

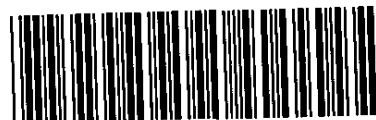
AM10

Notice of administrator's progress report



Companies House

FRIDAY



A8FEENDV

A17

04/10/2019

#365

COMPANIES HOUSE

1 Company details

Company number 0 8 6 6 2 1 2 0

Company name in full Arch Hall Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Alan

Surname Fallows

3 Administrator's address

Building name/number 1 City Road East

Street Manchester

Post town

County/Region

Postcode M 1 5 4 P N

Country

4 Administrator's name ①

Full forename(s) Peter James

Surname Anderson

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 1 City Road East

Street Manchester

Post town

County/Region

Postcode M 1 5 4 P N

Country

② Other administrator

Use this section to tell us about
another administrator.

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ①
Use extra copies to tell us of additional insolvency practitioners.

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

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

1 Appointment type

Tick to show the nature of the appointment:

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

① You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) Alessandro
Surname Sidoli

3 Insolvency practitioner's address

Building name/number 1 City Road East
Street Manchester
Post town
County/Region
Postcode M 1 5 4 P N
Country

AM10

Notice of administrator's progress report


6 Period of progress report

From date	d	0	d	7	m	0	m	3	y	2	y	0	y	1	y	9	
To date	d	0	d	6	m	0	m	9	y	2	y	0	y	1	y	9	

7 Progress report

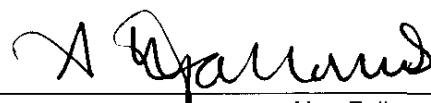
☒ I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature	X		X													
Signature date	d	0	d	2	m	1	m	0	y	2	y	0	y	1	y	9	

Arch Hall Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 07/03/2019 To 06/09/2019 £	From 07/03/2019 To 06/09/2019 £
	ASSET REALISATIONS		
10,000.00	Book Debts	85,775.91	85,775.91
29,121.67	Cash at Bank	33,012.43	33,012.43
Uncertain	Customer Data	1.00	1.00
	Goodwill	1.00	1.00
2,500.00	Office Furniture & Equipment	9,995.00	9,995.00
	Property Rights/Patents	1.00	1.00
	Sellers Records	1.00	1.00
25,000.00	Work in Progress	2,177.63	2,177.63
		<u>130,964.97</u>	<u>130,964.97</u>
	COST OF REALISATIONS		
	Bank Charges	10.00	10.00
	Bordereau	450.00	450.00
	Company Search Fee *	15.48	15.48
	London Gazette Advertising	151.30	151.30
	Mileage	NIL	NIL
	Post Appointment Administrators' Fees	48,000.00	48,000.00
	Post Appointment Legal Fees	5,435.00	5,435.00
	Pre Appointment Agent Fees	7,500.00	7,500.00
	Pre-Appointment Administrators' Fees	9,987.00	9,987.00
	Pre-Appointment Legal Fees	2,635.00	2,635.00
	Storage Costs *	89.24	89.24
		<u>(74,273.02)</u>	<u>(74,273.02)</u>
	PREFERENTIAL CREDITORS		
(17,270.25)	Employee Preferential Claims	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(67,803.56)	Employee Non-Preferential Claims	NIL	NIL
(10,858.94)	HM Revenue & Customs (Corporation	NIL	NIL
(29,145.23)	HM Revenue & Customs (PAYE/NIC)	NIL	NIL
(64,446.46)	HM Revenue & Customs (VAT)	NIL	NIL
(462,542.96)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(585,545.73)		56,691.95	56,691.95
	REPRESENTED BY		
	Current A/c		45,174.34
	Suspense Account		(3,327.00)
	Vat Receivable		14,844.61
			<u>56,691.95</u>



Alan Fallows
Joint Administrator

Joint Administrators' Progress Report

**Arch Hall Limited
- In Administration**

6 September 2019

ARCH HALL LIMITED - IN ADMINISTRATION

CONTENTS

- 1** Introduction
- 2** Progress of the Administration
- 3** Pre-administration Costs
- 4** Joint Administrators' Remuneration
- 5** Estimated Outcome for Creditors
- 6** Ending the Administration
- 7** Creditors' Rights
- 8** Next Report

APPENDICES

- A** Receipts and Payments Account from 7 March 2019 to 6 September 2019
- B** Time Analysis for the period 7 March 2019 to 6 September 2019
- C** Additional Information in Relation to the Joint Administrators' Fees, Expenses & Disbursements
- D** Estimated Outcome Statement as at 6 September 2019
- E** Copy of the Joint Administrators' approved fee estimate
- F** SIP 16 Statement

THE ADMINISTRATOR'S PROGRESS REPORT

1 Introduction

- I, together with my partners Peter James Anderson and Alessandro Sidoli, was appointed Joint Administrator of Arch Hall Limited (the **Company**) on 7 March 2019. The appointment was made by the Company's sole Director, Mr Christopher Holmes on 7 March 2019.
- This Administration is being handled by Kay Johnson Gee Corporate Recovery Limited at 1 City Road East, Manchester, M15 4PN. The Administrators' contact details are by phone on 0161 832 6221 or via email at lindsaymoore@kjgcr.com. The Administration is registered in the High Court of Justice, Business and Property Courts in Manchester, reference number 000190 of 2019.
- Information about the way that we will use, and store personal data on insolvency appointments can be found at www.kjgcr.com/privacy-policy. If you are unable to download this, please contact us and a hard copy will be provided to you.
- The trading address of the Company is 2 Park Avenue, Sale, Cheshire, M33 6HE.
- The registered office of the Company is C/o Kay Johnson Gee Corporate Recovery Limited, 1 City Road East, Manchester, M15 4PN and its registered number 08662120.
- As Joint Administrator, I am required to provide a progress report covering the period of six months commencing from the date the Company entered Administration and every subsequent period of six months. This progress report covers the period from 7 March 2019 to 6 September 2019 (**the Period**) and should be read in conjunction with my earlier proposals report and any previous progress reports which have been issued.

2 Progress of the Administration

- You may recall that the statutory objective being pursued in the Administration was achieving a better result than would be likely if the Company were wound up. In addition to the pursuance of this statutory objective, the Administrators have duties imposed by insolvency and other legislation, some of which may not provide any financial benefit to creditors.
- This section of the report provides creditors with an update on the progress made in the Period, both in terms of the achievement of the statutory objective, but also work which is required of the Administrators under other related legislation.
- At Appendix A is my Receipts and Payments Account covering the period of this report.
- Attached at Appendix B is a time analysis outlining the time spent by the Administrators and their staff during the Period.
- Further information about the basis of remuneration agreed in this case and the Administrators' fees estimate can be found in section 4 of this report, together with any relevant information about revisions to my initial estimate, where applicable.

