

AM03

Notice of administrator's proposals



Companies House

SATURDAY



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18/04/2020

#187

COMPANIES HOUSE

1 Company details

Company number 0 9 4 6 6 8 2 7

Company name in full M B Commercials 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.

AM03
Notice of Administrator's Proposals

6	Statement of proposals	
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	

7	Sign and date	
Administrator's Signature	<div>Signature </div>	<div></div>
Signature date	<div><div><div><div>d</div><div>1</div></div><div><div>d</div><div>4</div></div></div><div><div>m</div><div>0</div></div><div><div>m</div><div>4</div></div></div> <div><div>y</div><div>2</div></div> <div><div>y</div><div>0</div></div> <div><div>y</div><div>2</div></div> <div><div>y</div><div>0</div></div>	



AM03

Notice of Administrator's Proposals



Presenter information

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

Contact name	William Bowden
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 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



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



Joint Administrators' Report and Statement of Proposals Pursuant to Paragraph 49 of Schedule B1

**M B Commercials Limited -
In Administration**

2 April 2020



M B COMMERCIALS LIMITED - IN ADMINISTRATION

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M B COMMERCIALS LIMITED - IN ADMINISTRATION

1 Introduction and Background

- 1.1 The Company was incorporated on 3 March 2015 by Nathan Bell and Jenny Bell with both as 50% shareholders. Nathan Bell was appointed as sole director.
- 1.2 The Company traded from Unit 2, Autobase Industrial Estate, Tipton Road, Tividale B69 3HU.
- 1.3 The Company is a commercial vehicle maintenance and repairs business, which undertakes vehicle repairs and road-testing services for customers based across the West Midlands. Prior to incorporating the Company, Nathan Bell had worked in the industry for over 20 years.
- 1.4 The Company's customers range from smaller, single operator businesses to larger fleet customers. The Company had 3 main customers which were Time Logistics, Dawson Rentals and Crouch Recovery.
- 1.5 In 2016, Jenny Bell ("the Director") was appointed director to assist Nathan in the running of the Company.
- 1.6 From incorporation to 2018 the Company traded profitably and grew year on year. 2018 saw the Company's most significant expansion, taking on 10 further staff to meet the increased work demands.
- 1.7 The directors acknowledged that the Company had grown at a rate at which they struggled to deal with when it came to handling the financial side of the Company.
- 1.8 In April 2019, Nathan Bell, was convicted and sent to prison for an offence unrelated to the Company's affairs. Nathan was subsequently removed as director and shareholder with Jenny left in sole control of the business.
- 1.9 In an attempt to regain control of the financial side of the business, and to provide Jenny with some necessary assistance with the administrative side of the business, 60% of the Company's shareholding was transferred to the Company's accountant Akshay Shah and his business associates Michael Wilkes and Ian Seagrave.
- 1.10 In the coming months, the Company's financial position was assessed. It became apparent that there had been some administrative errors and invoices had been raised incorrectly, which had meant the Company accounts were considerably distorted.
- 1.11 The Company started to experience cash flow issues as it did not have the required working capital to fulfil the orders that it was receiving.
- 1.12 The Company started to fall behind with payments to creditors and this led to the Company's financial position worsening. A Time to Pay arrangement was agreed with HM Revenue and Customs ("HMRC") in an attempt to bring payments up to date over a period of time.
- 1.13 The Company was unable to maintain payments in respect of the Time to Pay arrangement with HMRC and creditor pressure continued to build. It was apparent the Company was unable to trade out of its current financial position and action needed to be taken.
- 1.14 In January 2020, the Company was approached by a competitor which had been advised of the Company's critical financial situation by the Company's shareholders.
- 1.15 The competitor identified that there may be value remaining in the Company and its assets and subsequently arranged a meeting with business consultants, LG Consultancy for advice on how best to proceed.
- 1.16 LG Consultancy identified the need for professional financial advice as it was clear the Company was insolvent. LG Consultancy subsequently arranged a meeting between Kay Johnson Gee Corporate Recovery ("KJGCR") and the Company's director.



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- 1.17 On 26 February 2020, a meeting was held between KJGCR and the Director in order to assess the Company's financial position and to discuss the options available.
- 1.18 At the meeting held on 26 February 2020, it was established that the Company was insolvent and could not continue to trade.
- 1.19 A Notice of Intention ("NOI") to appoint an administrator was filed at Court by the Director on 4 March 2020, which provided a moratorium to protect the Company for 10 business days.
- 1.20 A marketing process was carried out to market the Company's business and assets for sale to ensure that the maximum value of the business and assets could be achieved within the practically available timescales.
- 1.21 On 17 March 2020, a notice of appointment was filed by the Director to appoint Alan Fallows, Peter James Anderson and Alessandro Sidoli of Kay Johnson Gee Corporate Recovery Limited, 1 City Road East, Manchester, M15 4PN as Joint Administrators of the Company. Alan Fallows, Peter James Anderson and Alessandro Sidoli are licensed to act as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales.
- 1.22 Shortly after appointment, a pre-packaged sale of the Company's business and assets was completed to the highest bidder, RMB Commercials Limited.
- 1.23 This firm's Privacy Notice about the way that we will use, and store personal data 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.
- 1.24 I can confirm that the Joint Administrators act jointly and severally in the Administration.
- 1.25 The EU Regulation on Insolvency Proceedings 2000 applies to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.
- 1.26 This report incorporates the Administrators' statement of proposals made under paragraph 49 of Schedule B1, which will be treated as delivered to creditors on 3 April 2020.

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 In this instance, it was not considered possible to achieve objective one and rescue the Company as a going concern due to the significant amount due to the creditors.
- 2.3 It was not considered possible to achieve objective two and achieve a better result for the Company's creditors as the Company has insufficient assets to enable a dividend to be paid to unsecured creditors.
- 2.4 The purpose of the Administration, therefore, is to realise property in order to make a distribution to one or more secured or preferential creditors. In this case, there are no

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preferential creditors so the objective will be to make a distribution to one or more of the secured creditors.

Pre-Packaged Sale

- 2.5 Following the completion of the pre-packaged sale of the Company's business and assets on 17 March 2020 to RMB Commercials Limited, the Administrators sent a letter to creditors on 26 March 2020 to provide further information on the sale pursuant to the requirements of *Statement of Insolvency Practice 16*.
- 2.6 A copy of this statement is attached at Appendix G for your information.
- 2.7 It was not possible to issue these proposals at the same time as the notification of the pre-packaged sale to creditors because I required further time to collate the information required to ascertain the current book debt position from Bibby Financial Services Limited.

