recommendations. Conducting a marketing campaign and liaising with interested parties. Recommendation of offer received from the Purchaser and provision of information to the Evaluator, solicitors and proposed Administrators prior to completion of the sale.	£20,000	Nil	N/A	£20,000
Brecher Solicitors	Preparation of statutory notices, board minutes and appointment documents. Preparation of Sales Contract and dialogue with the purchaser's solicitors to agree the same.	£8,110	Nil	N/A	£8,110

7.4 The pre-appointment fees and expenses above were charged in accordance with the terms of an engagement letter dated 23 November 2023 between the Administrators' firm and the Company, acting by way of its directors.

7.5 In this case, the above work was considered necessary to be carried out prior to the appointment of the Administrators because it enabled various courses of alternative action to be considered with management prior to the Administrators' appointment and the pre-packaged sale. These were as follows:

Trading the Business

Continue to trade both with, or outside of, a formal Company Voluntary Arrangement ("CVA"). The Company does not have significant investment opportunities available, as it is heavily insolvent, and had already unsuccessfully attempted to enter into a "time to pay" arrangement with HMRC who are currently owed £195,520. The Company also faced the threat of a winding up petition being presented by HMRC and therefore the Company had no time to continue to trade and was in need of protection. The Directors also believed that HMRC would not be prepared to agree to a CVA due to historic arrears and correspondence received from HMRC in relation to enforcement action.

The Director considered that it would be futile to apply for funding when the Company had no further fixed assets to pledge as security to any outside third party. The Company had already granted a fixed and floating charge debenture to HSBC Bank on 18 October 2018 together with an "Assignment of Rights" Charge to HSBC Bank on the same day who are owed approximately £7,000. In addition, a debenture was granted to Close Brothers Limited on 29 March 2022 in support of an Invoice Financing facility, and who have since frozen the account and the Company is unable to draw down any funds for ongoing trading.

The existing management and shareholders were not prepared to continue to fund the Company in its current position.

Therefore, it was considered that it was not "cash flow" viable to continue to trade with no funds available to meet the day-to-day costs and expense of trading as well as any potential contribution into a CVA.

Other alternative courses of action

A moratorium pursuant to Part A1 of the Insolvency Act 1986.

The Company would benefit from the breathing space afforded by a Part A1 Moratorium but given the Company's current financial difficulties, it was not considered possible that the Company would be able to be rescued whilst still servicing the required pre-moratorium debts, which include, rents, wages, and the monitor's remuneration. Accordingly, it was not considered possible to certify that the Company could be rescued as a going concern.

Sale of the business and assets as a going concern by management.

This course had already been considered by the Company but with the continued HMRC pressure there would be no time to market and sell the business without any form of protection past 29.11.23, being the date that HMRC set for proposals for settlement of their debt failing which they would commence enforcement action. As the Company had already granted a Fixed & Floating Charge Debenture to HSBC Bank and with the level of indebtedness to HM Revenue & Customs, the Directors believed that the business would not be an attractive proposition for any third party to purchase the business in its current financial position. Therefore, this course of action was considered as not feasible.

Distressed sale of the business and assets as a going concern by an Administrator.

Following discussions with the Directors, we advised that with such a large debt owed to HM Revenue & Customs and with the level of indebtedness to creditors it was considered that there would be no third-party interest in anyone purchasing the business in its current financial position. The business was marketed for sale by Robson Kay Associates Limited (the Agents") and, whilst one independent third party made an initial enquiry about the business, they did not proceed further on the matter.

Liquidation.

It was considered that a Liquidation could be pursued and subsequently a forced sale of the Company's assets could be undertaken. However, significant costs associated with, collecting, transporting and selling stock and other assets as well as creating duty liability when stock is moved from bonded premises would result in the realisations from such a sale being significantly reduced and it would result in 18 employees losing their jobs. In addition, a 'business sale' is understood to raise greater sales proceeds than an asset sale as well as preserving the 18 jobs of the employees. It is estimated that the employee costs in a liquidation scenario is around £80K-£90K. Further, for the reasons stated at Appendix H it was considered that the pre-pack administration would create a better outcome for creditors than a liquidation.

Pre-Pack Administration.

Sale of assets by the Administrator after a period of marketing to third parties. A marketing campaign was undertaken by the duly appointed Agents which is also referred to at Appendix H.

7.6 The payment of the unpaid pre-administration costs set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Administrators' proposals. This approval will be the responsibility of the Creditors' Committee if one is appointed or alternatively by a decision of the creditors where there is no Committee.

8 Joint Administrators' Remuneration

8.1 As Joint Administrators, we are required to provide creditors with details of the work we propose to undertake in the Administration and the expenses we consider will be, or is likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which my remuneration will be fixed.

8.2 In addition to this, where Administrators seek agreement to the basis of their remuneration by reference to time properly spent by them and their staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.

8.3 In this case, we are seeking to agree that our remuneration be based on the time properly spent by us and our staff in dealing with the affairs of the Company. Our fees estimate and details of the work we propose to undertake, and the expenses we anticipate will be, or are likely to be, incurred in the Administration can be found at Appendix F. Further information on the work done since our appointment to the date of this report can be found in section 2 of this report.

8.4 Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if we consider the estimate will be exceeded during the Administration, we are obliged to seek further approval for any increase in our remuneration. The fees estimate provides details of these matters where relevant and appropriate approval to the basis of our remuneration will be sought.

8.5 For information, attached at Appendix E is a time matrix outlining the time spent by us and our staff since the date of our appointment as Administrators to 17 January 2024. This time is included within the overall fees estimate provided with this report.

8.6 We will provide updates on the expenses we consider will be, or are likely to be, incurred during this case with our progress reports in due course.

8.7 Administrators may include details of the remuneration they anticipate will be charged and the expenses they anticipate will be incurred if they become the Joint Liquidators in the subsequent CVL. This can be done when seeking approval to the basis of their remuneration as Administrators, or alternatively their fees estimate for the CVL can be provided once the Company has moved into CVL. Please refer to Appendix F to this report for further information.

8.8 A copy of "A Creditors' Guide to Administrators' Fees" is available on request or can be downloaded from https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/administration-a-guide-for-creditors-on-insolvency-practitioner-fees/

8.9 If you would prefer this to be sent to you in hard copy please contact Bill Brandon of this office on 0161 358 0217.

9 Estimated Outcome

9.1 An estimate of the outcome of the Administration as at 17 January 2024 is attached as Appendix F. This indicates that, after allowing for the costs and expenses of the Administration, it is anticipated that the secured creditors will be repaid in full and a dividend will become payable to the preferential creditors in this matter.

9.2 Based on the directors' Estimated Statement of Affairs attached to this report the estimated value of the preferential creditors is £163,377 and the unsecured creditors is £473,129.

9.3 The Company granted floating charges to HSBC Bank plc on 18 October 2018 and Close Brothers Limited on 29 March 2022. Accordingly, we are required to create a fund out of the Company's net floating charge property for the benefit of unsecured creditors (known as the **Prescribed Part**).

9.4 Based on present information, we estimate the value of the Company's net floating charge property to be £Nil. Arising from this, the value of the unsecured creditors' fund is estimated to be £Nil. Please be aware that the value of this fund is likely to fluctuate during the course of the Administration and further updates will be provided in our progress reports in due course.

10 Proposals approval and next report

10.1 We are seeking a decision of creditors by correspondence on the approval of our proposals by correspondence as well as seeking the approval of our Fees and discharge from liability upon the conclusion of the Administration. The letter issued to creditors with the link to this report contains further information about this decision process.

10.2 The Administrators are required to provide a progress report within one month of the end of the first six months of the Administration and we will report to you again at this time.

For and on behalf of
East London Liquor Company Limited

Edward Avery-Gee
Joint Administrator

Enc

Appendix A

Statutory Information

1 Company information

Company name	East London Liquor Company Limited
Trading name(s)	None
Registered number	08543735
Registered office address	27 Byrom Street Manchester M3 4PF
Former registered office address	Unit Gf1 Bow Wharf 221 Grove Road London E3 5SN
Trading address(s)	Unit Gf1 Bow Wharf 221 Grove Road London E3 5SN
Court details	High Court of Justice Business and Property Courts in Manchester
Court reference number	CR-2023-MAN-001486

2 Details of the Company's Directors, Secretary and Shareholdings

	Date appointed	Date resigned	Shares held
Director(s)			
Roland Andreas Grain	04.06.2020		
James Douglas Law	11.03.2020	01.05.2023	
Marc Francis-Baum	01.10.2013		10,000
Scott Chillery	01.10.2013		10,000
Jon Andreas Akerlund	01.10.2013		10,000
Patrik Ulf Franzen	01.10.2013	01.05.2023	10,000
Alexander Michael Wolpert	24.05.2013		40,000
Secretary	N/A		

3 Joint Administrators' Details

Name of Administrators	Edward M Avery-Gee	Daniel Richardson
Address	27 Byrom Street Manchester M3 4PF	27 Byrom Street Manchester M3 4PF
Telephone Number	0161 358 0210	0161 358 0210
Administrator's IP Number	12410	12650
Authorising Body	ICAEW	ICAEW
Date of Appointment	12 December 2023	12 December 2023

Appendix B

Receipts and Payments Account for the Period from 12 December 2023 to 17 January 2024

East London Liquor Company Limited
(In Administration)

APPENDIX B - JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

	Statement of affairs £	From 12/12/2023 To 17/01/2024 £	From 12/12/2023 To 17/01/2024 £
RECEIPTS			
Intangible Fixed Assets		30,000.00	30,000.00
Goodwill & IP		2.00	2.00
Book Debts	40,279.00	0.00	0.00
Shares in Group Undertakings	Uncertain	0.00	0.00
Plant & Machinery	10,000.00	0.00	0.00
Motor Vehicles	5,000.00	0.00	0.00
Stock	175,000.00	69,997.00	69,997.00
Sellers Books & Records		1.00	1.00
		100,000.00	100,000.00
PAYMENTS			
Close Brothers Limited	(2,124.00)	0.00	0.00
HSBC Bank plc	(7,000.00)	0.00	0.00
Statutory Advertising		86.00	86.00
HM Revenue & Customs - PAYE & EE NI	(127,770.00)	0.00	0.00
HM Revenue & Customs - Alcohol Duty	(35,607.00)	0.00	0.00
Trade & Expense Creditors	(300,668.00)	0.00	0.00
HSBC Bank - BBL	(40,416.00)	0.00	0.00
HM Revenue & Customs - ER NIC	(31,945.00)	0.00	0.00
HM Revenue & Customs - Corp Tax Pena	(100.00)	0.00	0.00
Associated Company Loan	(100,000.00)	0.00	0.00
Ordinary Shareholders	(1,000.00)	0.00	0.00
Class "A" Ordinary Shareholders	(28,655.00)	0.00	0.00
Class "B" Investment Shareholders	(399.00)	0.00	0.00
Share Premium Account	(8,531,088.00)	0.00	0.00
Vat Receivable		17.20	17.20
		103.20	103.20
BALANCE - 17 January 2024			**99,896.80**

Edward M Avery-Gee
Joint Administrator

Appendix C

Summary of the Directors' Statement of Affairs of the Company as at 12 December 2023

Rule 3.30

STATEMENT OF AFFAIRS

Name of Company East London Liquor Company Limited	Company Number 08543735
In the High Court of Justice Business and Property Courts in Manchester	Court case number CR-2023-MAN-1486

Statement as to the affairs of

East London Liquor Company Limited

27 Byrom Street

Manchester

M3 4PF

on the 12 December 2023, the date that the company entered administration.