Administration (including statutory compliance & reporting)

- As noted above, the Administrators must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work that I anticipated would need to be done in this area was outlined in my initial fees estimate/information.
- Where the costs of statutory compliance work or reporting to creditors exceeds the initial estimate, it will usually be because the duration of the case has taken longer than anticipated,

ARCH HALL LIMITED - IN ADMINISTRATION

possibly due to protracted asset realisations, which have in turn placed a further statutory reporting requirement on the Administrators.

- As noted in my initial fees estimate/information, this work will not necessarily bring any financial benefit to creditors, but is required on every case by statute.

Realisation of Assets

- The sale of the Company's business and assets was previously disclosed within the Joint Administrators' SIP 16 statement, a copy of which can be found at Appendix F.
- I can confirm that the payment for the office furniture and equipment has been received in full and in accordance with the terms of the sale.
- Upon appointment of the Joint Administrators, immediate correspondence was entered into with the bank to ensure that no further payments were made from any account held in the name of the Company and that any pending PPI settlements were held to the order of the Administration.
- I can advise that upon receipt of this request, the credit balance that was held within the accounts was forwarded to the Administration estate.
- These funds were initially posted to a suspense account in order that a full reconciliation could be undertaken to establish the split of the funds between the general credit balance held in the account against funds that had been included with the sale and purchase agreement as debtors or work in progress and had to be accounted for.
- I can confirm that despite repeated requests put to the bank, significant delays were encountered in securing the required bank statements to be able to undertake and complete this detailed reconciliation.
- Upon receipt of the bank statements, the payments were duly reconciled against the Company's claims management systems ("CMS") and the funds allocated accordingly.
- In order to further facilitate the above reconciliation, steps were taken to secure and maintain the CMS systems utilised by the Company. This included entering into discussions with the Company's previous IT support company to secure the data and systems and the Administration estate met the associated costs involved to maximise the return to the estate and assist with the ongoing investigations.
- I can confirm that from the funds received from the bank, £33,012.43 represented cash at bank as per the enclosed receipts and payments accounts at Appendix A.
- From the initial funds received from Barclays Bank, a sum of £18,106.64 was highlighted as being identified as possible third-party funds. Correspondence was received from a referrer of work to the Company as being paid to the Company in error, the day after the commencement of the Administration.
- Additional, supporting documentation was requested to substantiate what the payment was in respect of and that it did not constitute an asset of the Administration estate. It was ultimately established that the funds received were made up of several payments from IVA estates with ongoing PPI claims.
- Legal advice was sought with regard to the return of the funds and the Joint Administrators were advised that these funds were due to the IVA estates and as such must be returned. I can confirm that the funds were duly returned on 1 August 2019.
- Further to the completion of the sale of the Company and its I assets, I can confirm that weekly reconciliations have been received from the purchaser to provide full details of all PPI settlements received.

ARCH HALL LIMITED - IN ADMINISTRATION

- Upon receipt of these weekly reconciliations, a detailed review was undertaken against the CMS to verify the claims received and secure the payment due to the Administration estate under the express terms of the sale and purchase agreement ("SPA").
- To date I can confirm that the combined sum of £87,952.54 has been received in respect of the Company's debtors and work in progress.
- I can advise that in recent weeks the purchaser has been in regular contact with the Joint Administrators to discuss certain issues that they have encountered in running with PPI book.
- Initially the purchaser encountered difficulties in liaising with the banks and lenders, many of whom refused to correspond with them and referred the matter to their legal teams on the basis they initially believed that they could not release information pertaining to the ongoing claims to the Company.
- In order to assist with maximising the return to the Administration estate, the Joint Administrators and their staff entered into ongoing correspondence with the relevant lenders to alleviate and address their concerns and queries. This included attendance at a conference call and issuing numerous letters and emails.
- The banks and lenders also discontinued all cases within the pre-submission phase and requested that these claims be re-submitted, which massively impacted on the purchaser's ability to successfully complete claims within the timescale that had originally been envisaged.
- Further to which the purchaser was informed by a number of clients that they had been informed by their banks that they were not licensed and should therefore not be handling their claims. It materialised that there was a separate company with a similar name, trading within the industry without a license and the banks had incorrectly advised clients that this was the purchaser. Despite the purchaser's ongoing efforts, this error caused significant reputational damage to the purchaser and a loss in clients.
- The purchaser subsequently lodged formal complaints with the banking ombudsman, lenders and the Financial Conduct Authority ("FCA") on the grounds that this error had caused untold reputational damage and had vastly mis-lead the clients.
- The Joint Administrators were subsequently approached by the purchaser who advised that they could no longer meet the requirements of the FCA and had no choice but to evoke an orderly wind down.
- Ongoing correspondence was entered into with the purchaser and legal advice sought in relation to the terms of the SPA and how the debtor ledger, work in progress and customer data could be safe guarded for the benefit of the Administration estate.
- I can confirm that the non-chattel assets included within the SPA were re-assigned back to the Administration estate on 10 September 2019.
- Arrangements have been made to secure all data pertaining to the debtor ledger, work in progress and customer data including the Company's server and claims management systems.
- Furthermore, specialist debt collection agents have been instructed to review the data and issue correspondence to all clients with a view to continuing work on their claims and maximising the return to the Administration estate.
- It is considered that the work the Administrators and their staff have undertaken to date will bring a financial benefit to creditors. This may be a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) or may, depending on realisations and the extent of any 3rd party security, result in a distribution to the preferential and unsecured creditors of the Company.

ARCH HALL LIMITED - IN ADMINISTRATION

Creditors (claims and distributions)

- Further information on the anticipated outcome for creditors in this case can be found at section 5 of this report. The Administrators are not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.
- Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal.
- The above work will not necessarily bring any financial benefit to creditors generally, however the Administrators are 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 Administrators in dealing with those claims.
- I consider the following matters worth noting in my report to creditors at this stage:
 - There are approximately 50 unsecured creditor claims in this case with a value per the estimated financial position of the Company as at 7 March 2019 of £530,346.52. To date claims of £553,391.28 have been received.
 - It should be noted that despite numerous requests put to the sole Director for the submission of the Statement of Affairs, to date he has failed to comply with these requests.
 - As noted within the Administrators' proposals, it was noted that the vast majority of the Company's creditors consist of referrers or introducers of work or insolvency specialists. In order to establish the exact nature and level of their claims within the Administration estate, it has been necessary to undertake a review of all agreements held between with Company and the creditors.
 - In essence, the creditors provided the Company with leads or referrals of clients with PPI claims and upon the successful pay out to the client, the Company receives their fee and payment also crystallises to the referrer of the client.
 - I can advise that the review of the agreements is ongoing and additional information has been requested for the relevant creditors to establish the exact nature of their working relationship with the Company and to establish the level of their claims within the Administration estate.
 - As there are a significant number of ongoing PPI claims, it has not yet been possible to finalise the exact level of all creditor claims and this matter is ongoing.