Consideration of Proposals by Creditors

- 2.8 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.

In this case I think that option c applies and I am therefore not required to seek a decision from creditors to approve my Proposals unless the requisite number of creditors request such a decision within the prescribed period. Please see the covering letter which accompanies this Report for further information about this.

Progress Since Appointment

Administration (including statutory compliance and reporting)

- 2.9 Following my appointment, the strategy for the Administration was carefully assessed to ensure that a coherent planned process for the case could be achieved. This work will, 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.
- 2.10 I have also dealt with a number of statutory formalities which are required of me under related legislation. Typically, this includes issuing and filing all appointment notices with creditors and the Registrar of Companies and also advertising my appointment in the London Gazette.
- 2.11 Where a pre-packaged sale of the Company's assets and business has taken place, I have prepared and issued the report on the transaction as required by *Statement of Insolvency Practice 16* and I have also prepared and issued these proposals to creditors outlining how the purpose of the Administration may be achieved.



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- 2.12 Other statutory duties performed are outlined in further detail in the fees estimate/fees information which can be found at Appendix E. 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.

Realisation of assets

- 2.13 The Company's business and assets were sold to RMB Commercials Limited on 17 March 2020. Further details of the sale are included in Appendix G.

Book Debts

- 2.14 The Company's book debts are subject to a factoring agreement and are secured under a fixed and floating charge with Bibby Financial Services Limited ("Bibby"). The book debts were excluded from the sale and will continue to be collected by Bibby.
- 2.15 The position will be monitored by the Administrators.
- 2.16 Further information on the estimated outcome of the Administration can be found in section 9 below.

Creditors

- 2.17 Following appointment, all creditors were written to, to confirm the appointment of the Joint Administrators and request full details of their claims and any supporting evidence. Whilst this work may not necessarily have a financial benefit to the creditors, it is a statutory duty of the Joint Administrators to contact all creditors. Included with the notification to creditors was a questionnaire which gives creditors the opportunity to provide information on the way the Company conducted its business. This information will assist me with my statutory investigations, details of which are below.
- 2.18 It is anticipated that due to the level of asset realisations, a dividend is not anticipated to be payable to any class of creditor other than the secured creditors.
- 2.19 If however, funds do become available to allow a dividend to be paid to the unsecured creditors, I will advise creditors of this in my progress reports.

Investigations

- 2.20 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.
- 2.21 In order to comply with the above legislation steps have been taken to secure all of the Company's books and records, both manual and electronic, in order that a full review of the same may be undertaken to submit the statutory report on the conduct of the Director of the Company to the Department of Business, Energy and Industrial Strategy.
- 2.22 The Company's bank has also been contacted to advise of our appointment and request the delivery up of copy bank statements for the two years preceding the commencement of the Administration. Upon receipt of the same, a full review will be undertaken to establish if there are any areas of concern that require further investigation or may possibly result in a recovery for the benefit of the creditors.



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Sale of Assets to Connected Parties

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

Date of transaction	Assets Involved	Total Consideration	Sold to	Relationship
17/3/2020	Unencumbered Plant & Machinery, Motor Vehicles, Office Furniture & Equipment, Goodwill and Stock	£45,000	RMB Commercials Limited	Nathan Bell - Common Director

- 2.24 Further information in relation to this sale is detailed in Appendix G.

3 Joint Administrators' Receipts and Payments

- 3.1 A summary of receipts and payments for the Administration period from the date of my appointment to 2 April 2020 is attached at Appendix B.

4 Financial Position

- 4.1 A request for a statement of the Company's Affairs has been issued to the Director. The deadline for submission of this information has not yet passed. Attached at Appendix C is a summary of the Estimated Financial Position of the Company as at 172 April 2020, 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.
- 4.2 I have the following observations to make in relation to the Estimated Financial Position of the Company.
- 4.3 The book values have been taken from the Company's last filed account to 31 March 2019.
- 4.4 The estimated to realise values have been taken from the agents' valuation as detailed in Appendix G. You will note from Appendix G that the estimated to realise values are on an Ex Situ/break-up sale basis. This is because the only option other than a pre-packaged sale, would be a sale of assets as a whole or separately. The Ex Situ valuation takes into account the cost of removing the assets from the current location.
- 4.5 The Agent's valuation advised that if the business was forced to cease to trade and a piecemeal disposal of the assets was required, the estimated to realise value of the Company's goodwill would be nil. The book value is also detailed as nil as there was not a value attributed to goodwill in the Company's last filed accounts.
- 4.6 The Company's Plant & Machinery has a book value of £134,827. This included a number of machines which were on hire purchase agreements which have no positive equity and have subsequently been terminated. This also includes the book value of the plant and machinery charged to Excel-a-Rate Business Services Limited as a detailed breakdown of the book value was not available. The estimated to realise value for the Company's Plant & Machinery is £4,200.
- 4.7 The Company's Motor Vehicles have a book value of £33,059. This included 3 motor vehicles which were on lease agreements and subsequently have no realisable value. The estimated to realise value for the Company's motor vehicles is £6,200.



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- 4.8 Some of the Company's encumbered Plant & Machinery is subject to a fixed and floating charge with Excel-a-Rate Business Services Limited. The book value of the plant and machinery is included within the general plant and machinery as detailed at 4.6 above. The estimated to realise value of this machinery is £10,000 with the sum of £25,245 being owed to Excel-a-Rate.
- 4.9 The Company's book debts are subject to a factoring agreement and are secured under a fixed and floating charge with Bibby Financial Services Limited. The book debts have a book value of £195,437.76 and a 25% provision for doubtful debts has been applied to reflect the difficulties in collection associated with administration giving an estimated to realise value of £146,578.32.
- 4.10 The employee claims stated in the estimate of financial position reflect the amounts that would have been due to employees in the event the Company had been placed into liquidation and all employees made redundant.
- 4.11 Bibby and Excel-a-Rate have the benefit of personal guarantees from the Director.
- 4.12 The Company's total estimated deficiency is £658,915.23.

5 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. In the circumstances it is proposed that:
- 5.2 If having realised the assets of the Company, the Administrators think that a distribution will be made to the secured creditors only, this will be distributed by the Administrators in the Administration and the Company will thereafter proceed to dissolution.
- 5.3 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.
- 5.4 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) as noted above, 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 one or all of them.
- 5.5 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.
- 5.6
- 5.7 See Section 6 below on **Exit Routes** for further information on the exit routes available from Administration.