Statement of Truth

I believe the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at 12 December 2023 the date that the company entered administration. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Full Name: Alexander Wolpert

Signed: Alex Wolpert

Dated: 21 December 2023

East London Liquor Company Limited
Company Registered Number: 08543735
Statement Of Affairs as at 12 December 2023

A - Summary of Assets

Assets	Book Value £		Estimated to Realise £
Assets subject to fixed charge:			
Book Debts	152,732.00	40,279.00	
Close Brothers Limited		(2,124.00)	
HSBC Bank plc		(7,000.00)	
		31,155.00	31,155.00
Shares in Group Undertakings	3,150,001.00	Uncertain	
Assets subject to floating charge:			
Uncharged assets:			
Plant & Machinery	339,572.00		10,000.00
Motor Vehicles	6,289.00		5,000.00
Stock	220,000.00		175,000.00
Estimated total assets available for preferential creditors			221,155.00

Signature Alex Wolpert Date 21 December 2023

East London Liquor Company Limited
Company Registered Number: 08543735
Statement Of Affairs as at 12 December 2023

A1 - Summary of Liabilities

		Estimated to Realise £
Estimated total assets available for preferential creditors (Carried from Page A)		221,155.00
Liabilities		
Preferential Creditors:-		
		NIL
Estimated deficiency/surplus as regards preferential creditors		221,155.00
2nd Preferential Creditors:-		
HM Revenue & Customs - PAYE & EE NIC	127,770.00	
HM Revenue & Customs - Alcohol Duty	35,607.00	
		163,377.00
Estimated deficiency/surplus as regards 2nd preferential creditors		57,778.00
Debts secured by floating charges pre 15 September 2003		
Other Pre 15 September 2003 Floating Charge Creditors		
		NIL
		57,778.00
Estimated prescribed part of net property where applicable (to carry forward)		14,555.60
Estimated total assets available for floating charge holders		43,222.40
Debts secured by floating charges post 14 September 2003		
		NIL
Estimated deficiency/surplus of assets after floating charges		43,222.40
Estimated prescribed part of net property where applicable (brought down)		14,555.60
Total assets available to unsecured creditors		57,778.00

Signature Alex Wolpert Date 21 December 2023

East London Liquor Company Limited
Company Registered Number: 08543735
Statement Of Affairs as at 12 December 2023

A1 - Summary of Liabilities

		Estimated to Realise £
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	300,668.00	
HSBC Bank - BBL	40,416.00	
HM Revenue & Customs - ER NIC	31,945.00	
HM Revenue & Customs - Corp Tax Penalty	100.00	
Associated Company Loan	100,000.00	
		473,129.00
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)		(415,351.00)
Estimated deficiency/surplus as regards creditors		(415,351.00)
Issued and called up capital		
Ordinary Shareholders	1,000.00	
Class "A" Ordinary Shareholders	28,655.00	
Class "B" Investment Shareholders	399.00	
Share Premium Account	8,531,088.00	
		8,561,142.00
Estimated total deficiency/surplus as regards members		(8,976,493.00)

Signature Alex Wolpert Date 21 December 2023

East London Liquor Company Limited
Company Registered Number: 08543735
B - Company Creditors

Key	Name	Address	£
CA00	Amazon Business	410 Terry Ave N, Seattle, 98109 WA, USA	68.62
CA01	Associated Pallets Limited	Eling Lane, Eling Wharf, Totton, Southampton, SO40 4TE	531.96
CA02	Alcohols Ltd T/A Langley Distillery	The Distillery, Crosswells Road, Langley Green, Warley, West Midlands, B68 8HA	19,194.31
CB00	Bike Taxi Limited - Pedal Me	Finsgate, 5-7 Cranwood Street, London, EC1V 9EE	283.77
CB01	The Borough Market (Southwark) Trust	8 Southwark Street, London, SE1 1TL	4,618.82
CB02	Barworks Limited	124 City Road, London, EC1V 2NX	100,000.00
CC00	Castle Water Limited	1 Boat Brae, Rattray, Blairgowrie, PH10 7BH	871.33
CC01	Close Brothers Limited	10 Crown Place, London, EC2A 4FT	2,124.00
CD00	Dynamic Vines Ltd	Unit 5, Discovery Business Park, St James's Rd, London, SE16 4RA	730.94
CE00	E&A Scheer BV	Deccaweg 22, 1042 AD, Amsterdam, THE NETHERLANDS	7,120.32
CG00	Th Geyer Ingredients GmbH & Co KG	Im Wesertal 11, 37671, Höxter, GERMANY	5,730.73
CG01	The Gin Guild	The Bramble , C/o Milnthorpe, Colchester Road, Chappel, Essex, CO6 2DQ	1,200.00
CH00	HM Revenue & Customs - Alcohol Duty	Debt Management North, DM EECD, BX9 1WL	35,607.15
CH01	HM Revenue & Customs - Corp Tax	CT Services, BX9 1AX	200.00
CH02	HM Revenue & Customs - PAYE & NIC	Debt Management, EIS - C, BX9 1SH	159,712.63
CH03	HSBC Bank - BBL	69 Pall Mall, London, SW1Y 5EY	40,416.59
CH04	HSBC Bank	69 Pall Mall, London, SW1Y 5EY	7,000.00
CI00	InBond Ltd	Malleable Way, Stockton-on-Tees, TS18 2QX	2,608.65
CI01	Ipsosolo Ltd T/A Cask Liquid Marketing	No3, 60 Great Eastern Street, Shoreditch, London, EC2A 3QR	6,760.00
CJ00	Jolly's Drinks Limited	Oak House, Forge Lane, Saltash, Cornwall, PL12 6LX	25,344.00
CL00	Label Apeel Ltd	17 Pinfold Road, Thurmaston, Leicester, LE4 8AS	16,740.43
CL01	Labelnet Ltd	Label House, Hallsford Bridge Industrial Estate, Stondon Road, Hook End, Ongar, Essex, CM5 9RB	4,320.40
CL02	Lambert Smith Hampton	55 Wells Street, London, W1T 3PT	41,053.32
CL03	L.T. Baldwin Transport Ltd	8 Cromwell Industrial Estate, Staffa Road, Leyton, London, E10 7QZ	317.95
CL04	Stephen Lucarelli	Lucarelli Consulting, 796 Deer Trail, Crestline, CA 92325, USA	1,163.35
CM00	Multi Packaging Solutions UK Limited	4 Thatcham Business Village, Thatcham, Berks, RG19 4LW	43,924.98
CP00	Pillars Brewery	Unit 2, Ravenswood Industrial Estate, Shernhall Street, London, E17 9HQ	514.08
CP01	Pass Spirituosen Großhandel	Granatenstraße 25 -26, 13409, Berlin, GERMANY	1,081.22
CR00	RBG Kew Enterprises Limited	Royal Botanic Gardens, Kew, Richmond, TW9 3AE	42,000.00

East London Liquor Company Limited
Company Registered Number: 08543735
B - Company Creditors

Key	Name	Address	£
CR01	RSM Solutions NE Ltd	11 Sowerby Way, Durham Lane Ind Park, Eaglescliffe, Stockton-on-Tees, TS16 0RB	150.00
CS00	Splendid Trading Ltd	151-153 Shoreditch High Street, London, E1 6HU	844.91
CS01	Speciality Drinks Ltd	Elixir House, Whitby Avenue, Park Royal, London, NW10 7SF	2,507.75
CT00	TC Group	6th Floor, King's House, 9-10 Haymarket, London, SW1Y 4BP	2,250.00
CV00	Vetroelite UK Ltd	77 Renfrew Street, Glasgow, G2 3BZ	66,786.40
CW00	Weldtech Pipe Services Limited	Unit B, Kendall Court, 4 Doman Road, Camberley, Surrey, GU15 3DF	1,440.00
CW01	Woods Foodservice Limited	5 Riverside Way, Uxbridge, UB8 2YF	510.44
36 Entries Totalling			**645,729.05**

Alex Wolpert

CG&Co
East London Liquor Company Limited
Company Registered Number: 08543735
C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Shares	Called Up per share	Total Amt. Called Up
HA00	Mr Jon Akerland	38-40 The Oval, Unit 75 Containerville, London, E2 9DT	Ordinary	0.01	10,000	0.00	0.00
HB00	Barworks Limited	PO Box 222, 124 City Road, London, EC1V 2NX	Ordinary	0.01	10,000	0.00	0.00
HC00	Mr Scott Chillery	38-40 The Oval, Unit 75 Containerville, London, E2 9DT	Ordinary	0.01	10,000	0.00	0.00
HC01	Mr Jasper Cuppaidge	38-40 The Oval, Unit 75 Containerville, London, E2 9DT	Ordinary	0.01	10,000	0.00	0.00
HF00	Mr Patrik Franzen	38-40 The Oval, Unit 75 Containerville, London, E2 9DT	Ordinary	0.01	10,000	0.00	0.00
HF01	Mr Marc Francis-Baum	38-40 The Oval, Unit 75 Containerville, London, E2 9DT	Ordinary	0.01	10,000	0.00	0.00
HS00	1553 Shareholders		Ordinary	0.0001	290,539,466	0.00	0.00
HW00	Mr Alexander Wolpert	Unit Gf1 Bow Wharf, 221 Grove Road, London, E3 5SN	Ordinary	0.01	40,000	0.00	0.00
8 Ordinary Entries Totalling					290,639,466		

Alex Wolpert

Signature ______________________

Appendix D

Summary of Joint Administrators' Proposals

It is proposed that the Administrators will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that:

- The assets of the company be sold to a connected party as this will achieve the objective of achieving a better outcome for the creditors than if the company was in a liquidation (without first being in an administration).