Investigations

- Some of the work the 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 the Administrators can pursue for the benefit of creditors.
- I can confirm that I have submitted a report on the conduct of the Directors of the Company to the Department for Business, Energy & Industrial Strategy under the CDDA 1986. As this is a confidential report, I am unable to disclose the contents.

ARCH HALL LIMITED - IN ADMINISTRATION

- Shortly after appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting (where held) or as a response to my request to complete an investigation questionnaire.
- My investigations revealed the following issues:
- An overdrawn Director's Loan Account ("DLA") – further to my appointment as Joint Administrator a full review was undertaken of the Company's filed accounts against the bank statements secured directly from Barclays Bank plc.
- It was confirmed that at the date of Administration, there was an overdrawn DLA of £350,503 due from the sole Director, Mr Christopher Holmes.
- Mr Holmes was declared bankrupt on 18 March 2019 and I can confirm that a claim for the overdrawn DLA was filed with the Trustee of his bankruptcy estate along with a request for confirmation of any future dividend prospects.
- I can advise that his Trustee has responded and advised that based upon the current level of anticipated asset realisations, there will not be a dividend payable to any class of creditor. However, the Trustee is still undertaking investigations into his financial affairs and until this is concluded, any final return to creditors cannot be categorically confirmed.
- Further to my appointment all appropriate steps were taken to secure both the Company's paper and electronic records.
- I can advise that an extensive review of the same was commenced and a number of potential preference payments pursuant to section 239 of the Insolvency Act 1986 have been identified.
- Upon identifying the relevant transactions, correspondence was issued to the relevant parties to request further information in order that a decision on the appropriate next course of action could be taken.
- Upon receipt of their response, a meeting was scheduled with the Joint Administrators acting solicitor to review the information provided. I can advise that follow up correspondence has been issued to these parties, which the solicitor advised is essential to proceeding with any formal recovery action.
- Upon receipt of the further responses the Joint Administrators will seek the input of the creditor committee to seek their view and commence the appropriate recovery proceedings.
- Due to the sensitive nature of the potential claims it is not possible to disclose the specifics of these claims or provide a detailed assessment of the same as this could potentially jeopardise the future recoveries for the benefit of the Administration estate.

What remains to be done in the Administration

- As detailed above, the Company's debtor ledger, work in progress and customer data has been re-assigned to the Administration estate further to the orderly wind down of the purchaser, Rapid Reclaim Group Ltd.
- Specialist debt collection agents have been instructed to review the data and issue correspondence to all clients with a view to continuing work on their claims and maximising the return to the Administration estate.
- The Joint Administrators investigations are also ongoing in respect of a number of preference payments as detailed above.

ARCH HALL LIMITED - IN ADMINISTRATION

3 Pre-administration Costs

- On 8 July 2019, at the first meeting of the creditors' committee, the following amounts in respect of pre-administration costs were approved:

Name of recipient	Brief description of services provided	Total amount approved
Kay Johnson Gee Corporate Recovery Limited	Negotiation of the sale to Rapid Reclaim Group Ltd and collating information from the Company.	£9,987 plus VAT
Middleton Barton	Valuation of tangible and intangible assets, marketing the business and its assets and providing recommendation for acceptance of offer received	£7,500 plus VAT and disbursements of £45 plus VAT
Bermans Solicitors	Dealing with associated sale contract	£2,585 plus VAT and £50 Court fee

The pre-appointment costs in respect of Bermans solicitors have been paid. I can further confirm that Middleton Barton's fee of £7,500 plus VAT has been settled and they have subsequently confirmed that the disbursement of £45 plus VAT is not due.

4 Joint Administrators' Remuneration

- The basis of the Administrators' fees has been fixed in the Administration by reference to the time properly spent by him and his staff in managing the Administration. My fees estimate/information was originally provided to creditors when the basis of my remuneration was approved and was based on information available to me at that time.
- A copy of that estimate can be found at Appendix E.
- My time costs for the Period are £139,185.18. This represents 559.57 hours at an average rate of £248.74 per hour. Attached at Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during the Period in respect of the costs fixed by reference to time properly spent in managing the Administration. To date, £48,000 plus disbursements of £716.02 has been drawn on account.
- At the date of this report, I would confirm that my fees estimate for the Administration remains unchanged. However, due to the extensive ongoing investigations, it may be necessary to seek a revision in the approved fee estimate. I can confirm that I will correspond with the creditors' committee at a later date as and when appropriate.
- A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from <https://www.r3.org.uk/what-we-do/publications/professional/fees>
- Attached at Appendix C is additional information in relation to the Administrators' fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers.

5 Estimated Outcome for Creditors

- An Estimated Outcome Statement as at 6 September 2019 is attached at Appendix D.

Secured Creditors

- There are no secured creditors in this matter

Preferential Creditors

- There are no preferential creditors in this matter

ARCH HALL LIMITED - IN ADMINISTRATION

Unsecured Creditors

- I have received claims totalling £553,391.28 from 20 creditors. I have yet to receive claims from 30 creditors whose debts total £126,240.61 as per the estimated financial position of the Company.
- The Company did not grant any floating charges to a secured creditor. Accordingly, there is no requirement to create a fund out of the Company's net floating charge property for unsecured creditors (known as the **Prescribed Part**), which only applies to charges created after 15 September 2003.
- Due to the circumstances and difficulties surrounding the ongoing collection of the debtor ledger as detailed within the asset realisation section of this report, a future projected figure of £51,000.40 has been utilised within the estimated outcome statement at Appendix D. This figure represents 10% of the remaining balance of the debtor ledger.
- At the date of this report the dividend prospect to creditors is uncertain.

Creditors Committee

- Further to the circulation of the Joint Administrators' proposals to the Company's creditors for their approval, a request was received for a physical meeting of creditor to be convened, which was duly held on 3 April 2019.
- Further to this meeting the threshold was met from the requisite number of creditors to constitute a creditors' committee and the committee was constituted on 26 June 2019.
- At the first meeting of the creditors' committee held on 8 July 2019 I can confirm that the creditors' committee requested that the Joint Administrators address the following, key matters:
 - That the initial investigations into the sole Director Christopher Holmes, would continue in order to ascertain the level of claim to be submitted to his Trustee in bankruptcy. Any additional or more complex work would be restricted until such time as the dividend prospect was confirmed.
 - The reconciliation of the bank accounts and claims would continue in order to realise funds for the estate.
 - The Joint Administrators would continue to investigate any possible preference payments specifically in the period prior to the commencement of the Administration.
 - I can advise that the above points have been actioned and an update on the same, provided within the body of this report.
- At the first creditors' committee meeting the following resolutions were passed:
 - Under Rule 18.16 of the Insolvency (England and Wales) Rules 2016 the remuneration of the Joint Administrators be fixed as time costs and may be drawn as and when funds permit.
 - Under Rule 3.52 of the Insolvency (England and Wales) Rules 2016 the un-paid pre-administration costs as detailed within the Administrators' proposal be approved.
 - The Joint Administrators be authorised to draw category 2 disbursements in accordance with their firm's published tariff.
 - The Joint Administrators will be discharged from liability under paragraph 98(2)(b) of the Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect.