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- 5.8 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.
- 5.9 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.
- 5.10 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 and disbursements 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.
- 5.11 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
- 5.12 In accordance with Statement of Insolvency Practice 9, issued by the Association of Business Recovery Professionals, the Administrators be authorised to draw Category 2 disbursements as and when funds are available, in accordance with their firm's published tariff. Details of Category 2 disbursements charged by the firm can be found at Appendix E.
- 5.13 Where no Creditors' Committee is appointed the remuneration and disbursements 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 for any unpaid pre-administration costs detailed in this report and their discharge from liability in the same manner.
- 5.14 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
- Further details about the proposed fee basis can be found in Section 8 below and Appendix E.
- 5.15 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.

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.



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

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

Payment to Secured Creditors and Dissolution of the Company

- 6.3 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.
- 6.4 The Administrators' appointment will end following the registration of the notice by the Registrar of Companies.

Payment to Unsecured Creditors from the Prescribed Part and Dissolution of the Company

- 6.5 If 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. 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.
- 6.6 The Administrators' appointment will end following the registration of the notice by the Registrar of Companies.

Creditors Voluntary Liquidation

- 6.7 If the Administrators think that 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.
- 6.8 It is proposed that the Joint Liquidators will be authorised to act jointly and severally in the subsequent liquidation.
- 6.9 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.

7 Pre-administration Costs

- 7.1 Pre-administration costs are defined as:

- (i) Fees charged, and
- (ii) Expenses incurred



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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 I instructed Neil Duckworth, who is a RICS registered valuer, of Middleton Barton Valuation ("the Agent") to value the Company's assets and provide a detailed inventory. The Agent also assisted with the marketing of the business and assets and provided a recommendation for the offer for the purchase of the business. The Agent attended the Company's premises on 3 March 2020 to conduct a valuation of the Company's assets. The Agent liaised with the all interested parties and provided the Joint Administrators with a recommendation for acceptance of the offer received from RMB Commercials Limited.
- 7.4 I instructed Prosperity Law LLP to provide legal advice throughout the pre-appointment period, draft and file notices at Court and draft the Sale and Purchase Agreement. Prosperity Law was instructed because of their expertise in legal advice in insolvency matters.
- 7.5 Pre-appointment fees charged and expenses incurred by the Administrators are as follows:

Charged by	Brief description of services provided	Total amount charged	Amount paid	Amount unpaid
Kay Johnson Gee Corporate Recovery Limited	Negotiation of the sale to RMB Commercials Limited, liaising with agents, solicitors and collating all information from the Company	£10,265 plus VAT	Nil	£10,265 plus VAT
Middleton Barton Valuation	Valuation and marketing of assets, liaising with interested parties and recommendation of offer acceptance	£7,132 plus VAT including disbursements	Nil	£7,132 plus VAT
Prosperity Law LLP	Dealing with associated sale and purchase agreement, general advice and filing notices at Court	£4,600 plus VAT including disbursements	Nil	£4,600 plus VAT

- 7.6 The Joint Administrators' pre-appointment fees and expenses were detailed in the letter of engagement, which was signed by the Director on 2 March 2020.
- 7.7 The payment of unpaid pre-administration costs as set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Administrators' proposals. As the Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors, approval will be sought from the secured and (if necessary) the preferential creditors in accordance with insolvency legislation.

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. My fees estimate and



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details of the work we propose to undertake in the Administration can be found at Appendix E and further information on the work done since my appointment to the date of this report can be found in section 2.

- 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 as outlined in section 5 of this report.
- 8.5 For information, attached at Appendix D is a time matrix outlining the time spent by us and our staff since the date of my appointment as Administrator. This time is included within the overall fees estimate provided with this report.
- 8.6 In circumstances where my initial investigations reveal matters for further detailed investigation or previously unknown assets to be realised, we reserve the right to refer back to creditors to establish how we are to be remunerated for such additional work, which may be proposed on a time cost basis. If such work proves necessary, we will revert to creditors with our fees estimate for approval.
- 8.7 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.
- 8.8 A copy of "A Creditors' Guide to Administrators' Fees" is available on request or can be downloaded from www.kigcr.com/guides-to-fees. If you would prefer this to be sent to you in hard copy please contact Luke Cunningham of this office on 0161 268 8709.

9 Estimated Outcome

- 9.1 An estimate of the outcome of the Administration as at 2 April 2020 is attached as Appendix F.
- 9.2 The estimated outcome statement has been prepared to reflect the consideration to be received for the pre-packaged sale.
- 9.3 The Company granted a floating charge to Excel-a-Rate on 18 December 2017, Bibby Financial Services Limited on 1 February 2018 and Merchant Money on 14 May 2018. 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 This fund arises from a requirement in the insolvency legislation for an Administrator to set aside a proportion of a company's net property for the benefit of unsecured creditors, after the payment of any preferential creditor claims but before making a distribution to any lender who holds a qualifying floating charge after the above date. Where applicable, the fund is calculated as 50% of the first £10,000 of net property and 20% of the remaining net property up to a maximum fund of £600,000.
- 9.5 Based upon on the estimated outcome statement and taking into account the cost of the administration, it is anticipated that the *Prescribed Part* will not apply. The *Prescribed part* does not apply if the Company's net property is less than £10,000.
- 9.6 I have obtained confirmation from Merchant Money Limited that there is no outstanding balance due in relation to their charge against the Company.
- 9.7 I understand that a novation agreement is in place between Excel-a-Rate Business Services Limited and RMB Commercials Limited in respect of the Company's encumbered machinery. I therefore do not anticipate that Excel-a-rate will have a claim in the administration under their fixed and floating charge.

M B COMMERCIALS LIMITED - IN ADMINISTRATION

- 9.8 It is estimated that the sum of £146,578.32 will be distributed to Bibby Financial Services Limited under their fixed and floating charge. This represents a 65.2p in the £ return to Bibby.
- 9.9 There are no preferential creditors in this matter. The employees of the Company transferred to the Purchaser under the terms of the sale.
- 9.10 I would confirm that it is anticipated there will be insufficient funds realised after defraying the expenses of the Administration to enable a distribution to be made to unsecured creditors.