- If having realised the assets of the Company, the Administrators think that a distribution will be made to the unsecured creditors from the fund created out of the Company's net floating charge property (known as the **Prescribed Part**) by virtue of section 176A(2)(a), this will be distributed by the Administrators in the Administration and the Company will thereafter proceed to dissolution.

- If, however, having realised the assets of the Company the Administrators think that a distribution will be made to the unsecured creditors other than by virtue of section 176A(2)(a), they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrators to an end and will move the Company automatically into Creditors' Voluntary Liquidation (**CVL**) in order that the distribution can be made. In these circumstances, it is proposed that the Administrators in office at the date of conversion to CVL will become the Joint Liquidators in the CVL. The acts of the Joint Liquidators may be undertaken by either or both of them.

- Court approval is not required to enable the Administrators to make a distribution to the unsecured creditors of the Prescribed Part. If however, a distribution to unsecured creditors not limited to the Prescribed Part is anticipated, the Administrators may consider making an application to Court to seek permission to distribute this in the Administration. If permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.

- If the Administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company.

- It is currently anticipated that once the purpose of the Administration has been achieved, the Company will be dissolved.

- The Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the Administration.

- If the Administrators consider it necessary to extend the period of the Administration, they will seek the consent of creditors or the approval of the Court to the extension. Creditors may consent to an extension for a period of up to one year and the Court can order that the Administrators' term of office be extended for a specified period determined by it.

- The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Administrators' remuneration, Category 2 expenses (where charged) and any proposed act on the part of the Administrators without the need to report back to creditors generally, to include any decision regarding the most appropriate exit route from the Administration.

- The basis of the Administrators' remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by them:

  - As a percentage of the value of the assets they have to deal with, or

  - By reference to time properly spent by the Administrators and their staff managing the Administration, or

  - As a set amount

- Where no Creditors' Committee is appointed, the remuneration of the Administrators shall be fixed by a decision of creditors or where the Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the Prescribed Part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with insolvency legislation. The Administrators will also seek approval from creditors for any unpaid pre-administration costs (such that they exist) and their discharge from liability in the same manner.

- In this case, the Administrators are seeking to approve the basis of their remuneration as follows:

  - By reference to the time properly spent by the Administrators and their staff in attending to matters arising in the Administration

- The Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

Appendix E

Time Analysis for the Period from 12 December 2023 to 17 January 2024

Time Entry - Detailed SIP9 Time & Cost Summary

E0044 - East London Liquor Company Limited
From: 12/12/2023 To: 17/01/2024
Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Assistant Manager	Total Hours	Time Cost (£)	Average Hourly Rate (£)
700 : Formalities	1.70	6.10	0.00	0.00	0.00	7.80	3,161.50	405.32
Admin & Planning	**1.70**	**6.10**	**0.00**	**0.00**	**0.00**	**7.80**	**3,161.50**	**405.32**
600 : Case Specific	0.60	0.00	0.00	0.00	0.00	0.60	300.00	500.00
Case Specific Matters	**0.60**	**0.00**	**0.00**	**0.00**	**0.00**	**0.60**	**300.00**	**500.00**
504 : Statutory Reporting to Creditors	34.60	10.30	0.00	0.00	0.00	44.90	21,162.50	471.33
Creditors	**34.60**	**10.30**	**0.00**	**0.00**	**0.00**	**44.90**	**21,162.50**	**471.33**
303 : Book Debts	0.00	0.20	0.00	0.00	0.00	0.20	75.00	375.00
306 : Other Assets	0.60	0.00	0.00	0.00	0.00	0.60	300.00	500.00
Realisation of Assets	**0.60**	**0.20**	**0.00**	**0.00**	**0.00**	**0.80**	**375.00**	**468.75**
Total Hours	**37.50**	**16.60**	**0.00**	**0.00**	**0.00**	**54.10**	**24,999.00**	**462.09**
Total Fees Claimed							**0.00**	

Appendix F

Additional Information in Relation to the Joint Administrators' Fees, Expenses & the use of Subcontractors

Fee Basis and Proposed Expenses

The Administrators are seeking to agree the basis of their remuneration in this case as time properly spent by them and their staff in dealing with the affairs of the Company. Information about the work done to date can be found in the body of the Administrators' Report and Statement of Proposals at Section 2.

As a time cost basis is being sought in this case, the Administrators' fees estimate is attached to this report, which provides details of the rates the Administrators and their staff propose to charge for each part of that work and the time it is anticipated each part of that work will take.

The fees information provided is based on information about the Company's affairs available to the Administrators at the present time. Should any matters arise which impact on the proposed remuneration basis, such as additional investigatory matters or potential realisable assets, further time or cost may be incurred, and it may be necessary to revise the Administrators' estimate of costs.

In this case, we do not currently anticipate that it will be necessary to seek further approval to increase the level of the fees proposed.

Also included within the fees information attached are details about the Administrators' anticipated expenses, which includes any ***Category 1 expenses***, which generally comprise of external supplies of incidental services specifically identifiable to the case and do not require prior creditor approval to be paid. The information about expenses also outlines any ***Category 2 expenses*** charged by this firm which do require prior approval by creditors and are costs which are directly referable to the appointment but are not payments to an independent third party and may therefore include payments to associates of the Administrators or shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis.

Staff Allocation and the use of Subcontractors

The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment.

We have not used the services of any subcontractors on this case to date and do not currently anticipate the use of subcontractors will be necessary during the Administration.

Professional Advisors

On this assignment we have used, or are proposing to use, the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Brecher Solicitors (Legal Advice)	Time Costs
Prism 339 (IT Bank Statement Analysis)	Fixed Fee
Courts Trustee Services Limited (Pension Advice)	Fixed Fee
Carbon Accountancy (Pre-Appointment VAT Return)	Fixed Fee

Robson Kay Associates Limited (Agents Advice)	Time Costs

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

It should be noted that it may be necessary to instruct a third-party debt collection agency to pursue the remaining book debts which prove uncollectable by the Administrators. Should this prove necessary further details of this will be provide in our next progress report.

CG&CO CHARGE OUT RATES

The rates applying as at the date of this report are as follows:

	From 1 November 2023 (Per hour) £
Partner	500.00
Director	435.00
Senior Managing Associate	415.00
Managing Associate	375.00
Managing Associate	280.00
Senior Associate	190.00
Associate	160.00
Support Staff	95.00

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

East London Liquor Company Limited (the Company)

Fees Information in accordance with The Insolvency (England and Wales) Rules 2016 and Statement of Insolvency Practice 9

Fees Overview

Prior to an office holder agreeing the basis of remuneration, details of the work proposed to be done and the expenses it is considered will be, or are likely to be, incurred in dealing with an insolvent's affairs must be provided to creditors.

In addition, where an office holder proposes to take all or any part of this remuneration based on the time spent in dealing with the insolvent's affairs, a ***fees estimate*** must also be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.

It should be noted that a ***fees estimate*** may be provided to a particular milestone or for a designated period in a case, where it is not possible to accurately estimate the work that will need to be done at the outset.

Creditors should be aware that the ***fees estimate*** is based on all of the information available now and may be subject to change due to unforeseen circumstances that may arise during the assignment. If it is considered that this estimate will be exceeded, the office holder will provide an update and seek approval to increase the previously agreed estimate.

Work anticipated and the likely outcome to creditors

Some of the work undertaken by an office holder is required by statute and may not necessarily provide a financial benefit to creditors. Examples of this work include investigations required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 or dealing with the claims of former employees via the National Insurance Fund.

It may also be necessary for an office holder to instruct other parties to assist with the assignment because of a particular expertise that they may bring, such as asset valuation, tax or legal advice. Details of any anticipated expenses can be found at the end of this document, although it should be noted that this may change during the course of an assignment where it is necessary to seek additional expertise or specialist support.

Office holders are also required to comment on whether the work they anticipate doing will provide a financial benefit to creditors and to give an indication of the likely return to creditors when seeking approval for the basis of their remuneration. Due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of an insolvent's assets at the outset of a case, this position may change during an assignment, therefore updates will be provided in periodic progress reports to creditors.

In this case, it is anticipated that a distribution may become available for the secured and preferential creditors only. Further information on this can be found below in the section on '**Creditors (claims and distributions)**'.

Proposed Fee Basis

In this case, it is being proposed that the basis of my remuneration as office holder will be based on the time spent by me and my staff in dealing with the insolvent's affairs. Our ***fees estimate*** is attached to this document which totals £90,263 and is based on all the work we currently propose will be necessary in this assignment. If we consider this estimate will be exceeded, we will notify creditors, provide a revised estimate and seek further approval for my increased fees. Similarly, we will update creditors in our future progress reports on the amount we anticipate being paid against this estimate.

The remainder of this document contains an explanation of the work we propose undertaking. Each part of the work to be undertaken will necessarily require different levels of expertise and therefore related cost. To aid understanding, for the purposes of our ***fees estimate***, we have indicated the rates and grades of staff such as ourselves, the case manager, the case administrator and cashier when estimating the total hours to be spent on each part of the work.

Outline of work to be done by the office holder

Below are details of the work we propose undertaking in support of our ***fees estimate*** for the assignment:

Administration (including statutory compliance & reporting)

Office holders are required to carry out certain tasks in nearly every insolvency assignment, namely administrative duties and dealing with the claims of creditors. Whilst these tasks are required by statute or regulatory guidance or are necessary for the orderly conduct of the proceedings, they do not necessarily produce any direct financial benefit for creditors, but nonetheless still have to be undertaken.