7 Ending the Administration

- 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.
- At the time of drafting this report, I believe that an extension to the period of Administration may be necessary, however will confirm the position to creditors in my subsequent progress report in due course. An extension may be necessary due to the open-ended nature of the collection of the Company's work in progress, which forms part of the additional consideration due under the terms of the sale of the business and its assets to the purchaser.
- 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

- Based on present information, the Administrators think a dividend will be paid to the unsecured creditors other than by virtue of the Prescribed Part. As a result, 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.

Dissolution of the Company

- Based on present information, the Administrators think that a distribution will be available to the unsecured creditors other than from the Prescribed Part. This will be distributed in due course within the Administration and a notice will thereafter be filed at Court and with the Registrar of Companies with the Administrators' final report, for the dissolution of the Company.
- In the event that the Company has insufficient funds to permit a distribution to its creditors, they will file the relevant notice at Court and with the Registrar of Companies with the Administrators' final report, for the dissolution of the Company.
- It is proposed that the Joint Liquidators will be authorised to act jointly and severally in the subsequent liquidation.
- 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.
- Once the distribution has been made, a notice will be filed at Court and with the Registrar of Companies with the Administrators' final report, for the dissolution of the Company.
- The Administrators' appointment will end following the registration of the notice by the Registrar of Companies.
- The Administrators will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

ARCH HALL LIMITED - IN ADMINISTRATION

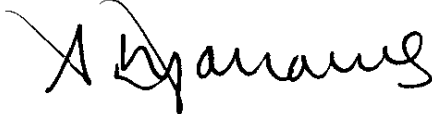
6 Creditors' Rights

- Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.
- Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Administrators, as set out in this progress report, are excessive.

7 Next Report

- The Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised or he wishes to extend it.

For and on behalf of
Arch Hall Limited



Alan Fallows
Joint Administrator

ARCH HALL LIMITED - IN ADMINISTRATION

Appendix A

Receipts and Payments Account from 7 March 2019 to 6 September 2019

Arch Hall Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 06/09/2019

S of A £		£	£
	ASSET REALISATIONS		
	Goodwill	1.00	
2,500.00	Office Furniture & Equipment	9,995.00	
Uncertain	Customer Data	1.00	
25,000.00	Work in Progress	2,177.63	
10,000.00	Book Debts	85,775.91	
	Sellers Records	1.00	
	Property Rights/Patents	1.00	
29,121.67	Cash at Bank	33,012.43	
			130,964.97
	COST OF REALISATIONS		
	Bordereau	450.00	
	Pre-Appointment Administrators' Fees	9,987.00	
	Post Appointment Administrators' Fees	48,000.00	
	Pre Appointment Agent Fees	7,500.00	
	Pre-Appointment Legal Fees	2,635.00	
	Post Appointment Legal Fees	5,435.00	
	Company Search Fee *	15.48	
	Storage Costs *	89.24	
	London Gazette Advertising	151.30	
	Bank Charges	10.00	
			(74,273.02)
	PREFERENTIAL CREDITORS		
(17,270.25)	Employee Preferential Claims	NIL	
			NIL
	UNSECURED CREDITORS		
(462,542.96)	Trade & Expense Creditors	NIL	
(67,803.56)	Employee Non-Preferential Claims	NIL	
(29,145.23)	HM Revenue & Customs (PAYE/NIC)	NIL	
(10,858.94)	HM Revenue & Customs (Corporation	NIL	
(64,446.46)	HM Revenue & Customs (VAT)	NIL	
			NIL
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	NIL	
			NIL
(585,545.73)			56,691.95
	REPRESENTED BY		
	Vat Receivable		14,844.61
	Current A/c		45,174.34
	Suspense Account		(3,327.00)
			56,691.95

ARCH HALL LIMITED - IN ADMINISTRATION

Appendix B

Time Analysis for the Period from 7 March 2019 to 6 September 2019

Time Entry - SIP9 Time & Cost Summary

ARCH01 - Arch Hall Limited
All Post Appointment Project Codes
To: 06/09/2019

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Assistant Manager	Senior Administrator	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	10.40	0.00	24.20	2.95	0.25	0.00	37.80	13,841.00	366.16
Case Specific	0.00	0.00	2.00	3.92	1.00	0.00	6.92	1,881.96	272.04
Cashiering	0.40	0.00	1.00	8.25	0.00	0.00	9.65	1,267.50	131.35
Creditors	13.75	0.00	43.00	2.50	4.00	0.00	63.25	22,685.22	358.65
Investigation	7.20	0.00	108.10	20.50	0.00	0.00	135.80	32,966.00	242.75
Realisation of Assets	9.40	0.00	216.75	60.25	14.25	0.00	300.65	64,068.50	213.10
Statutory Compliance	5.50	0.00	0.00	0.00	0.00	0.00	5.50	2,475.00	450.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	46.65	0.00	395.05	98.37	19.50	0.00	559.57	139,185.18	248.74
Total Fees Claimed								48,000.00	
Total Disbursements Claimed								716.02	

ARCH HALL LIMITED - IN ADMINISTRATION

Appendix C

Additional Information in Relation to the Joint Administrators' Fees, Expenses & Disbursements

1 Staff Allocation and the Use of Sub-Contractors

- 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.
- On this case we are proposing to use the services of the following sub-contractors

Service (s)	Provider	Basis of fee arrangement	Cost to date
Book debt collection	Cerberus Asset Management	An initial fixed fee of £5,000 to undertake an assessment of the re-assigned ledger and correspond with the ongoing claimants	Nil

2 Professional Advisors

- On this assignment we have used 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
Bermans (legal advice)	Hourly rate and disbursements
Middleton Barton (valuation and disposal advice)	Hourly rate and disbursements

- 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.