10 Proposals approval and next report

- 10.1 As I think that neither of the objectives specified in Paragraph 3(1)(a) and (b) of Schedule B1 can be achieved, I am not required to seek a decision from the unsecured creditors on the approval of my Proposals.
- 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
M B Commercials Limited



Alan Fallows
Joint Administrator

Enc

M B COMMERCIALS LIMITED - IN ADMINISTRATION

Appendix A

Statutory Information

11 Company information

Company name	M B Commercials Limited
Trading name(s)	None
Registered number	09466827
Registered office address	2 Whittle Court, Knowlhill, Milton Keynes, England, MK5 8FT
Former registered office address	n/a
Trading address(s)	Unit 2 Autobase Industrial Estate Tipton Road Tividale B69 3HU
Court details	High Court of Justice Business and Property Courts Manchester Insolvency and Companies List
Court reference number	1551 of 2020

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

	Date appointed	Date resigned	Shares held
Director(s)			
Jenny Bell	2 March 2016	n/a	
Nathan Bell	3 March 2015	1 April 2019	
Akshay Shah	1 April 2019	1 April 2019	
Shareholders			
Jenny Bell			40
Akshay Shah			20
Michael Wilkes			20
Ian Seagrove			10
Nathan Bell			10

13 Joint Administrators' Details

Name of Administrators	Alan Fallows (IP Number 9567) Peter James Anderson (IP Number 15336) Alessandro Sidoli (IP Number 14270)
Address	1 City Road East, Manchester, M15 4PN
Telephone Number	0161 832 6221
Fax Number	0161 834 8479
Authorising Body	Institute of Chartered Accountants in England and Wales
Date of Appointment	17 March 2020



M B COMMERCIALS LIMITED - IN ADMINISTRATION

Appendix B

Receipts and Payments Account for the Period from 17 March 2020 to 2 April 2020

M B Commercials Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 02/04/2020

S of A £		£	£
	SECURED ASSETS		
NIL	Goodwill	11,400.00	
146,578.32	Book Debts	NIL	
(224,673.57)	Bibby Financial Services Limited	NIL	
			11,400.00
	ASSET REALISATIONS		
4,200.00	Unencumbered Plant & Machinery	4,600.00	
300.00	Furniture & Equipment	400.00	
6,200.00	Motor Vehicles	3,200.00	
500.00	Stock	400.00	
			8,600.00
	COST OF REALISATIONS		
(10,265.00)	Pre-appointment Administrators' Fees	NIL	
(24,801.25)	Post-appointment Administrators' Fees	NIL	
(7,132.00)	Pre-Appointment Agent Fees	NIL	
(4,600.00)	Pre-Appointment Legal Fees	NIL	
(647.20)	Administrators' Category 1 Disbursem	NIL	
(32.40)	Administrators' Category 2 Disbursem	NIL	
			NIL
	UNSECURED CREDITORS		
(211,096.14)	Trade & Expense Creditors	NIL	
(185,702.20)	Banks/Institutions	NIL	
(75,600.99)	HM Revenue & Customs (PAYE/NIC)	NIL	
(43,358.34)	HM Revenue & Customs (VAT)	NIL	
			NIL
(630,130.77)			20,000.00
	REPRESENTED BY		
	Insolvency Client Account		20,000.00
			20,000.00

Joint Administrator



M B COMMERCIALS LIMITED - IN ADMINISTRATION

Appendix C

Summary of the Estimated Financial Position of the Company as at 17 March 2020



Insolvency Act 1986

M B Commercials Limited

Estimated Statement Of Affairs as at 17 March 2020

	Book Value £	Estimated to Realise £	£
ASSETS			
Goodwill	NIL	NIL	
Encumbered Plant & Machinery		10,000.00	
Excel-a-Rate Business Services Limited		(25,245.00)	
Deficiency c/d		<u>(15,245.00)</u>	
Book Debts	195,437.76	146,578.32	
Bibby Financial Services Limited		(224,673.57)	
Deficiency c/d		<u>(78,095.25)</u>	
Plant & Machinery	134,827.00		4,200.00
Furniture & Equipment	2,374.00		300.00
Motor Vehicles	33,059.00		6,200.00
Stock	13,500.00		500.00
			<u>11,200.00</u>
LIABILITIES			
PREFERENTIAL CREDITORS:-			
Employee Preferential Claims		19,739.46	
			<u>19,739.46</u>
			<u>(8,539.46)</u>
DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003			
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			
			<u>NIL</u>
			<u>(8,539.46)</u>
Estimated prescribed part of net property where applicable (to carry forward)			<u>NIL</u>
			<u>(8,539.46)</u>
DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003			
Deficiency b/d		93,340.25	
			<u>93,340.25</u>
			<u>(101,879.71)</u>
Estimated prescribed part of net property where applicable (brought down)			<u>NIL</u>
			<u>NIL</u>
Shortfall to preferential creditors/F.C's pre 15 September 2003 (brought down)			8,539.46
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Trade & Expense Creditors		211,096.14	
Employee Non-Preferential Claims		41,177.85	
Banks/Institutions		185,702.20	



Insolvency Act 1986

M B Commercials Limited

Estimated Statement Of Affairs as at 17 March 2020

	Book Value £	Estimated to Realise £
HM Revenue & Customs (PAYE/NIC)		75,600.99
HM Revenue & Customs (VAT)		43,358.34
		<u>556,935.52</u>
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)		(565,474.98)
Shortfall in respect of F.C's post 14 September 2003 (brought down)		<u>93,340.25</u>
		(658,815.23)
Issued and called up capital Ordinary Shareholders		100.00
		<u>100.00</u>
TOTAL SURPLUS/(DEFICIENCY)		<u><u>(658,915.23)</u></u>





Kay Johnson Gee Corporate Recovery Limited
M B Commercials Limited
B - Company Creditors