This work may include:

- Notifying creditors of the office holder's appointment and other associated formalities including statutory advertising and filing relevant statutory notices
- Securing the insolvent's assets and placing insurance where appropriate
- Preparing and issuing annual progress reports to creditors (and members where applicable)
- Lodging periodic returns with the Registrar of Companies
- Complying with statutory duties in respect of the office holder's specific penalty bond
- Creation and update of case files on the firm's insolvency software
- Redirection of mail to the office holder's premises
- Establishing and holding periodic meetings of any committee formed and associated filing formalities
- Securing the insolvent's books and records
- Pension regulatory reporting and auto-enrolment cancellation
- Completion and filing of the notice of the insolvency with HMRC
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter)
- Opening, maintaining and managing the insolvent estate cashbook and bank account(s)
- Dealing with all post-appointment VAT and corporation tax compliance as applicable to the proceedings
- Liaison with secured creditors, obtaining charge documents and validating the security
- Closing the case and preparing and issuing the office holder(s) final account to prescribed parties

Realisation of assets

Pre-Pack Sale

The Administrators will collect in the funds due from the Pre-Pack sale of the business.

Book Debts

The Administrators will liaise with Close Brothers Limited on the pursuit of the outstanding book debts and any residual debtors will be pursued upon the transfer of the debtor ledger from Close Brothers Limited.

Shares in Group Undertakings

The Administrators will review the investment in the sister Companies and will look to dispose of their interest by the sale of such shares for the benefit of the Administration.

Work done by the office holder(s), their staff and any third parties engaged to assist the office holder in realising the insolvent's assets will, it is anticipated, provide a financial benefit to creditors. This may involve realising assets to facilitate a distribution to secured or preferential creditors only, or may, depending on realisations and the extent of any 3rd party security, result in a distribution to the unsecured creditors. If there are no assets to be realised and the costs of the proceedings are to be met by way of a contribution from the directors or another third party, then there will be no direct financial benefit to creditors.

The attached Estimated Outcome Statement provides an illustration of what the outcome for creditors may be at this time, however this is subject to fluctuation during the proceedings, depending on actual realisations made, costs incurred, and the eventual claims submitted by creditors, all of which cannot be predicted with any certainty at this stage.

Creditors will be updated on the anticipated outcome in future progress reports issued by the office holder.

Creditors (claims and distributions)

As office holders, we will deal with all secured, preferential and unsecured creditor correspondence and claims as received, including any claims of creditors under retention of title. Based on the estimated statement of affairs, we currently think that after taking into consideration the costs of realising the assets and dealing with the statutory formalities of the insolvency process and the related costs and expenses, that no dividend will be available to secured and preferential creditors only in this case. We will deal with the review and adjudication of creditors' claims as appropriate, if and when it is determined that a dividend is to be declared.

It should be noted that the above is based on the estimated statement of affairs and the projected realisable value of the assets which at this stage is unconfirmed, together with the anticipated costs of the proceedings. We will undertake appropriate investigations into and obtain valuations of the insolvent's assets and will update the likely return to creditors in our future progress reports.

Investigations

As office holders, we are required to conduct investigations into the conduct of the directors of the Company and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 (Investigations by Office Holders in Administrations and Insolvent Liquidations).

This will include an initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA) including the review of the insolvent's books and records and the identification of potential further asset realisations which may be pursued in the proceedings and submitting a statutory report to the Insolvency Service under the CDDA.

This work may not necessarily lead to any financial benefit to creditors yet is work we are required to undertake by statute. Our initial investigations may reveal that further recoveries could be available for the insolvent estate and if this proves to be the case and we consider that further work will be required to pursue these assets, we will refer back to creditors about the likely costs involved in pursuing such recoveries.

Office Holder's Expenses and the use of Subcontractors

Expenses are payments from an insolvent estate which are neither an office holder's remuneration nor a distribution to a creditor or shareholder. Some expenses can be paid without prior approval from creditors (**Category 1 expenses**) and other expenses which may have an element of shared costs or are proposed to be paid to an associate of the office holder, require approval before they can be paid (**Category 2 expenses**).

Examples of expenses include agent's costs for assisting in the disposal and realisation of assets, legal costs, specialist pensions advice, tax services or other routine expenses associated with an insolvency appointment such as statutory advertising costs, the office holder's specific penalty bond and costs associated with storing books and records. Expenses also include expenses which are payments that are first met by the office holder and then reimbursed at a later date from the estate, usually when realisations permit.

Further details of our firm's Category 2 expenses policy, which explains the basis on which any proposed expenses appearing in the relevant table below are being charged to the estate, is attached for creditors' information. Approval to pay any proposed Category 2 expenses will be sought from creditors at the same time as the basis of the office holder's remuneration is agreed.

Below is a summary of the Category 1 and Category 2 expenses it is considered will be, or are likely to be, incurred in this case. An update will be provided in our first progress report to creditors in due course and then in subsequent reports thereafter until the case is concluded.

Category 1 expenses

The following Category 1 expenses are currently anticipated on this assignment and do not require prior approval from creditors to be paid:

Expense	*Basis of remuneration/cost*	*Service to be provided*	*Estimated cost £*
Legal fees & expenses	Hourly Rate	General Legal Advice and review of legal charges.	4,500.00
Accountancy Fees	Set Fee	Completion of pre-appointment VAT Returns	500.00
Bank Account Analysis	Fixed Cost	Analysis of the Company Bank Account transactions	200.00
Statutory advertising	Fixed Cost	Statutory advertising in London Gazette	258.00
Specific Penalty Bond	Fixed Cost	Statutory bond required in all insolvency appointments for each office holder appointed	420.00
Pension Advice	Fixed Cost	Review of Pension policies	300.00
Bank Charges	Fixed Cost	Charges incurred for operating the insolvent estate account(s)	50.00
Agents Fees	Hourly Rate	Post appointment advice on HP & Lease Agreements	5,000.00

Category 2 expenses

This Firm does not charge Category 2 expenses.

Subcontractors

On this assignment, it is not proposed that subcontractors will be utilised in this Administration.

CG&Co's Charge-out rates

It should be noted that our firm's charge-out rates may increase periodically. If any such increases impact on the ***fees estimate*** for the assignment, creditors will be notified accordingly.

The rates applying as at the date of this report are as follows:

	From 1 November 2023 (Per hour) £
Partner	500.00
Director	435.00
Senior Managing Associate	415.00
Managing Associate	375.00
Managing Associate	280.00
Senior Associate	190.00
Associate	160.00
Support Staff	95.00

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

East London Liquor Company Limited - Estimate of time to be incurred Post Appointment

	Hours											
Staff Grade	Partner	Director	Senior Manager	Manager	Assistant Manager	Senior Administrator	Administrator	Junior Administrator	Support	Total hours	Time cost £	Average hourly rate
Administration and planning												
Appointment and case planning	1.00	-	-	2.00	-	-	-	-	-	3.00	1,250	416.67
Administration and banking	8.00	-	-	63.50	-	-	4.00	-	-	75.50	28,453	376.85
Statutory reporting and statement of affairs	39.00	-	-	35.00	-	-	2.00	-	-	76.00	32,945	433.49
Investigations												
CDDA and investigations	2.00	-	-	15.00	-	-	-	-	-	17.00	6,625	389.71
Realisation of assets												
Debt collection	1.00	-	-	20.00	-	-	-	-	-	21.00	8,000	380.95
Property, business and asset sales	3.50	-	-	10.00	-	-	-	-	-	13.50	5,500	407.41
Retention of Title/Third party assets	-	-	-	-	-	-	-	-	-	-	-	
Trading												
Trading	-	-	-	-	-	-	-	-	-	-	-	
Creditors												
Secured	2.50	-	-	4.00	-	-	-	-	-	6.50	2,750	423.08
Others	3.50	-	-	3.50	-	-	1.50	-	-	8.50	3,303	388.53
Creditors' committee	-	-	-	-	-	-	-	-	-	-	-	
Other matters												
Meetings	-	-	-	-	-	-	-	-	-	-	-	
Tax	1.00	-	-	2.50	-	-	-	-	-	3.50	1,438	410.71
Litigation	-	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	-	
Total hours by staff grade	61.50	-	-	155.50	-	-	7.50	-	-	224.50		
Total time cost by staff grade	30,750	-	-	58,313	-	-	1,200	-	-		90,263	402.06
Average hourly rate £	500.00			375.00			160.00					
Total fees drawn to date												

Appendix G

Estimated Outcome Statement as at 17 January 2024

Estimated Outcome Statement as at 17 January 2024

Fixed Charge Assets	**Notes**	Administration £
N/a		-
Surplus/(Shortfall) c/d		-
Floating Charge Assets		
Shares in Group Undertakings	1	Uncertain
Funds Held	2	99,914
Deferred Considerations	3	120,000
Book Debt Surplus	4	12,131
Reassigned Book Debts	4	Uncertain
Suplus/(Shortfall) from Book debts b/d		232,045
Less: Estimated Costs of Liquidation/Administration	5	(144,601)
		87,444
Less: Ordinary Preferential Creditors	6	-
(Shortfall)/Surplus Available for Secondary Preferential Creditors		87,444
Less: Secondary Preferential Creditors	7	(163,377)
Shortfall to Secondary Preferential Creditors c/d		(75,933)
Less: Prescribed Part Fund		N/a
Available for Floating Charge Holder		-
Less: Amount Due to Floating Chargeholder (HSBC)		(7,000)
Shortfall to Floating Chargeholder (HSBC) c/d		(7,000)
Add: Prescribed Part Fund		N/a
Available for unsecured creditors		-
Less: Unsecured Employee Claims	6	Nil
Less: Unsecured Creditors	7	(473,129)
Less: Shortfall to Secondary Preferential Creditors b/d		(75,933)
Less: Shortfall to HSBC b/d		(7,000)
Surplus/(Defecit) Available to Creditors		**(556,062)**

Notes

1. A review and valuation of the shares in the group subsidiaries has yet to be undertaken and the value is currently unknown
2. Funds currently held in the Administration bank account deriving from the first two payments for the business and assets as per the pre-packaged sale to Berlin Trading Co Ltd
3. Remaining deferred payments due under the terms of the sale to Berlin Trading Co

4. Close Brothers have an Invoice Finance Facility which has recently terminated and they have been fully repaid. A surplus is due to the Company in Administration along with a reassigned ledger of remaining debts, the quantum of which has yet to be disclosed by close and, as such, the book debts have been included as 'uncertain'
5. See table Below
6. There are no preferential claims in relation to the employees as all emloyees transferred to the purchaser of the business and assets
7. Taken from Company's records
7. No employee claim in Administration as purchaser is taking on the staff.