3 Joint Administrators' Expenses & Disbursements

- The estimate of expenses (including disbursements) which were anticipated at the outset of the Administration was provided to creditors in the Administrators' Proposals Report a copy of which is set out below:

Expense	Estimated cost £
Statutory advertising per Advert	73.55 plus VAT
Specific penalty bond	450.00 plus VAT
External storage of company's books and records	50.00 plus VAT
Credit Safe/AML Checks	10.00
Bank Charges	10.00
Category 2 disbursements charged by the firm:	
Business mileage	45p per mile

Current position of Joint Administrators' expenses

- An analysis of the expenses paid to the date of this report, together with those incurred but not paid at the date of this report is provided below:

	Paid in prior period £	Paid in the period covered by this report £	Incurred but not paid to date £	Total anticipated cost £
Solicitors' costs	0.00	5,435.00	750.00	6,185.00
Statutory advertising	0.00	151.30	0.00	298.40
Specific penalty bond	0.00	450.00	0.00	450.00
External storage of books & records	0.00	0.00	89.24	250.00
Bank Charges	0.00	10.00	0.00	10.00
Credit Safe/AML Checks	0.00	15.48	0.00	15.48
Category 2 disbursements				
Business mileage	0.00	0.00	8.82	8.82

- Further to the appointment of the Joint Administrators immediate steps were taken to secure all of the Company's books and records, which were held across the two trading premises in Manchester and Cheltenham. Upon attendance it was highlighted that the records far exceeded the level that had originally been advised by the Director and therefore the number of boxes recovered and stored was much greater than had originally been encountered for. These records are integral to the ongoing investigations and the associated costs of storing the records is considered essential.
- At the date of the Administrators' proposals, it was not anticipated that any post appointment legal advice would be required. Further to appointment legal advice was required in respect of some of the matters highlighted for investigation and also the re-assignment of the debtor ledger, work in progress and customer data. Again, the legal fees incurred were essential to the ongoing investigations.
- Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also, chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. These disbursements are included in the tables of expenses above.
- Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Details of Category 2 disbursements charged by this firm (where appropriate) were provided in the Administrators' Proposals Report and approved by creditors. Any Category 2 disbursements incurred are specifically highlighted in the tables of expenses above.

4 Charge-Out Rates

- Kay Johnson Gee Corporate Recovery Limited's current charge-out rates effective from 1 October 2018 are detailed below. Please note this firm records its time in minimum units of 6 minutes.

ARCH HALL LIMITED - IN ADMINISTRATION

	(Per hour) £
Appointment Takers	450
Managers	300 to 360
Administrator/Senior Administrator	220 to 250
Cashier/Support Staff	110 to 180

ARCH HALL LIMITED - IN ADMINISTRATION

Appendix D

Estimated Outcome Statement as at 6 September 2019

Arch Hall Limited
(In Administration)
Joint Administrators' Estimated Outcome Statement
To 06/09/2019

Statement of Affairs £		Realised / Paid	Projected	Total £
ASSET REALISATIONS				
	Goodwill	1.00	NIL	1.00
2,500.00	Office Furniture & Equipment	9,995.00	NIL	9,995.00
Uncertain	Customer Data	1.00	NIL	1.00
25,000.00	Work in Progress	2,177.63	NIL	2,177.63
10,000.00	Book Debts	85,775.91	51,000.40	136,776.31
	Sellers Records	1.00	NIL	1.00
	Property Rights/Patents	1.00	NIL	1.00
29,121.67	Cash at Bank	33,012.43	NIL	33,012.43
		130,964.97	51,000.40	181,965.37
COST OF REALISATIONS				
	Bordereau	450.00	NIL	450.00
	Pre-Appointment Administrators' Fees	9,987.00	NIL	9,987.00
	Post Appointment Administrators' Fees	48,000.00	107,612.20	155,612.20
	Pre Appointment Agent Fees	7,500.00	NIL	7,500.00
	Pre-Appointment Legal Fees	2,635.00	NIL	2,635.00
	Post Appointment Legal Fees	5,435.00	NIL	5,435.00
	Company Search Fee *	15.48	NIL	15.48
	Storage Costs *	89.24	NIL	89.24
	Mileage	NIL	8.82	8.82
	London Gazette Advertising	151.30	71.33	222.63
	Bank Charges	10.00	NIL	10.00
		(74,273.02)	(107,692.35)	(181,965.37)
PREFERENTIAL CREDITORS				
(17,270.25)	Employee Preferential Claims	NIL	NIL	NIL
		NIL	NIL	NIL
UNSECURED CREDITORS				
(462,542.96)	Trade & Expense Creditors	NIL	NIL	NIL
(67,803.56)	Employee Non-Preferential Claims	NIL	NIL	NIL
(29,145.23)	HM Revenue & Customs (PAYE/NIC)	NIL	NIL	NIL
(10,858.94)	HM Revenue & Customs (Corporation Tax)	NIL	NIL	NIL
(64,446.46)	HM Revenue & Customs (VAT)	NIL	NIL	NIL
		NIL	NIL	NIL
DISTRIBUTIONS				
(100.00)	Ordinary Shareholders	NIL	NIL	NIL
		NIL	NIL	NIL
(585,545.73)		56,691.95	(56,691.95)	NIL
REPRESENTED BY				
	Vat Receivable	14,844.61	NIL	14,844.61
	Current A/c	45,174.34	27,573.47	72,747.81
	Suspense Account	(3,327.00)	NIL	(3,327.00)
		56,691.95	27,573.47	84,265.42



**Estimate of Fees and Expenses for
Arch Hall Limited (In Administration)
To 13/03/2019**

	Total Hours	Avg Hourly Rate £	Time Cost £	Disbursements £	Expenses £
Classification of Work Function					
Admin & Planning					
Appointment Notification/Formalities	7.60	301.58	2,292.00		
Case Filing	5.20	220.67	1,147.50		
Case Planning	8.50	336.88	2,863.50		
File Maintenance and Case Review	8.40	316.79	2,661.00		
Meeting and/or Internal Discussion	9.10	334.45	3,043.50		
Statutory Reporting	52.40	305.41	16,003.50		
Case Specific					
Preparation of S.o.A/Dec of Solvency	4.40	370.91	1,632.00		
Cashiering					
Cashiering/Invoicing	2.00	285.00	570.00		
Creditors					
Employee	6.00	374.00	2,244.00		
General Communication	11.50	288.52	3,318.00		
H M Revenue & Customs	15.80	281.84	4,453.00		
Postage/Mail	1.00	175.00	175.00		
Unsecured Creditors	44.40	332.00	14,741.00		
Investigation					
CDDA Reporting	7.40	326.96	2,419.50		
Investigation					
Collection of Books and Records	5.10	174.71	891.00		
Completion & Submission of CDDA	3.70	338.51	1,252.50		
Investigation					
Investigating antecedent transactions	10.70	333.44	36,912.00		
SIP 2 Review	33.50	363.39	12,173.50		
Realisation of Assets					
Agents/Solicitors	13.70	333.28	4,566.00		
Realisation of Assets					
Bank Reconciliation	20.60	250.02	5,150.50		
Realisation of Assets					
Banking/Cashiering	17.30	244.91	4,237.00		
Identifying, Securing & Insuring Assets	52.60	290.73	18,200.00		
Realisation of Property / Other Assets	36.10	538.25	19,431.00		
	487.00	329.32	160,377.00		
Disbursements					
Category 1 Disbursements				667.10	
Category 2 Disbursements				158.82	
				825.92	
Expenses (*)					
					0.00
Totals	487.00	329.32	160,377.00	825.92	0.00

(*) Details of the expenses the IP considers will be, or are likely to be, incurred during the period of this estimate.