Key	Name	Address	£
CB0000	Berendsen Workwear t/a Ellis	Intec 3, Wade Road, BASINGSTOKE, Hampshire, RG24 8NE	2,197.96
CB0001	Bob Richardson Tools & Fasteners Ltd	Pedmore Road, Dudley, West Midlands, DY2 0RL	2,516.46
CB02	BT	Providence Row, Durham, DH98 1BT	800.00
CB03	Bibby Financial Services	15th Floor, Bank House, Cherry Street, Birmingham, B2 5AL	224,673.57
CC0000	Car Spares Distribution	Saltwells Road, Netherton, Dudley, West Midlands, DY2 9PE	87.11
CC0001	Chase Windscreens Ltd	, 38 Dorchester Road, CANNOCK, Staffordshire, WS11 1QF	1,531.26
CC0002	Cheaper Waste	3rd floor, 20 Collingwood Street, NEWCASTLE UPON TYNE, Tyne and Wear, NE1 1JF	623.92
CC0003	Clemas & Company Limited	Unit 5 Alexandra Way, Ashchurch, TEWKESBURY, Gloucestershire, GL20 8NB	971.80
CC04	Capital on Tap	Fourth Floor, 70 Wilson St, London, EC2A 2DB	1,500.00
CD0000	Digraph Transport Supplies Ltd	Unit 2, Chewton Street, Unit 2, NOTTINGHAM, Nottinghamshire, NG16 3HB	386.00
CD0001	Doctor Air Brake	Unit 2, Parkside Garage, Old Stafford Rd, Wolverhampton, WV10 7PH	2,483.06
CE00	Excel-a-Rate Business Services Ltd	Prospect House, 389/391 Ainsworth Road, Radcliffe, Manchester, M26 4HN	25,245.00
CE01	EE	EE Customer Services, 6 Camberwell Way, Sunderland, Tyne and Wear, SR3 3XN	980.00
CF00	Funding Circle	71 Queen Victoria Street, London, EC4V 4AY	105,000.00
CG0000	Greenhous Commercials Ltd	, Neachells Lane, WILLENHALL, West Midlands, WV13 3SF	40,000.00
CG0001	Greenman Specialist Vehicle Services Ltd	, 56 Oldbury Road, WEST BROMWICH, West Midlands, B70 9DZ	30.00
CHM1	H M Revenue & Customs (VAT)	HM Revenue and Customs, VAT Central Unit, BX5 5AT, United Kingdom	43,358.34
CIN1	H M Revenue & Customs (PAYE & NIC)	Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE	75,600.99
CIN2	H M Revenue & Customs (CORP TAX)	Corporation Tax Services, HM Revenue and Customs, BX9 1AX, United Kingdom	0.00
CIN3	Investec	30 Gresham St, London, EC2V 7QP	16,295.40
CJ0000	JER Tyres Ltd	14 Norton Crescent, BILSTON, West Midlands, WV14 8QS	333.00
CK0000	Karlinda & company	Rear of 1163 Bristol Road South, Northfield, BIRMINGHAM, West Midlands, B31 2SL	834.24
CK0001	Keyfuels - Fuel	Premier Business Park, Walsall, WS2 9PB	116.92
CL00	Lloyds Bank	293 High Street, West Bromwich, West Midlands, B70 8NA	25,000.00
CM0001	Millers of Longton Ltd	Gill Lane, Longton, PRESTON, Lancashire, PR4 4SR	6,572.73
CP0000	Penguin Office Supplies	3 Mill Close, BROMSGROVE, Worcestershire, B60 3PF	1,204.67
CP01	PCF Bank	105-108 Old Broad St, London, EC2N 1ER	27,000.00
CS0000	Sandwell Council	PO Box 2374, OLDBURY, B69 3DE	2,800.00
CS0001	Stacatrac Limited	Unit 9 & 10, Pipers Industrial Estate, Berkshire, RG19 4NA	364.00
CT0000	Totalcare Heavy Duty Workshop Solutions Limit	Unit 1, Coombs Wharf, Chancel Way, Unit 1, West Midlands, B62 8PP	120.60

Signature



Kay Johnson Gee Corporate Recovery Limited
M B Commercials Limited
B - Company Creditors

Key	Name	Address	£
CT0001	Trans UK Limited	Paradise Lane, Slade Heath, WOLVERHAMPTON, West Midlands, WV10 7NZ	90,986.41
CT02	Truck & Trailer Equipment	Unit 6 Portway Road Industrial Estate, Aston Road, Oldbury, B69 2PP	769.99
CU0000	Federal Capital	14A Old Marsh Barns, Welsh Road, Sealand, Flintshire, CH5 2LY	12,406.80
CU01	Ultimate Finance	Equinox North, Great Park Road, Bradley, Stoke, Bristol, BS32 4QL	11,333.32
CV0000	VW Leasing	Selectapost 12, Sheffield, S97 3ZU	743.01
CW0000	Workman LLP/ Ashtenne Industrial	Chatsworth House, Foxhole Road, CHORLEY, Lancashire, PR7 1NY	40,000.00
CW0001	Wurth UK Ltd	1 Centurion Way, ERITH, Kent, DA18 4AE	809.68
EB00	JENNY BELL	24 HIGHMOOR ROAD, ROWLEY REGIS, B65 8DJ	10,070.40
EB01	NATHAN BELL	24 HIGHMOOR ROAD, ROWLEY REGIS, B65 8DJ	10,070.40
EC00	MITCHEL CRUMPTON	12 LEYS ROAD, BRIERLEY HILL, DY5 3UR	2,422.97
EF00	DAVID FELLOWS	5 FLAVELL AVENUE, BILSTON, WV14 8QT	3,115.09
EH00	JOHN HIPKINS	99 WOOD LANE, WEST BROMWICH, B70 9PY	3,298.33
EJ00	MARK JONES	409 QUEEN ELIZABETH ROAD, NUNEATON, CV10 9BU	3,373.29
		19 WOOD ROAD, PELSALL, WS3 5DY	
EL00	JAMES LOWNDES	146 WOOD ROAD, LOWER GORNAL, DY3 2LN	3,373.29
EM00	KIMBERLEY MACKLIN	7 PEEL STREET, TIPTON, DY4 8RG	2,402.62
EM01	ASHLEY MOORE	27 FIELDHOUSE ROAD, WOLVERHAMPTON, WV4 6SJ	2,242.47
EM02	ROSS MULLETT	34 HOWARD STREET, TIPTON, DY4 8UF	6,563.85
EN00	ADRIAN NOCK	125 POWIS AVENUE, TIPTON, DY4 0RD	3,373.29
ES00	JOHN STEPHENS	27 MILL STREET, WALSALL, WS2 8AN	1,874.07
ET00	ASHLEY TILL	18 PENSNETT ROAD, DUDLEY, DY1 2EY	3,115.09
ET01	LEE TOMLINSON	35 SWAN STREET, NETHERTON, DY2 9EG	2,998.49
EW00	PETER WOOD	Whittle Court, Knowlhill, Milton Keynes, MK5 8FT	2,623.66
RB00	Jenny Lee Bell	Highmoor Road, Rowley Regis, West Midlands, B65 8DJ	0.00
RB01	Jenny Lee Bell	Whittle Court, Knowlhill, Milton Keynes, MK5 8FT	0.00
RB02	Nathan David Bell	Whittle Court, Knowlhill, Milton Keynes, MK5 8FT	0.00
RS00	Akshay Shah		0.00