Estimated Costs of Liquidation/Administration	**Administration(£)**
1. Pre-Appointment Costs	(43,110)
2. Office Holders' Fees	(90,263)
3. Agent's Fees	(5,000)
4. Legal Fees	(4,500)
5. Accountancy Fees	(500)
5. Disbursements	(1,228)
	(144,601)

Appendix H

Joint Administrators' Statement on Pre-Packaged Sale

Prior to the appointment of an Administrator, an insolvency practitioner may act in an advisory capacity to the Company. During this time the insolvency practitioner's role is not to advise the directors personally or any parties connected with any eventual purchaser of the Company's' business or assets. We would confirm that the directors were advised to take their own independent advice on their position in this regard. It is also possible that a different insolvency practitioner may be the eventual Administrator and not the insolvency practitioner who provided the advice to the Company before any formal appointment was made.

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.

The statutory purpose of Administration is for an Administrator to perform his functions with the objective of either 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 rather than being placed into Administration first. If neither of these objectives is reasonably practicable, the third objective of realising property in order to make a distribution to one or more secured or preferential creditors of the company may be pursued providing the Administrator avoids unnecessarily harming the interests of the creditors as a whole.

In this case, the Administrators have pursued the 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) and considers that the pre-packaged sale enables the statutory purpose of Administration to be achieved. Set out below is further information containing a summary of the circumstances relevant to the pre-packaged sale of the Company's business and assets to Berlin Trading Co. Ltd in accordance with the provisions of Statement of Insolvency Practice 16. In agreeing to the pre-packaged sale, we can confirm that we have considered the purpose of the Administration and the fulfilment of our statutory obligations to creditors under paragraphs 3(2) and 3(4) of Schedule B1 to the Insolvency Act 1986.

Background

The Company was incorporated on 24 May 2013 as East London Distilling Company Limited by Alexander Wolpert who was the initial director, and during the early months, as Mr Wolpert sought to prepare the business for start-up, he brought onboard further directors to help him achieve this aim. On 17 September 2013 the Director changed the Company name to East London Liquor Company Limited.

On 1 October 2013, the Company appointed Jon Akerlund; Scott Chillery; Marc Francis-Baum; and Patrik Franzen as Directors of the Company. On 11 March 2020, James Law was appointed as a Director of the Company.

The Company commenced trading in 2014 from premises located at Unit GF1 Bow Wharf, 221 Grove Road, London E3 5SN by creating their own local range of whisky, gins and vodka. Within a short period of time the Company had gained a good reputation through word of mouth and the Company marketed its business through both local media and the internet.

From the commencement of trading the Company grew each year from initially producing 200 cases per month to over 2,000 cases per month which was sold to customers through online sales to the public; independent retailers; small chains and large supermarkets.

On 24 May 2020, Roland Grain was also appointed as a Director of the Company as he made sizeable investments into the business and being a strategic partner in the EU for the sale of the Company's range of alcoholic beverages.

With the onset of the Covid pandemic, the Company lost over 90% of its revenue due to their main customer bases being spread across the ongoing supplied traders. When the Covid restrictions were lifted, the Company was then able to commence trading again. However, the Company had built up a significant debt with HMRC and sought a "time to pay" ("TTP") arrangement with them. The Directors tried to negotiate a TTP with HMRC which was aimed at achieving an affordable repayment plan whilst also keeping up to date with their current HMRC payments as well as maintaining the ongoing payments to suppliers and the viability of the Company to enable it to survive.

Matters were also compounded by the fact that the overheads to run a production facility and hospitality venue from their premises were high and, post Covid, the footfall at the premises had been lower than anticipated which also affected the cash-flow. In addition, the cost-of-living crisis, coupled with the energy crisis has made the trading environment very difficult and with consumer confidence at an all-time low, the Company's demographic's discretionary spend was reduced thus further impacting on the viability of the Company.

On 1 May 2023 both Patrik Franzen and James Law resigned as Directors of the Company. The Company continued to try to negotiate with HMRC on an achievable TTP throughout 2023. However, this has ultimately proved unsuccessful and in mid-November 2023 HMRC advised that they were seeking to commence enforcement action. The Director, being mindful of the financial position of the Company, sought professional advice in respect of the Company's financial position.

A moratorium under Part A1 of the Insolvency Act 1986 has not been in force for the Company at any time within the period of 2 years ending with the day on which the Company entered Administration.

As a result of the Company's financial position, Daniel Richardson and Edward M Avery-Gee of CG&Co, Greg's Building, 27 Byrom Street, Manchester M3 4PF were appointed Joint Administrators of the Company by the the Directors of the Company on 12 December 2023. The Administrators are authorised to act jointly and severally in the Administration.

Initial introduction

Mr Alexander Wolpert, one of the existing board, was introduced to CG&Co. by ASW Legal Limited on 20 November 2023 and an initial discussion was held with him to consider the financial position and solvency of the Company. We would confirm that we were formally engaged by the Company on 24 November 2023.

The Administrators do not believe that there is any significant personal or professional relationship between the Company or its director and CG&Co and have carried out the appropriate conflict review prior to accepting the appointment.

Pre-appointment considerations

As previously mentioned, CG&Co have not had any prior involvement with the Company or its Director prior to being approached to provide initial advice to the Company.

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

Trading the Business

- Continue to trade both with, or outside of, a formal Company Voluntary Arrangement ("CVA"). The Company does not have significant investment opportunities available, as it is heavily insolvent, and had already unsuccessfully attempted to enter into a "time to pay" arrangement with HMRC who are currently owed £195,520.

- The Director considered that it would be futile to apply for funding when the Company had no further fixed assets to pledge as security to any outside third party. The Company had already granted a fixed and floating charge debenture to HSBC Bank on 18 October 2018 together with an "Assignment of Rights" Charge to HSBC Bank on the same day who are owed approximately £7,000. In addition, a debenture was granted to Close Brothers Limited on 29 March 2022 in support of an Invoice Financing facility, and who have since frozen the account and the Company is unable to draw down any funds for ongoing trading.

- The existing management and shareholders were not prepared to continue to fund the Company in its current position.

- Therefore, it was considered that it was not "cash flow" viable to continue to trade with no funds available to meet the day-to-day costs and expense of trading as well as any potential contribution into a CVA.

Other alternative courses of action

A moratorium pursuant to Part A1 of the Insolvency Act 1986

The Company would benefit from the breathing space afforded by a Part A1 Moratorium but given the Company's current financial difficulties, it was not considered possible that the Company would be able to be rescued whilst still servicing the required pre-moratorium debts, which include, rents, wages, and the monitor's remuneration. Accordingly, it was not considered possible to certify that the Company could be rescued as a going concern.

Sale of the business and assets as a going concern by management

This course had already been considered by the Company but with the continued HMRC pressure there would be no time to market and sell the business without any form of protection past 29.11.23, being the date that HMRC set for proposals for settlement of their debt failing which they would commence enforcement action.

As the Company had already granted a Fixed & Floating Charge Debenture to HSBC Bank and with the level of indebtedness to HM Revenue & Customs, the Directors believed that the business would not be an attractive proposition for any third party to purchase the business in its current financial position. Therefore, this course of action was considered as not feasible.

Distressed sale of the business and assets as a going concern by an Administrator.

Following discussions with the Directors, we advised that with such a large debt owed to HM Revenue & Customs and with the level of indebtedness to creditors it was considered that there would be no third-party interest in anyone purchasing the business in its current financial position.

Liquidation

It was considered that a Liquidation could be pursued and subsequently a forced sale of the Company's assets could be undertaken. However, significant costs associated with, collecting, transporting and selling stock and other assets as well as creating duty liability when stock is moved from bonded premises would result in the realisations from such a sale being significantly reduced and it would result in 18 employees losing their jobs. In addition, a 'business sale' is understood to raise greater sales proceeds than an asset sale as well as preserving the 18 jobs of the employees. It is estimated that the employee costs in a liquidation scenario is around £80K-£90K.

Pre-Pack Administration

The existing management believe that there is a viable 'going concern' business moving forward without historic debt due to strong customer base. Furthermore, other restructuring measures such as a move in premises (likely) would enhance viability. Therefore, the option of a Pre-Pack Administration was explained to the Company as to how this would create a better outcome for creditors than a liquidation as a business sale value would be in excess of the forced sale value. It would also mean that this would preserve the jobs of the 18 employees. In addition, a sale via Administration would result in a better outcome for creditors as a whole than if the company was wound up and also enable a distribution to one or more secured or preferential creditor.

The intention would be for the Company to enter into Administration. However, prior to that event, the business and assets of the Company would need to be professionally valued by independent agents. Once the agents had established a value for the business and assets, they would market the business for sale without disclosing any values and seek offers for the business. This option would also be available to the existing management should they wish to make an offer themselves.

It was explained to the Company that the marketing needs to allow for as many people to possible to be given the opportunity to bid for the business which he understood. However, part of the process would be how any prospective purchasers would deal with the employees.

It was also explained that an independent Evaluator would need to be instructed by any proposed purchaser to consider whether such a sale was appropriate to the prospective purchaser, and it was not guaranteed that the Evaluator would approve such a sale. The Company's Board understood the process and said that they would like to proceed with Administration on the basis outlined to them.

Sale of assets by the Administrator after a period of marketing to third parties. A marketing campaign was undertaken by the duly appointed Agents which is referred to below under Marketing of the business and assets.

Consultation with Creditors

The largest creditors are HM Revenue & Customs who are owed a sum of £195,520 in respect of alcohol duty; PAYE & NIC and Corporation Tax penalties; HSBC Bank and Close Brothers Limited are secured creditors. All three parties were contacted and advised of the Company's position. In particular, Close Brothers Limited were advised that the strategy would be to market and sell the business to achieve the best outcome for creditors.

The following charges are registered against the Company:

Charge in favour of	Date of Creation
HSBC Bank (2 charges)	*18 October 2018*
Close Brothers Limited	*29 March 2022*

Given that the Company had already obtained funding, it was not considered that the Company would be able to secure additional funding and therefore requests were not made to potential funders to fund working capital requirements. In addition, additional 'draw down' from Close Brothers Limited was discussed, but they advised that no further funds were going to be released.

Valuation of the business and assets

The assets of the Company were professionally valued on 28 November 2023 on an estimated restricted realisation value by Jonathan Kay of Robson Kay Associates Ltd of Manchester ("the Agents"). Jonathan Kay is a Fellow of the National Association of Valuers and Auctioneers and a Member of the Association of Business Recovery Professionals and is suitably experienced to carry out valuations of this type. The valuation is based on an estimated restricted realisation value with the comparison details shown below. The agents have confirmed their independence and that they carry adequate professional indemnity insurance. There comments on the assets of the Company are below.