Details of estimated disbursements that will be paid during the period of this estimate.

Category 1 Disbursements

**Estimate of Fees and Expenses for
Arch Hall Limited (In Administration)**

Category 1 Disbursements

Category 1 Disbursements	667.10
	<u>667.10</u>

Category 2 Disbursements

Category 2 Disbursements	158.82
	<u>158.82</u>

Notes:

1. Category 1 Disbursements are payable without prior approval as they are payments to independent third parties e.g. advertising, room hire, storage, travel expenses
2. Category 2 Disbursements are costs directly referable to the appointment e.g. Postage, Printing & Stationery, Mileage but as they are not to an independent third party they require approval in the same manner as the fee
3. The figures provided for Expenses are as accurate as possible based on the information available at this time. No prior approval is required for the payments of the expenses as they are regarded as a cost of the administration of the estate
4. Further approval will be sought from the creditors' committee or creditors if the circumstances of the case indicate that the above fee estimate is likely to be exceeded
5. The above estimates are all exclusive of VAT

Appendix A

Arch Hall Limited - In Administration (the Company)

Overview

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.

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.

The role of an Administrator once the Company has entered Administration is for him 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 Administrator has pursued the second objective of achieving a better result than if the Company had been wound up and considers that the pre-packaged sale enables the statutory purpose of Administration to be achieved and that the outcome achieved was the best available for creditors as a whole in all the circumstances.

Set out below is further information containing a summary of the circumstances relevant to the pre-packaged sale of all or part of the Company's business and assets to Rapid Reclaim Group Ltd in accordance with the provisions of Statement of Insolvency Practice 16 (SIP16).

Background

The Company was incorporated on 23 August 2013 as Amsol PPI Limited and changed its name by special resolution to Arch Hall Limited on 16 October 2013.

The Company was formed by Christopher Holmes and Andrew Allcock, who provided loans to the Company, which were subsequently repaid in June 2016.

Cristopher Holmes was an experienced Director who had held numerous positions in the industry including Harrington Brooks, Ask Finance, One Advice and the Debt Resolution Forum. In addition, Andrew Allcock is a Chartered Accountant with a number of previous directorships. Mr Allcock subsequently resigned as a Director of the Company on 31 May 2017.

At the date of incorporation, the shareholding of the Company was 34% held by Christopher Holmes, 33% held by Andrew Allcock and 33% held by Stuart Holmes. On 18 March 2016 the entire share capital was acquired by Arch Hall Group Limited in a share for share exchange and the Company is currently a 100% subsidiary of Arch Hall Group Limited.

The Company's principal trading activity is claims management, with a focus on PPI claims for financially distressed individuals who have been subject to some form of insolvency procedure such as Bankruptcy, Individual Voluntary Arrangement, Sequestration or a Debt management plan.

The Company is current regulated by the Ministry of Justice, registration number CRM 33475.

The Company traded from leased premises in Sale.

Mr Christopher Holmes had many years' experience within the industry and had noted a gap to provide claims management services to individuals with debt and insolvency history. It was noted that upon initial contact with a new client, it was an industry standard to ask four qualifying questions, one of which was to establish if the client had a history of previous financial difficulties or debt. If the client answered yes, the instruction would not proceed, as many of the main competitors within the industry, would not act for these individuals as they were deemed high risk.

The Directors were confident that with their wealth of experience and the correct business model, they could offer a service to the financially distressed whilst building a profitable business.

The Company's business acquisition strategy was to secure work via referrals from other claims management companies and insolvency professionals.

The Company traded well from the outset and the average size of contract varied from £1,500 to £2,400. The Company would take hot leads in the region of 200 per day. Historically the Company would generate 50% in respect of fees from successful claims.

As the Company continued to grow at a rapid pace, a subsidiary company, Arch Hall South Limited, was formed to attract additional funding from an individual, who had significant experience within the industry and who would carry out additional claims management activity from a second leased premise in Cheltenham, under the Company's current licence.

However, on 10 July 2018, a change in legislation capped the level of payment that the Company could take from each client down to 20%, which had a massive impact on the Company's overall profitability. The Company's margins were eroded by 40% and at best, the Company struggled to break even. The introduction of this cap disadvantaged the Company as a specialist provider as no provision was made for technical or complex claims.

The fee cap resulted in a major change in the Company's business model, which required more costs upfront and a much longer lead time to revenue.

In addition, on 31 March 2019, the industry will be regulated via the FCA rather than the Ministry of Justice. The change in regulator comes with a number of strict requirements that the Director did not feel could be met. The licence fee that is requested by the FCA is dependent upon the level of the Company's turnover and it was calculated that the fee would be in the region of £50,000. In addition to this fee, the Company had to be able to evidence that it had access to funds equivalent to two months of the Company's turnover and these funds were simply not available.

A further strain was placed on the Company's cash flow as the Company's work in progress was not converting in line with the Company's previous performance. The Director attributed this to the pending deadline for the PPI claims to be finalised, which is set for 29 August 2019. Any claims that have not been passed to the Financial Ombudsman prior to this date, will simply fall away.

The Director noted a significant decrease in the banks' responses to the PPI claims. Banks have 28 days in which to respond to the initial letter but the Director advised that in many instances, a response was taking weeks and even months to be received.

The significant decrease in the conversion of the work in progress placed a real strain on the Company's cash flow and this coupled with the above factors, resulted in the Company struggling to meet its liabilities as and when they fell due.

Initial introduction

Alan Fallows of Kay Johnson Gee Corporate Recovery Limited was originally approached by the Director Christopher Holmes, who through his previous work in the industry, knew other Insolvency Practitioners and wished to approach an Insolvency Practitioner whereby there could be no perceived conflict of interest. The Director was already aware of Kay Johnson Gee Corporate Recovery Limited.

An initial meeting was held on 6 February 2019 with the Director and a senior member of his team Kevin Dursley and a follow up meeting was held at the offices of Kay Johnson Gee Corporate Recovery Limited on 22 February 2019, at which the Company's updated financial position was discussed and reviewed.

The Administrator does not believe that there is any significant personal or professional relationship between the Company or its directors and Kay Johnson Gee Corporate Recovery Limited and carried out the appropriate conflict review prior to accepting the appointment. I would confirm that I was formally engaged by the Company on 25 February 2019.