56 Entries Totalling	826,593.55
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Signature

M B COMMERCIALS LIMITED - IN ADMINISTRATION

Appendix D

Time Analysis for the Period from 17 March 2020 to 2 April 2020



Time Entry - SIP9 Time & Cost Summary

MBCO01 - M B Commercials Limited
All Post Appointment Project Codes
From: 17/03/2020 To: 02/04/2020

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	4.10	0.00	1.30	0.00	0.00	28.70	32.10	8,988.00	280.00
Case Specific	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cashiering	0.10	0.00	0.00	1.00	0.00	0.30	1.40	230.00	164.29
Creditors	0.00	0.00	0.00	2.00	0.00	6.40	8.40	2,040.00	242.86
Investigation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Statutory Compliance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	4.20	0.00	1.30	3.00	0.00	33.40	41.90	11,258.00	268.59
Total Fees Claimed								0.00	
Total Disbursements Claimed								0.00	

Appendix E

Additional Information in Relation to Joint Administrators' Fees

14 Fee Basis

- 14.1 The Administrators are seeking to agree the basis of their remuneration in this case as time properly spent by him and his staff in dealing with the affairs of the Company. Attached to this appendix are details of the work the Administrator proposes to undertake and the expenses the Administrators consider will be, or are likely to be, incurred. Information about the work done to date can be found in the body of the Administrators Report and Statement of Proposals at Section 2.
- 14.2 Where a time cost basis is being sought, the Administrators' fees estimate will be included in this information, which also provides details of the rates the Administrators and their staff propose to charge for each part of that work and the time they anticipate each part of that work will take.
- 14.3 The fees estimate is based on information about the Company's affairs available to the Administrators at the present time. Should any matters arise which impact on this estimate, such as additional investigatory matters or potential realisable assets, further time or cost will be incurred and it may be necessary to revise the Administrators' estimate of fees.
- 14.4 In this case, we do not anticipate that it will be necessary to seek further approval to increase the level of the fees estimate if the time incurred is in excess of the fees estimate enclosed with this report.

15 Expenses

- 15.1 Below is a table which outlines the expenses that we consider at this stage will be, or are likely to be, incurred in dealing with the Company's affairs. We will provide an update to creditors in my future progress reports.

Expense	Provider	Basis of fee arrangement	Expected cost £
Statutory advertising	London Gazette	Cost	80.00
Administrator's bond	AON UK Ltd	Cost	117.60
Company Search & AML Checks	Encompass	Cost	10.00
Pension Services	Evolve Pension Services	Timecosts	250.00
Postage	Postworks	Cost	129.60
Bank Charges	Handelsbanken	Cost	10.00
Storage	Cerberus	Cost	50.00

16 Staff Allocation and the Use of Sub-Contractors

- 16.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 16.2 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. Where the basis of the Administrators' remuneration is being proposed on a time cost basis, details of our current charge-out rates can be found below.



M B COMMERCIALS LIMITED - IN ADMINISTRATION

16.3 We are not proposing to utilise the services of any sub-contractors in this case.

17 Joint Administrators' Disbursements

17.1 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. Any Category 1 disbursements we anticipate being incurred in this case are included in the table of expenses above.

17.2 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.

17.3 We would advise that the following Category 2 disbursements are currently charged by this firm:

Type and purpose	£
Bank Statement Review	32.40

17.4 Separate approval will be sought for the authorisation of this firm's Category 2 disbursements from creditors.

18 Charge-out Rates

18.1 A schedule of Kay Johnson Gee Corporate Recovery Limited charge-out rates for this assignment effective from 1 October 2019 is detailed below. Please note this firm records its time in minimum units of 6 minutes.

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

M B Commercials 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 insolvency practitioner agreeing the basis of his remuneration as Administrator, 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 a company's affairs must be provided to creditors.

In addition, where the Administrator proposes to take all or any part of this remuneration based on the time he and his staff will spend dealing with the affairs of the insolvent company, 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 Administration. If it is considered that the ***fees estimate*** will be exceeded, the Administrator will provide an update and seek approval to increase the previously agreed ***fees estimate***.

Work anticipated and the likely return to creditors

Some of the work undertaken by an insolvency practitioner 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.

Where the work to be done is anticipated to produce a financial benefit to creditors, this will be stated and it may be necessary for the Administrator to instruct third parties to assist in this process because of a particular expertise that the third party may bring such as valuation, tax or legal advice.

Where it is practical to do so, an Administrator will provide an indication of the likely return to creditors when seeking approval for the basis of his remuneration. Again due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of a company's assets at the outset of a case, this may not be possible. An Administrator is however, required by statute to provide periodic reports to creditors on the progress of a case which will include an update as to the likely return creditors may expect.

Proposed Fee Basis

In this case, it is being proposed that the basis of my remuneration as Administrator will be based on the time spent by me and my staff in dealing with the Company's affairs. Attached to this document is my ***fees estimate***, together with an explanation of the work I propose undertaking.

Each part of the work to be undertaken will necessarily require different levels of expertise and therefore related cost. In order to aid understanding, for the purposes of my ***fees estimate***, I have indicated the rates and grades of staff such as myself, 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 Administrator

Administration (including statutory compliance & reporting)

This work includes:

- ### Realisation of assets

Further information in relation to this sale is detailed in appendix G.



unsecured creditors of the Company. Further information on the likely outcome of the Administration process will be provided in the Administrator's subsequent progress reports.

Creditors (claims and distributions)

As Administrator, I will deal with all secured and unsecured creditor correspondence and claims as received, including any claims of creditors under retention of title. Based on the estimated outcome statement, I currently think that after taking into consideration the costs of realising the assets and dealing with the statutory formalities of the Administration process and the related costs and expenses, a dividend is not anticipated to be payable to any class of creditor other than the secured creditors. If however, funds do become available to allow a dividend to be paid to the unsecured creditors, I will advise creditors of this in my progress report.

I will either deal with the review and adjudication of creditors' claims in the Administration or if appointed liquidator, in the subsequent liquidation, if and when it is determined that a dividend is to be declared to creditors.

There are no preferential creditors and 36 unsecured creditors.

Investigations

As Administrator, I am required to conduct investigations into the conduct of the director(s) 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 work may not necessarily lead to any financial benefit to creditors yet is work I am required to undertake by statute. I have included the time I consider will be needed to comply with the above legislation within **Administration** above.

If however, my initial investigations reveal that further recoveries may be available for the insolvent estate, all work undertaken to pursue these recoveries will be estimated within this time category.

At this stage, I do not foresee any substantial investigation work will be required but if following the conclusion of my initial investigations I consider that further investigation work is then required to pursue assets of the Company, I will provide creditors with an update on my **fees estimate** in due course.