Fixed Charge Assets

Intangible Fixed Charge Assets

This is comprised of any such rights the company may have to its trading name, brand names, trademarks, social media accounts, website and domain name. The Agents did not think that this would attract a third-party buyer and have therefore considered it to have no value in a liquidation scenario.

Floating Charge Assets

Hire Purchase/Leased Assets

The company has equipment subject to finance with Lombard across three agreements, where the Agents advised that there is no equity. In addition, the Company rents a compressor which is therefore excluded as a third-party asset.

Unencumbered Assets

Plant & Machinery/Motor Vehicles

The company's unencumbered non-stock physical assets comprise a vehicle, two stills, a small quantity of other production equipment and some relatively low value fixtures. The total forced sale value of these assets is a little over £50,000, however there would be significant costs if the Agents were to uplift/sell giving a revised net value of £15,000.

Stock

The company own stock at InBond (the actual trading name of the bonded warehouse used to store the majority of bottled stock by this company), a separate bonded warehouse for casks of whisky, Atom (a fulfilment house), RSM (bottlers) plus the main trading premises and the two shopfronts. All stock is being sold on a "where it lies" basis. If the Agents had to uplift and sell the assets piecemeal, they believe that the stock would raise in the region of £220,000 before extensive costs giving a revised valuation of £175,000.

Marketing of the business and assets

Marketing a business is an important element in ensuring that the best available consideration is obtained for it in the interests of the Company's creditors as a whole. The Administrators advised the Company prior to their appointment, that any marketing should conform to the marketing essentials set out in SIP16 which includes the following key considerations:

- The business should be marketed as widely as possible, proportionate to its nature and size in the time available using whatever media or other sources that are likely to achieve this outcome;
- Previous marketing of the business prior to the Administrator's involvement may not provide justification to avoid further marketing. The Administrator must be satisfied as to the adequacy and independence of any prior marketing undertaken by the Company;
- Marketing should have been undertaken for an appropriate length of time to satisfy the Administrator that the best outcome for creditors as a whole has been achieved;
- Any marketing attempts must by default, include the use of the internet.

Robson Kay Associates Ltd ("RKAL") advised on the proposed marketing strategy and commenced a marketing campaign on 4 December 2023 whereby a marketing memo was prepared and issued by RKAL of Manchester as follows:-

We are instructed by the directors of a drinks brand based in the South of England to invite offers for their business assets, which we anticipate selling by way of a pre-pack administration sale.

The principal assets of value comprise:
Drinks Production equipment (much of which is subject to finance with negative equity)
Raw materials including ingredients, packaging and samples
Completed product held in both consumer and trade oriented receptacles (i.e. some bottled product and other product which is in trade sized containers and/or awaits bottling)
Intangibles/goodwill, primarily comprising the company's trading/brand name.

Offers will need to be received no later than Thursday 7th December to provide time for an anticipated completion date of Monday 11th December.

The successful purchaser will therefore need to show evidence of their ability to fund the transaction and move sufficiently quickly before we issue an NDA, to avoid us unnecessarily spending time with parties who are not in a position to buy.

The guide price is £300,000 to £400,000.

1) They prepared an information sheet, which provided all the relevant information around the business and assets of the Company (excluding the name of the Company).
2) This was also posted the information on their website.
3) An email was sent to their database of parties interested in acquiring assets and/or businesses, including professionals seeking opportunities on behalf of their clients.

The email shot was sent to approximately 15,467 parties of which a total of 4,912 viewed the email. 37 contacts clicked a total of 41 times for more information on this opportunity. The Agents were contacted by 2 parties who signed Non-Disclosure Agreements ("NDA") and who were provided with additional information. This strategy was considered sufficient given the number of people who had received the material and those who had taken steps to obtain additional information.

The Agents received only one bid of £220,000 for the assets as well as undertaking the transfer of the employees of which a further attributable value of £50,000 to the sale.

Details of the assets sold and the nature of the transaction

Purchaser and related parties

- The Purchaser is Berlin Trading Co Ltd of which the current Director of this Company, Mr Alexander Wolpert is also the Director of the purchasing Company.
- The date of the transaction is 12 December 2023
- The transaction does not impact on more than one company

Comparative outcome

The Administrators are satisfied that the sale of the Company's assets under the terms of the pre-packaged sale has resulted in the best outcome reasonably obtainable for creditors in the circumstances. The following table provides a comparative outcome with a sale of the Company's assets in liquidation or through a restricted marketing period post Administration as against the outcome obtained via the pre-packaged sale:

Details of Assets	Sale in Liquidation/under Restricted Marketing conditions £	Pre-packaged sale in Administration £
Intangible Fixed Assets	Nil	30,000
Plant, Equipment & Machinery; Fixtures & Fittings*	15,000	39,997
Stock *	175,000	150,000
Sellers Records; Goodwill & Intellectual Property		3
Total**	190,000	220,000

* Please note that in a liquidation scenario there would be substantial costs incurred in uplifting and sale of these assets which would severely reduce the overall realisations for creditors.

** It should be noted that the purchaser is undertaking the transfer of the staff which has an attributable additional value of £50,000 to the purchase price.

Assets

The entirety of the Company's assets were sold as part of the pre-pack as follows:-

<u>Description of Assets</u>	<u>Fixed Charge Assets</u>	<u>Floating Charge Assets</u>
Intangible Fixed Assets	£30,000	£

Plant, Equipment & Machinery	£	£ 39,997
Fixtures & Fittings		
Stock	£	£150,000
Goodwill & IP	£ 2	£
Sellers Books & Records	£	£ 1
	-----------	-------------
Total	£30,002	£189,998

Transactions with connected persons

Where a buyer meets the legal definition of a connected person, and the sale of the Company's assets falls within the meaning of a *substantial disposal* in government regulation, additional obligations are placed on the Administrator to ensure transparency and creditor confidence in the sale.

A *substantial disposal* occurs where the disposal, hiring out or sale is to one or more connected persons, during the period of 8 weeks beginning with the day on which the Company enters Administration of what is, in the Administrator's opinion all, or a substantial part, of the Company's business or assets and includes a disposal which takes place through a series of transactions.

Additional obligations require the Administrator to obtain either a *qualifying report*, or *creditor approval*, as a condition for making the sale to the connected person, as the Administrator considers appropriate in the relevant circumstances. A *qualifying report* may be sought before an Administrator is appointed in circumstances where the sale is arranged prior to a company entering Administration but is planned to be completed very shortly thereafter.

A *qualifying report* is a report made by an independent evaluator, who must meet certain legal requirements relating to the relevant skills and knowledge to make such a report, including the absence of conflict of interest with either the Company or the Administrator.

The responsibility to obtain this report lies with the connected person who wishes to enter into the *substantial disposal*, however it is then the Administrator's responsibility to ensure that the evaluator's report complies with all relevant legal requirements in order that it may be treated as a *qualifying report*, which then permits the Administrator to complete the transaction. The alternative is obtaining creditor approval for the transaction before proceeding.

Viability statement

The purchasing entity were also made aware of the potential for further enhanced confidence should a viability statement be prepared by the purchasing entity in support of the continued trade.

A viability review can be drawn up by a connected party wishing to make a pre-packaged purchase which covers the greater of 12 months, or the period over which any consideration is to be deferred in order to demonstrate how the purchasing entity will survive for this period from the date of the proposed purchase and may include details of what the purchasing entity will do differently to avoid a future failure of the business.

As Administrators, we requested that the connected party provide us with a copy of their viability statement. The connected party has provided a 12-month cash flow forecast to the Administrators and this is attached.

Qualifying Report from an Independent Evaluator

The nature of the transaction meant that it was necessary to complete the transaction upon or shortly after our appointment and therefore, in accordance with government guidelines, the purchaser obtained the *qualifying report* prior to our appointment as Joint Administrators. The *qualifying report* was obtained by the connected purchaser on 11 December 2023. The evaluator formed the opinion that a case had been made for the substantial disposal and this proceeded accordingly, as detailed within this report. A copy of this report is attached.

Sale consideration

The total sales consideration is £220,000 and is payable of a deferred basis as follows:

Initial payment:	£ 85,000
12.01.2024	£ 15,000
12.02.2024	£ 15,000
12.03.2024	£ 15,000
12.04.2024	£ 15,000
12.05.2024	£ 15,000
12.06.2024	£ 15,000
12.07.2024	£ 15,000
12.08.2024	£ 15,000
12.09.2024	£ 15,000
Total	£220,000

The Joint Administrators have taken a fixed and floating charge debenture over the purchaser Berlin Trading Co Ltd, and a personal guarantee limited to £12,500 from one of the Directors, Mr Alexander Wolpert for the full, prompt and complete payment by the Buyer of all sums due to the Seller pursuant to the terms of the Sale and Purchase Agreement.

This sale is not part of a wider transaction.

It should be noted that the 18 employees with estimated Pay In Lieu of Notice; holiday pay and redundancy claims totalling £81,510.39 will be transferred to the purchaser under TUPE Regulations thus saving their employment and also reducing the overall indebtedness of the Company by this amount.

There are no conditions that could materially affect the consideration.

There are no options; buy-back arrangements; or similar conditions attached to the contract of sale.

Appendix I Qualifying Report from an Independent Evaluator

EVALUATOR'S REPORT

Pursuant to The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021

East London Liquor Company Limited

Date of Report: 11 December 2023

Prepared by:
Compass Evaluator Reports Limited
James House, Yew Tree Way
Golborne, Warrington
WA3 3JD

Company Number 13288603

Kevin Murphy
kevin@compassevaluatorreports.co.uk

Proud Member of Turnaround Management Association

Contents & Abbreviations

Contents

The following abbreviations or references are used in this report:

The Act:	The Insolvency Act 1986 (as amended)
The Regulations:	The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021. Unless otherwise stated, any reference to 'Regulation' within this document is a reference to this legislation.
The Company:	East London Liquor Company Limited.
Substantial disposal:	This has the meaning given to it in Regulation 3, i.e., a disposal, hiring out or sale to one or more connected persons during the period of 8 weeks beginning with the day on which the company enters administration of what is, in the administrator's opinion, all or a substantial part of the company's business or assets and includes a disposal which is effected by a series of transactions.
Relevant property:	This means the property being disposed of, hired out or sold as part of the substantial disposal as defined in Regulation (See Section 5.)
Connected Person(s):	As defined in paragraph 60A (3) of Schedule B1 of the Act. (See Section 4.)
Proposed Administrators:	Daniel Richardson and Edward Avery-Gee from CG & Co who are licenced Insolvency Practitioners, authorised and regulated by the ICAEW.
Valuation agents:	Jonathan Kay MNAVA MABRP from Robson Kay Associates Ltd – an industry specialist valuation and asset realisation business – valued the Company assets.
	The valuation agents possess the requisite knowledge of the market for the type of asset being valued and the skills and understanding necessary to undertake the valuation competently.
Purchaser:	Berlin Trading Co Ltd.
Secured Creditor:	HSBC UK Bank PLC and Close Brothers Limited.
TUPE:	Transfer of Undertaking (Protection of Employment) Regulations 2006.