Pre-appointment considerations

At the follow up meeting with the Director on 22 February 2019 held at the office of Kay Johnson Gee Corporate Recovery Limited, an updated assessment of the Company's financial position was undertaken.

Based upon the financial information presented at this meeting by the Director, it was established that the Company could not continue to trade in the long term but still retained value for a potential purchaser, which was mainly held in the Company's work in progress, debtor ledger and customer data.

In order that advice could be finalised, a request was put to the Director for the provision of detailed information regarding the Company's assets and liabilities.

Upon receipt of the information, independent agents and valuers Middleton Barton ("the Agent") of Suite 26, First Floor, Barton Arcade, Deansgate, Manchester, M3 2BH were instructed to provide a full inventory and valuation of the Company's tangible and intangible assets.

The Agent secured a full inventory of the Company's tangible assets consisting of office and IT equipment and the intangible assets. It was confirmed that the majority of the value held in the Company's assets was held in the Company's work in progress, debtor ledger and customer data.

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

- Distressed sale of the business and assets as a going concern by management. This was not considered a viable option as previous approaches had been made by the Director to other companies operating within the same industry who confirmed they had no desire to work with financially distressed clients as the associated risk of being unable to collect the outstanding fees, is viewed by many as too high.
- Sale of the business and assets as a going concern by the Administrator. This option was not considered appropriate as this would involve a potentially protracted marketing process. This option would result in a period of trading in Administration which required funding and the Administrators would not have sufficient funds to meet the significant overheads of continuing to trade the business. The Company has no current, external funder in respect of an overdraft or loan facility, whom the Administrators may make an approach for continued support whilst trying to locate a purchaser.
- In addition, whilst the Director has advised that the majority of the letters of engagement with clients allow for a sale to a new entity, thus avoiding the need to re-engage all clients, it has been

highlighted that the banks would require new letters of authority from all clients and this exercise alone, would incur great expense and time, which the Administrators would be unable to meet

- Sale of assets by the Administrator after a period of marketing to third parties. A piecemeal sale of the assets by the Administrator was not considered the best route which is confirmed by the valuation provided by the Agent. Most of the value in the Company is held in the Company's work in progress, which consists of ongoing PPI claims. The sale of the work in progress as a standalone asset would most likely involve a significant break in the claims being managed. The Company's customers require assurance that their ongoing claims will be progressed and completed prior to the deadline of 29 August 2019 set for PPI claims to be concluded. The break in trade whilst trying to sell the work in progress gives uncertainty to these customers and may likely jeopardise the return to the Administration estate.
- Liquidation and subsequent forced sale of the Company's assets. This route would have achieved the worst result for the estate and the creditors as a whole. More information on the estimated realisations through a sale of the assets in a Liquidation are detailed later in this report. A Liquidation would also result in the immediate redundancy of all of the Company's 38 employees.
- A Company Voluntary Arrangement ("CVA") A CVA was not considered the best route as the Company is cash flow insolvent and has no source of ongoing funding. Furthermore, the Company is no longer taking on new work and this coupled with the cap on the Company's fees and subsequent reduced margins, has ensured that the Company can no longer viably trade moving forward. In addition, the Company would be unable to meet the requirements of the FCA, if it continued to trade via a CVA.
- Informal payment plan. Similar to the CVA, this route was not considered appropriate as the Company is cash flow insolvent and has no source of ongoing funding.

Trading the business

Trading the business with a view to a post appointment sale by an Administrator was not considered appropriate for the following reasons:

- The lack of funding in order to trade. As has been highlighted above, the Company is cash flow insolvent and the Administrators would not have sufficient funds to meet the significant overheads of continuing to trade the business.
- The Company has no current, external source of funding to whom the Administrators may make an approach for continued support whilst trying to locate a purchaser.
- The Administrators would have to affect a sale of the Company within a short time period due to the pending FCA deadline of 31 March 2019 upon which the Company will no longer be regulated by the Ministry of Justice. Following the move to the FCA as the industry's regulator, the Administrators would need to apply for a new licence and would have insufficient funds to pay the fee licence
- The Company operates within a niche market and is heavily reliant upon the expertise of the senior management and other members of staff to continue to trade. The uncertainty of a sale by an Administrator could lead to key staff leaving the business and result in the cessation of trading. It has been noted that any break in trade would significantly impact the value and recoverability of the Company's work in progress and debtor ledger. A going concern sale would therefore not be possible.
- The marketing undertaken by the Agent also highlighted that there was no appetite from any of the market leaders to purchase the Company. Many similar companies operating within the same market have no desire to work with financially distressed clients as the associated risk of being unable to collect the outstanding fees, is viewed by many as too high.

- Trading in an Administration also increases costs meaning that the net proceeds of a sale by an Administrator would be lower than that of a pre-packaged sale.
- The Company's customers require assurance that their ongoing claims will be progressed and completed prior to the deadline of 29 August 2019. Trading in an Administration gives uncertainty to these customers as there is a high risk of the Company ceasing to trade.

Consultations with funders

At present, the Company does not have any source of external funding such as a loan or overdraft facility with the bank. It has been highlighted that due to the Company's limited business model, the pending date for the expiration of pursuing a PPI claim and the impending change in regulator, the Company would be considered as high risk for any potential, external funder.

The Director was not in a position to introduce funds into the Company. Furthermore, the Director would be unable to provide any form of security due to his own personal financial position, as he is subject to a pending bankruptcy petition.

Consultations with major creditors

It was noted that the Company does not have any single major creditor. Creditors were not approached for funding due to the specialised nature of the business. As has been highlighted above, the Company has no real competitors and a large majority of the Company's creditor balance is made up of referrers and insolvency specialists who referred their work out to the Company. These creditors have no appetite to fund or trade within this industry.

In addition, there was no commercial reason to approach the Company's creditors as the Company was no longer taking on any new work and it had been highlighted that it was unsuitable for the Company to propose a CVA to its creditors as the Company is cash flow insolvent and has no source of ongoing funding.

Comparative outcome

The following table provides a comparative outcome of the value achieved through an in-situ, pre-packaged sale in Administration against the outcome obtained in Liquidation or under a ex-situ, restricted marketing period post Administration.

Details of Assets	Value achieved through an in-situ, pre-packaged sale in Administration	Anticipated value in Liquidation, or under a ex-situ, restricted marketing period post Administration
	£	£
Office Furniture and Equipment	10,000.00	2,500.00
Customer Data	2,375.65	0.00
Debtors	48,734.50	19,493.80
Work in Progress	181,359.50	30,266.95
Totals	242,469.65	52,260.75

Charges

The Company has no unsatisfied, registered charges.