Administrator's Expenses

As also noted, I am required to provide creditors with details of the expenses I consider will be, or are likely to be, incurred in the Administration. These may include expenses such as agent's costs for assisting in the disposal and realisation of the company's physical assets or other routine expenses associated with an insolvency case such as statutory advertising costs or the office holder's specific penalty bond.

Details of the expenses I consider will be, or are likely to be, incurred in this case are detailed in the attached fees estimate. I will provide a further update to creditors in my subsequent progress reports.

Kay Johnson Gee Corporate Recovery Limited's Charge-out rates and Category 2 disbursements policy

Attached to this document are details of my firm's current charge out rates and policy regarding the re-charge of Category 2 disbursements.

Category 2 disbursements 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. Any Category 2 disbursements which this firm proposes to charge in this case are reflected in the table of expenses



above. Approval to charge these will be sought from creditors when the basis of my remuneration as Administrator is fixed.

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



**Estimate of Fees and Expenses for
M B Commercials Limited (In Administration)
To 31/03/2020**

	Total Hours	Avg Hourly Rate £	Time Cost £	Disbursements £	Expenses £
Classification of Work Function					
Admin & Planning					
Appointment Formalities	3.00	250.00	750.00		
Appointment Notification/Formalities	8.00	280.63	2,245.00		
Case Filing	1.50	186.67	280.00		
Case Planning	6.00	282.50	1,695.00		
File Maintenance and Case Review	6.00	262.50	1,575.00		
Filing	2.00	250.00	500.00		
Meeting and/or Internal Discussion	2.00	300.00	600.00		
Post meeting reporting	3.00	250.00	750.00		
Statutory Reporting	8.50	275.88	2,345.00		
Case Specific					
Review of SIP6 Report/S.o.A	2.00	197.50	395.00		
Cashiering					
Cashiering/Invoicing/Bank Reconciliation	2.00	262.50	525.00		
Creditors					
Employee	2.00	250.00	500.00		
General Communication	6.50	261.54	1,700.00		
H M Revenue & Customs	4.50	261.11	1,175.00		
Postage/Mail	1.00	130.00	130.00		
Secured Creditors	3.50	250.00	875.00		
Unsecured Creditors	8.00	268.44	2,147.50		
Investigation					
CDDA Reporting	7.00	236.79	1,657.50		
Investigation					
Collection of Books and Records	2.00	250.00	500.00		
Completion & Submission of CDDA	1.75	285.00	498.75		
Investigation					
Investigating antecedent transactions	3.00	287.50	862.50		
SIP 2 Review	6.50	268.85	1,747.50		
Realisation of Assets					
Bank Reconciliation	3.00	130.00	390.00		
Realisation of Assets					
Banking/Cashiering	2.50	183.00	457.50		
Realisation of Property / Other Assets	2.00	250.00	500.00		
	<u>97.25</u>	<u>255.03</u>	<u>24,801.25</u>		
Disbursements					
Category 1 Disbursements				647.20	
Category 2 Disbursements				32.40	
				<u>679.60</u>	
Expenses (*)					
					<u>0.00</u>
Totals	<u>97.25</u>	<u>255.03</u>	<u>24,801.25</u>	<u>679.60</u>	<u>0.00</u>

(*) 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
M B Commercials Limited (In Administration)**

Category 1 Disbursements

Bank Charges	10.00
Bordereau Premium	117.60
Company Search & AML Checks	10.00
Evolve Pension Services	250.00
Postage	129.60
Statutory Adverts	80.00
Storage	50.00
	<hr/> 647.20

Category 2 Disbursements

Bank statement review	32.40
	<hr/> 32.40

Notes:

1. Category 1 Disbursements are payable without prior approval as they are payments to independent 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



**Estimate of Fees and Expenses for
M B Commercials Limited (In Administration)**



M B COMMERCIALS LIMITED - IN ADMINISTRATION

Appendix F

Estimated Outcome Statement as at 2 April 2020

M B Commercials Limited
(In Administration)
Joint Administrators' Estimated Outcome Statement
To 02/04/2020

Statement of Affairs £		Realised / Paid	Projected	Total £
	SECURED ASSETS			
NIL	Goodwill	11,400.00	14,200.00	25,600.00
146,578.32	Book Debts	NIL	146,578.32	146,578.32
(224,673.57)	Bibby Financial Services Limited	NIL	(146,578.32)	(146,578.32)
		11,400.00	14,200.00	25,600.00
	ASSET REALISATIONS			
4,200.00	Unencumbered Plant & Machinery	4,600.00	5,900.00	10,500.00
300.00	Furniture & Equipment	400.00	500.00	900.00
6,200.00	Motor Vehicles	3,200.00	3,900.00	7,100.00
500.00	Stock	400.00	500.00	900.00
		8,600.00	10,800.00	19,400.00
	COST OF REALISATIONS			
(10,265.00)	Pre-appointment Administrators' Fees	NIL	10,265.00	10,265.00
(24,801.25)	Post-appointment Administrators' Fees	NIL	22,323.40	22,323.40
(7,132.00)	Pre-Appointment Agent Fees	NIL	7,132.00	7,132.00
(4,600.00)	Pre-Appointment Legal Fees	NIL	4,600.00	4,600.00
(647.20)	Administrators' Category 1 Disbursements	NIL	647.20	647.20
(32.40)	Administrators' Category 2 Disbursements	NIL	32.40	32.40
		NIL	(45,000.00)	(45,000.00)
	UNSECURED CREDITORS			
(211,096.14)	Trade & Expense Creditors	NIL	NIL	NIL
(185,702.20)	Banks/Institutions	NIL	NIL	NIL
(75,600.99)	HM Revenue & Customs (PAYE/NIC)	NIL	NIL	NIL
(43,358.34)	HM Revenue & Customs (VAT)	NIL	NIL	NIL
		NIL	NIL	NIL
(630,130.77)		20,000.00	(20,000.00)	(0.00)
	REPRESENTED BY			
	Insolvency Client Account	20,000.00	NIL	20,000.00
		20,000.00	NIL	20,000.00



M B COMMERCIALS LIMITED - IN ADMINISTRATION

Appendix G

Joint Administrators' Statement on Pre-Packaged Sale

Our Ref: ADF/PJA/ALS/LM/LC/AC/CS/DB/KC/ADM310A/MBCO01

Your Ref:

26 March 2020

TO ALL KNOWN CREDITORS

When telephoning please ask for:
Luke Cunningham
Direct Line:
0161 268 8709

Dear Sirs

M B Commercials Limited - In Administration (the Company)

I am writing to advise you that I, together with my partners Peter James Anderson and Alessandro Sidoli, were appointed Joint Administrator of the Company on 17 March 2020 and enclosed with this letter is formal notice of our appointment.