1. INTRODUCTION AND BACKGROUND

1.1. I, Kevin Murphy, Managing Director of Compass Evaluator Reports Limited, confirm that I meet the requirements for acting as an Evaluator specified in Part 3 of the Regulations.

1.2. This report has been requested by the Purchaser (via Alexander Michael Ramin Wolpert as director). The Purchaser is considered a connected person in relation to the substantial disposal of the Company.

1.3. I am required to determine whether I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

1.4. The Company was incorporated on 24 May 2013, trading in the distilling rectifying and blending of spirits industry.

1.5. The Company grew each year from initially offering 200 cases per month to over 2,000 cases, which were sold to customers through online sales to the public, independent retailers, small chains, and large supermarkets.

1.6. However, the Company struggled with the impact of COVID-19 as the Company lost 90% of its revenue due to government-imposed restrictions and the impact on the sector generally. By the time that the restrictions were lifted, the Company had incurred significant debts with HMRC.

1.7. Matters were also compounded by the demands of running a production facility and hospitality venue, which meant that overheads were high, and footfall at the venue was lower than anticipated in the post-covid period. Additionally, increased energy costs and the cost-of-living crisis have reduced customer spending, and a combination of these factors has impacted the Company's cash flow.

1.8. The Company sought to agree a Time to Pay arrangement with HMRC but HMRC asked for a large lump sum to reduce the overall debt as part of any new arrangement. The company tried to negotiate more time given the on-going fundraise but was unable to get HMRC to agree more time to conclude the capital raise. In mid-November 2023, HMRC advised the Company that they intended to pursue enforcement action in respect of monies owed. The directors sought professional advice on the Company's financial position.

1.9. The Company is currently unable to pay its debts as and when they fall due, and the directors of the Company have concluded that the Company is no longer able to continue trading as a going concern. A Notice of Intention to Appoint an Administrator has been filed in Court and the appointment of the Proposed Administrators is imminent.

1.10. The Proposed Administrators and their valuation agents have been seeking to maximise realisations from the assets of the Company and maximise the funds available to creditors of the Company. Whilst the opportunity to acquire the business and assets has been marketed for sale, one offer – from a Connected Person – has been recommended for acceptance by the valuation agents as being in the interests of creditors.

2. EXECUTIVE SUMMARY

2.1. I have formed the following opinion in this case:

CASE MADE
I AM SATISFIED that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

2.2. The factors considered in forming this opinion are detailed in full within my report at section 6.

3. THE REQUIREMENTS FOR ACTING AS EVALUATOR

3.1. I confirm that I meet the requirements for acting as an Evaluator set out in Part 3 of the Regulations.

3.2. I am satisfied that I have the relevant knowledge and experience required to act as Evaluator and I include a summary of my qualifications and experience at Appendix 1.

3.3. The Proposed Administrators have not raised any objections to my suitability as an Evaluator.

3.4. I confirm that I meet the requirements of independence within Regulation 12, as follows:

- I am not connected with the Company.
- I am not an associate of the connected person or connected with the connected person.
- I do not know of or have reason to believe that I have a conflict of interest with respect to the substantial disposal.
- I have not, at any time during the period of 12 months ending with the date on which this report is made provided advice to, and in respect of, the Company or a connected person in relation to the Company –
  - In connection with, or in anticipation of, the commencement of an insolvency procedure under Parts A1 to 5 of the Act, or
  - In relation to corporate rescue or restructuring.

3.5. I am not excluded from acting as an Evaluator for any of the reasons outlined in Regulation 13.

3.6. I confirm that I meet the requirements as to insurance specified in Regulation 11.

3.7. Details of the professional indemnity insurance for Compass Evaluator Reports Limited are as follows:

- Axa Insurance Plc.
- Policy number AC SPI 4331301.
- Expiry date 22 August 2024.
- Professional indemnity cover limit of £1,000,000 for any one claim.
- Risks covered: Misc Professional Indemnity breach of professional duty.
- Exclusions from cover: Misc to include Directors' and Officers' liabilities, deliberate acts and omissions, virus exclusion, dishonesty, and fraud. (Full details available on request.)

4. THE CONNECTED PERSON(S)

4.1. Connected persons include the following:

Name of connected person	Nature of the connection
Berlin Trading Co Ltd	Purchaser.
Barworks Limited	Shareholder of the Company and Purchaser.
Alexander Michael Ramin Wolpert	Director and shareholder of both the Purchaser and the Company.
Jon Andreas Akerlund	Director and shareholder of the Company and will be a shareholder of the Purchaser and involved in a senior leadership role.
Scott Chillery	Director and shareholder of the Company and will be a shareholder (via Barworks Limited) of the Purchaser.
Marc Francis-Baum	Director and shareholder of the Company and will be a shareholder (via Barworks Limited) of the Purchaser.
Roland Andreas Grain	Director and shareholder of the Company and will be a shareholder (via Grain GmbH) of the Purchaser.
Patrick Ulf Mattias Franzen	Director and shareholder of the Company and will be a director and shareholder (via Barworks Limited) of the Purchaser.

5. THE RELEVANT PROPERTY

5.1. The assets being sold are considered to constitute a substantial disposal and they have been professionally valued by the Proposed Administrator's appointed valuation agents.

5.2. The Purchaser is acquiring the following assets:

- Stock (subject to retention of title claims)
- Goodwill (including IPR, Business name, brands, and website)
- Plant and equipment, vehicles, fixtures and fittings, office furniture

5.3. Total consideration is stated to be £220,000, with £85,000 payable upon completion and the remaining £135,000 to be paid in 9 equal consecutive monthly payments of £15,000.

5.4. The deferred consideration has been secured by way of a debenture over the Purchaser and a top slice personal guarantee from the Director of the Purchaser (Alex Wolpert) for £12,500.

5.5. The offer excludes book debts which are charged to the Secured Creditor which are significant assets of the Company. The collection of the debtors will reduce the sums owing to the secured creditor, and any equity will be available to the Proposed Administrators.

5.6. Title will remain with the Company until full payment has been received.

6. THE EVALUATOR'S DECISION

6.1 In accordance with Regulation 7, I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

6.2 My principal reasons for this opinion are as follows:

6.2.1 The assets have been professionally valued by the Proposed Administrator's appointed valuation agents, who possess the requisite knowledge of the market for the type of asset being valued. The offer has been recommended for acceptance by the valuation agents. The valuation agents are recognised professionals in the industry and are regulated by the industry professional bodies.

6.2.2 The Proposed Administrators and the valuation agents have been seeking to maximise realisations from the Company assets. The Proposed Administrators and their valuation agents have carried out a marketing exercise in relation to the business and assets in accordance with the guidance issued in SIP 16. In the timescale available to the Proposed Administrators, necessitated by the Company financial position and the need to provide certainty to all stakeholders, an offer has been received - from a connected party - which is considered the best achievable in the circumstances by the valuation agents and the Proposed Administrators.

6.2.3 The consideration offered for all the assets is in excess of the valuation agents' opinion of the market value of the assets on an ex-situ / cessation of trading basis, given the significant holding and disposal costs that would be incurred, and that the stock is held in a bonded warehouse. In the event of a piecemeal disposal of all assets, the realisations from all categories of assets would be reduced. The proposed connected party sale therefore provides for better realisations than would be the case on a break-up. Based on a review of the Proposed Administrators Estimated Outcome Statement, the connected party deal provides a better outcome for the secured and preferential creditors, as well as the employees.

6.2.4 The 9 employees associated with the business being acquired will transfer under TUPE to the Purchaser, avoiding a significant claim (est £80K) against the National Insurance Fund.

6.2.5 The alternative to the current sale is for the assets to be sold piecemeal at auction and the Company placed into Liquidation. That will however result in a significant reduction in value for the business and assets of the Company, given the nature of the Company activities, and will also lead to increased holding and disposal costs, and increased claims against the Company.

6.2.6 The offer excludes book debts which are a substantial asset of the Company, and continuity of operations going forward will maximise recoveries and will allow for the maximum recovery for the Secured Creditor and any equity will be made available to the Proposed Administrators. The debtor's ledger will be collected with assistance (if necessary) being provided by the Purchaser. Continuity of trading will best maximise the realisations from the Company debtor book.

6.2.7 As the consideration is not all payable on completion, I have been provided with projections for the Purchaser which indicates that the Purchaser should be viable and able to meet the deferred consideration payments. The initial consideration payable is c40% of the total consideration and the deferred consideration has also been secured by way of a debenture over the Purchaser and a top slice personal guarantee of £12,500 from Alex Wolpert, the director and shareholder of the Purchaser, which is necessary in my view in the event that the Purchaser is not able to meet the deferred consideration payments.

6.2.8 The Purchaser has indicated that it has made a number of operational changes and efficiency savings to allow the business to be profitable going forward, including securing additional new customers, reducing the cost of premises, centralising logistics and reducing wages by not having a bar and 2 retail spaces. Additionally, the Purchaser is confident of the level of ongoing sales and that there is sufficient new business to counteract any fall off in orders from current customers, and the shareholders are investing new capital to provide the Purchaser with the necessary working capital going forward.

6.2.9 I offer no opinion on the viability of the Purchaser.

7. INFORMATION RELIED UPON

7.1. In forming my opinion, I have relied on my discussions with, and information provided by, the connected persons, the Proposed Administrators, and the valuation agents instructed by the Proposed Administrators. This includes the following:

- Compass Evaluator Reports application/information request form
- Valuation report from the agents
- Offer
- Recommendation from the agents
- Company financial information
- Financial information for the Purchaser
- Correspondence with the Proposed Administrators
- Estimated Outcome Statement and draft SIP 16 statement.
- The Company's Website

7.2. I have also relied on information freely available in the public domain.

7.3. I have relied upon the accuracy of the information as provided to me in forming my opinion. I have not carried out an audit or other verification of the information received. The Proposed Administrators are licenced Insolvency Practitioners with legal duties and obligations to creditors and their regulatory body, as such the decision whether to enter into the sale is for them to determine. As such, I offer no opinion on the decision to enter into the sale.