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 Administrator advised the

Company prior to his 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.
- At the initial meetings held with the Director it was highlighted that he had made some previous, initial approaches to other claims management companies within the industry in respect of selling the business and its assets. One of the companies approached, is a leading claims management firm and whilst they confirmed they would consider working the book moving forward, they would not be willing to pay any consideration for the same, due to the associated risks of collecting fees from the financially distressed clients.
- The advice of the Agent was sought and it was advised that a marketing strategy could be implemented in which the Company's identity and specific location was not disclosed in the initial marketing material and that any third party that made an expression of interest would first have to sign a non-disclosure agreement to protect the value of the business. This marketing strategy was deemed appropriate as if the identity of the Company was released into the public domain, the Company's customers may have approached other competitors within the market and the work in progress was highly likely to have been eroded.
- The business and assets were marketed at www.mbvaluation.com from 28 February 2019 and final offers were requested by midday on 4 March 2019. In addition, a mailshot was circulated to 5,081 parties from the Agent's mailing list of business buyers and investors. I can confirm that two enquiries were received, which resulted in the issue of one non-disclosure agreement. Upon receipt of the signed non-disclosure agreement, further financial information was released and this resulted in the submission of the offer from Rapid Reclaim Group Ltd.
- The end of the marketing period was chosen because the majority of the value in the Company is held in the Company's work in progress and customer data, which consists of ongoing PPI claims. The Company's customers require assurance that their ongoing claims will be progressed and completed prior to the deadline of 29 August 2019 set for PPI claims to be concluded. Any significant delay in progressing these claims that would be encountered whilst trying to sell the work in progress gives uncertainty to these customers and would likely jeopardise the return to the Administration estate.
- Furthermore, due to the pending deadline for the change in regulator for the industry a short period of marketing was considered appropriate. As the Company had limited remaining funds with no new business, the viability of the business in the mid-term was very uncertain and it was essential to secure a sale as soon as possible, to preserve the remaining value.

Valuation of the business and assets

The Company's assets were valued on 5 March 2019 by Neil Duckworth of Middleton Barton who is a RICS chartered surveyor. The Agent has confirmed his independence and that he carries adequate professional indemnity insurance.

As we believed we would be able to sell the business, we sought a market value as a whole to compare offers. In the event that offers may have been lower than these values, we also sought

individual valuations so that we could assess whether any offer merited acceptance, or if we should sell the assets on a piecemeal basis.

The rationale for the basis of selecting a restricted market valuation was that the Company was unable to trade past the 31 March 2019 due to the pending change in regulator to the industry.

The following valuations have been provided by the Agent:

- Market Value 'In Situ'/Going Concern basis (Together as a whole parcel, in existing workplace). The valuation provided for this basis was £80,000.
- Market Value 'Ex Situ' (For piecemeal disposal, assuming a marketing period under 90 days). The valuation provided for this basis was £37,500.

The above offer was received from the Purchaser and recommended by the Agent. The Agent recommended the offer based on the following reasons:

- The offer exceeds the opinion of Market Value ex situ or Liquidation
- No other in situ/going concern type purchasers expressed an interest
- The acceptance of the offer will avoid the removal and sale costs associated with a piecemeal sale, thus providing further benefit to the estate
- The acceptance of the offer will preserve the value held in the Company's database and maximise the recovery of the work in progress and debtor ledger, which is highly time critical.
- The adoption of this strategy preserves the business going forward and therefore all the jobs. This is seen to be very much within the spirit of the Enterprise Act 2002.

Details of the assets sold and the nature of the transaction

The business and assets, including all office equipment, work in progress, the debtor ledger and customer data, were sold to Rapid Reclaim Group Ltd ("the Purchaser") on 7 March 2019. The Purchaser is an unconnected party to the Company. For the avoidance of doubt there is no are con connected parties between the Company and the Purchaser including common Directors and shareholders.

The Company has no qualifying floating charges or granted any other form of security over the Company's asset to any third party.

The Director has not given any personal guarantees to any of the Company's creditors.

Assets

- The Purchaser bought the Company's tangible assets, which consisted of office furniture and equipment along with the debtor ledger, work in progress and the customer data. The Company's only other asset was the cash at bank.
- The Joint Administrators also granted the Purchaser a licence to occupy the trading premises at Second Floor, Marshall House, 2 Park Avenue, Sale, Manchester, M33 6HE for the period of one month from 7 March 2019. The terms of the licence to occupy stated that the purchaser was to pay the sum of £3,327 inclusive of VAT to cover the rent and services charges that would fall due under the period of occupation.

- A full review of the Company's bank accounts is currently being undertaken to establish what, if any, portion of the funds held will represent debtor proceeds that will be due to the purchaser under the terms of the sale and purchase agreement.

Sale consideration

- All assets sold were uncharged assets.
- The terms of the completed sale and purchase agreement state that the purchase is to make the following payments:
- £10,000 for the office furniture and equipment, with £5,000 payable upon completion and £5,000 payable within one month of completion.
- 25% of all PPI revenue collected from the Company's debtor ledger. The Purchaser is to provide weekly updates in respect of the ongoing collection and make payment to the Administrators of any payments due within three business days of the last business day of each week following completion.
- 25% of all PPI revenue generated by the Purchaser, which has been derived from the Company's work in progress. The purchaser is to provide weekly updates in respect of the ongoing collection and make payment to the Administrators of any payments due within three business days of the last business day of each week following completion.
- 5% of any revenue generated from the Company's customer data.
- £1.00 for any goodwill held by the Company, payable upon completion.
- £1.00 for any business intellectual property rights, payable upon completion.
- £1.00 for the seller's records, payable upon completion.

No security was secured in respect of the deferred consideration for the sale of the office furniture and equipment as it was not deemed commercially viable to seek security over the deferred element of £5,000. Furthermore, it was highlighted that the vast majority of the deferred consideration due under the sale and purchase agreement related to the Company's work in progress, debtor ledger and customer data. Weekly reconciliations will be undertaken to closely monitor the recovery of these assets and ensure payments are received in line with the agreement. In addition, as these assets are subject to fluctuation, it was concluded that trying to seek security would prove problematic.

The following information provides the details of the assets and the apportionment of the sales consideration and has compared it to the valuation provided by the Agent:

Details of Assets			Consideration	Valuation provided by the agent
			£	£
Office Furniture and Equipment			10,000	5,000
Debtor Ledger			48,734.50	20,000
Work in Progress			181,359.90	50,000
Customer Data			2,375.65	5,000
Goodwill			1.00	0.00
Business Intellectual Property			1.00	0.00
Seller's records			1.00	0.00
Totals			242,473.05	80,000.00

The Agent advised that he considered the Company's work in progress constituted all of the Company's goodwill.

AM10

Notice of administrator's progress report



Presenter information

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

Contact name Lindsay Moore

Company name Kay Johnson Gee Corporate Recovery Limited

Address 1 City Road East
Manchester

Post town

County/Region

Postcode M 1 5 4 P N

Country

DX

Telephone 0161 832 6221



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 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