7.4. In addition to the sale of the business and assets, the Proposed Administrators have investigative powers available to them post appointment that may further enhance asset realisations.

7.5. The extent of my work is limited to providing the opinion specified in the Executive Summary.

8. PREVIOUS EVALUATOR REPORTS

8.1 Regulation 8 does not apply, as I am advised that no previous report exists in relation to this substantial disposal, and I have no reason to believe that this statement is incorrect.

For and on behalf of
Compass Evaluator Reports Limited

Kevin Murphy
Evaluator

Date: 11 December 2023

APPENDIX I

EVALUATOR BIO: KEVIN MURPHY

Before entering the insolvency profession, Kevin trained as a lawyer, undertaking a law degree (achieving a 2:1 classification) and successfully completing the Law Society's Final Exam. Kevin is a licensed Insolvency Practitioner (currently non-appointment-taking), with over 25 years of experience of dealing with a wide range of insolvency matters, including extensive experience of turnaround work, focusing on Company Voluntary Arrangements and Administration.

He has spent much of his career with a national firm of insolvency specialists, where he progressed to Director of Insolvency, heading up the firm's Administration Team in the Manchester Office. Responsible for many complex and challenging matters, Kevin developed practical skills in dealing with cases in an efficient, commercial, and pragmatic manner alongside the technical demands of compliance with regulation and legislation, to achieve the best outcome for stakeholders.

In more recent times, Kevin has utilised the extensive skill set developed because of his experience of turnaround and insolvency work in dealing with solvent acquisitions. Since 2017, Kevin has been an advisor to a buy and build acquisitions group.

Kevin is a member of the Turnaround and Management Association and R3, the Association of Business Recovery Professionals.

For more information, please visit https://compassevaluatorreports.co.uk/

Appendix J

Cashflow forecast from the Connected Purchaser

	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
Sales												
Core Domestic Sales - Direct	21,239	6,286	7,422	3,316	22,190	35,583	46,057	30,124	40,727	25,405	30,619	28,646
Core Domestic Sales - Mangrove	63,718	18,857	22,267	9,947	53,274	85,509	112,060	110,878	3,922	76,216	91,856	85,937
Core Export Sales	15,372	15,372	15,372	15,372	15,233	15,233	15,233	15,233	15,233	15,233	15,233	15,233
RTD Domestic Sales - Direct	5,678	1,334	1,510	2,769	5,643	8,234	19,377	9,396	11,172	10,814	1,867	4,967
RTD Domestic Sales - Mangrove	10,544	2,478	2,805	5,142	0	30,410	17,645	21,590	20,687	20,084	3,468	9,225
RTD Export Sales	18	0	0	0	84	84	84	84	84	84	84	84
Whisky Domestic Sales - Direct	8,489	1,216	1,830	8,000	2,358	4,386	8,000	6,655	3,328	5,252	5,016	15,732
Whisky Domestic Sales - Mangrove	3,638	521	784	7,323	0	0	6,144	1,444	0	2,251	2,150	6,742
Whisky Export Sales	6,544	0	0	0	3,906	3,906	3,906	3,906	3,906	3,906	3,906	3,906
Total Sales	135,241	46,064	51,991	51,869	102,686	183,344	228,505	199,310	99,059	159,244	154,197	170,471
Cost of Goods Sold												
COGS Core	31,102	12,559	13,969	8,877	27,209	40,897	52,005	46,870	17,965	35,056	41,312	38,944
COGS RTDs	11,368	2,669	3,020	5,537	3,951	26,722	25,603	21,438	22,041	21,377	3,739	9,850
COGS Whisky	6,908	643	968	5,670	2,255	2,985	6,498	4,322	2,604	4,107	3,986	9,497
Total Cost of Goods Sold	0	0	0	0	33,415	70,605	84,106	72,630	42,610	60,541	49,037	58,292
Other Direct Costs												
Production losses	0	0	0	0	3,081	5,500	6,855	5,979	2,972	4,777	4,626	5,114
Production maintainance	651	0	0	0	0	0	0	0	0	0	0	0
Freight/logisitics/warehousing	20,286	6,910	7,799	7,780	7,188	12,834	15,995	13,952	6,934	11,147	10,794	11,933
Kew Royalties	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Total direct costs	24,687	10,660	11,549	11,530	14,019	22,084	26,600	23,681	13,656	19,674	19,170	20,797
Gross Profit	110,554	35,405	40,442	40,338	55,253	90,655	117,799	102,998	42,794	79,029	85,991	91,382
	82%	77%	78%	78%	54%	49%	52%	52%	43%	50%	56%	54%
Overheads												
Staff Costs	40,000	32,368	32,368	32,368	32,368	32,368	32,368	32,368	32,368	32,368	32,368	32,368
International Brand Ambassadors	0	0	0	0	0	0	0	0	0	0	0	0
Premises Costs	3,500	0	0	0	0	0	0	0	0	0	0	0
Equipment Hire and Mainteinance	522	0	0	0	0	0	0	0	0	0	0	0
PR, Advertising and Trade Events	0	1,000	1,000	1,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Client Entertaining, Gifts and A & P	2,013	0	0	0	250	250	250	250	250	250	250	250
Promotional Material and Website	754	250	250	250	714	644	610	580	597	606	578	553
Domestic Travel	1,189	200	200	200	500	500	500	500	500	500	500	500
Overseas Travel	0	0	0	0	0	0	0	0	0	750	1,500	1,500
Office Expenses	460	0	0	0	0	0	0	0	0	0	0	0
Computer Expenses	0	100	100	100	200	200	200	200	200	200	200	200
Misc	223	217	217	235	240	260	192	208	203	214	217	219
Legal and Professional Fees	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Finance Costs	3,203	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Exceptional Expenses		90,000										
Profit/loss on sales of assets		0										
Total Overheads	51,863	128,135	38,136	38,154	40,272	40,223	40,121	40,106	40,118	40,888	41,613	41,591
EBITDA	58,691	(92,730)	2,307	2,185	14,981	50,432	77,678	62,892	2,675	38,141	44,377	49,792

Interest paid	2,633	2,650	2,645	2,654	2,686	2,683	2,682	2,714	2,681	2,651	2,656	2,662
Depreciation	8,354	8,329	8,307	8,289	8,275	8,265	8,287	8,286	8,318	8,330	8,320	8,312
Net profit/(loss) before tax	**47,704**	(103,709)	(8,645)	(8,758)	**4,020**	**39,484**	**66,709**	**51,891**	(8,324)	**27,160**	**33,401**	**38,818**
Additional profit/(loss) due to bar/shops												
Full company profit/(loss) before tax	**47,704**	(103,709)	(8,645)	(8,758)	**4,020**	**39,484**	**66,709**	**51,891**	(8,324)	**27,160**	**33,401**	**38,818**
Operating cashflow adjustments												
Add back depreciation	8,354	8,329	8,307	8,289	8,275	8,265	8,287	8,286	8,318	8,330	8,320	8,312
Est mov. due to direct sales on credit	11,589	26,570	(1,927)	(3,321)	(16,106)	(18,013)	(25,231)	27,258	(9,052)	13,757	3,970	(11,843)
Est mov. due to Mangrove sales on credit	14,931	75,195	52,044	(556)	(27,418)	(93,507)	(82,575)	(17,993)	111,240	35,361	(72,865)	(3,354)
Est mov. due to export sales on credit	0	6,562	6,562	6,562	(3,850)	(3,850)	(3,850)	0	0	0	0	0
Est VAT Accrual	0	1,237	1,507	1,972	4,227	6,748	10,281	6,465	7,732	5,806	5,250	6,908
Est VAT Payments			0			(4,718)			(21,256)			(20,003)
Deferred rent repayments												
Mixed taxation TTP arrangement	0	0	0	0	0	0	0	0	0	0	0	0
Whisky production costs	0	0	0	0	0	0	0	0	0	0	0	0
Allowance for replacement of small capital assets	0	0	0	0	0	0	0	0	0	0	0	0
Major project Cap-Ex												
Purchase ledger movements	0											
Other movements		36,000										
Net cashflow from operating activites	82,578	50,184	57,849	4,187	(30,853)	(65,588)	(26,380)	75,908	88,657	90,414	(21,924)	18,839
Loan Repayments												
Asset finance repayments	(2,339)	(2,339)	(2,339)	(2,339)	(2,339)	(2,339)	(2,339)	(2,339)	(2,339)	(2,339)	(2,339)	(2,339)
Rebrand loan repayments	0	0	0	0	0	0	0	0	0	0	0	0
Bounce Back loan repayments	(417)	0	0	0	0	0	0	0	0	0	0	0
[illegible]	(100,000)	(16,667)	(16,667)	(16,667)	(16,667)	(16,667)	(16,667)	(16,667)	(16,667)	(16,667)		
Invoice Finance												
Est change in Invoice Finance	(32,393)	(109,085)	(40,963)	6,119	50,685	110,102	113,082	(31,045)	(79,165)	(53,444)	55,187	22,984
Loans received												
Net cashflow from loan financing activites	(135,149)	(128,090)	(59,968)	(12,887)	31,679	91,096	94,076	(50,051)	(98,171)	(72,449)	52,848	20,645
Equity raised	150000	16667	16667	16667	16667	16667	16667	16667	16667	16667		
Net cashflow from equity financing activities	150,000	16,667	16667	16667	16667	16667	16667	16667	16667	16667	0	0
Total net cashflow	97,429	(61,239)	14,548	7,968	17,494	42,175	84,363	42,524	7,154	34,632	30,924	39,484

Opening Cash	(19,701)	77,728	16,489	31,037	39,005	56,498	98,674	183,037	225,561	232,714	267,346	298,270
Cashflow from operating activities	82,578	50,184	57,849	4,187	(30,853)	(65,588)	(26,380)	75,908	88,657	90,414	(21,924)	18,839
Cashflow from loan financing	(135,149)	(128,090)	(59,968)	(12,886)	31,679	91,096	94,076	(50,051)	(98,171)	(72,449)	52,848	20,645
Cashflow from equity financing	150,000	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	0	0
Closing Cash	77,728	16,489	31,037	39,005	56,498	98,674	183,037	225,561	232,714	267,346	298,270	337,755