Please note that we are licensed to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales. As such, we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

The objective of Administration is to facilitate the rescue of a company as a going concern but if that is not reasonably practicable in all the circumstances, to implement the next best alternative in the interest of the Company's creditors as a whole.

Sale of the Company's business and assets

In this case, immediately following my appointment, a sale of the Company's business and assets was concluded to RMB Commercials Limited. A pre-packaged sale was considered necessary because it has achieved a better result than if the assets of the Company were to be sold externally either as a whole or separately. A pre-packaged sale has also safeguarded the value in the Company's goodwill and ensured that the best result is achieved in realising the same. The sale has also ensured that 15 jobs are saved and continuity of trade is maintained.

In agreeing to the pre-packaged sale, I can confirm that I have considered the purpose of the Administration and the fulfilment of my statutory obligations to creditors under the Insolvency legislation.

Attached at Appendix A is further information in relation to the pre-packaged sale which provides a detailed explanation of the circumstances surrounding it.

Email : info@kjgcr.com Address : Kay Johnson Gee
Office : 0161 832 6221 1 City Road East
Fax : 0161 834 8479 Manchester
Web : kjgcr.com M15 4PN

Alan David Fallows, Peter Anderson and Alessandro Sidoli are licensed as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales. Kay Johnson Gee Corporate Recovery Ltd. Registered number 11415156. VAT number 306 1284 34. Registered address 1 City Road East, Manchester, M15 4PN.

Where Alan David Fallows, Peter James Anderson and Alessandro Sidoli act as Administrators they do so as agents only and without personal liability. The firm's privacy policy is available at www.kjgcr.com/privacy-policy



ICAEW
LICENSED INSOLVENCY
PRACTITIONERS (UK)



Insolvency
Practitioners
Association



Administrators' Proposals

It has not been feasible to issue my Report and Statement of Proposals for achieving the purpose of Administration with this letter because I am in the process of collating the information required to ascertain the current book debt position and the estimated realisable value of the same. These will be delivered to creditors as soon as is practicable, but in any event before the end of the period of eight weeks from the date of my appointment.

At that time, I will be seeking approval for the basis of my remuneration as Administrator (which may include approval for any unpaid pre-administration costs), Category 2 disbursements as well as my discharge from personal liability immediately upon my appointment ceasing to have effect, from the appropriate body of creditors. I will provide information at that time regarding my proposed fees and details of the work I anticipate undertaking in this case.

Claiming as a creditor

Under Insolvency Legislation, an Administrator may, depending on the circumstances of the case, decide to treat a 'small debt' of the Company (*meaning a debt not exceeding £1,000 inclusive of VAT*), as having been proved, without a creditor having to submit a proof in respect of their claim. Where a dividend is anticipated and it is intended that any of the Company's debts will be treated in this way, notice will be given to the affected creditors, who will be entitled to any dividend paid in respect of their debt, without proving.

In such circumstances, if there is a discrepancy or difference between the amount a creditor believes they are owed and the Company's records, or should such any creditor wish to participate in any decisions made by creditors, it will be necessary for a creditor to submit a proof regardless of this provision.

The above does not preclude you from submitting a proof now if you are a creditor owed less than £1,000. Alternatively, if you do not consider that you are a creditor of the Company, please notify us and we will update our records.

If you are a creditor of the Company owed more than £1,000, you will be required to submit a proof of the debt owed to you as at the date of my appointment before you can participate in the proceedings. Enclosed with this letter is a form for you to provide full details of your claim which should be completed and returned to my office as soon as possible.

If you believe that you hold any form of security or reservation of title, would you please forward details in writing to me as soon as possible.

Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 of the Value Added Tax Act 1994. Relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account.

Insolvency Practitioners have no role in administering VAT bad debt relief. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.

You can also find useful information for creditors online through R3, the insolvency profession's trade body at www.creditorinsolvencyguide.co.uk.

Information request

As Administrator, I have a duty to consider the conduct of those who have been directors of the Company at any time during the last three years. I also have a duty to consider whether any civil proceedings should be taken against the directors or others for the recovery of, or contributions to, the Company's assets.



Creditors are invited to provide information on any concerns regarding the way in which the Company's business has been conducted, and on potential recoveries for the estate. If you have any matters you wish to bring to my attention, please forward details to me or alternatively complete the attached questionnaire and return it to my office.

Privacy and Data Protection

As part of my role as Administrator, I would advise you that I may need to access and use data relating to individuals. In doing so, I must abide by data protection requirements. Information about the way that we will use, and store personal data in relation to insolvency appointments can be found at www.kjgcr.com/privacy-policy. If you are unable to download this, please contact my office and a hard copy will be provided to you.

To the extent that you hold any personal data of the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

Your ability to opt out

Creditors have the right to elect to opt out of receiving further documents about the Administration, however where you choose to opt out, please be aware that you will continue to receive documents where:

- The Insolvency Act requires me to deliver a document to all creditors,
- It is notification of change in the appointed Administrator or the Administrator's contact details,
- It is notification about a dividend or proposed dividend, or
- It is a notice which the court orders to be sent to all creditors

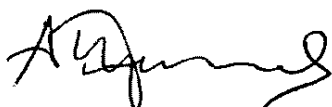
Opting-out will not affect your entitlement to receive a dividend, in circumstances where a dividend is to be paid.

Although a creditor who has opted out is entitled to participate in the making of decisions in relation to the Administration, please note that by opting out you will not be given notice of decisions being sought. In circumstances where you opt out and the Company moves into another insolvency procedure (most likely creditors' voluntary liquidation), you will also be treated as having opted out of the subsequent insolvency.

In order to opt out of receiving further documents, please make your request in writing, signed and dated by you or (if a company) someone entitled to sign on the creditor company's behalf. You will become an opted-out creditor when the notice is received by my office. You may at any time revoke your election to opt out by a further notice in writing, sent in the same way.

If there is any further information or explanation you require in the first instance please contact Luke Cunningham on 0161 268 8709.

Yours faithfully
For and on behalf of
M B Commercials Limited



Alan Fallows
Joint Administrator

Enc

Appendix A

M B Commercials 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 third objective of realising property in order to make a distribution to one or more secured or preferential creditors of the Company 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 RMB Commercials Limited in accordance with the provisions of Statement of Insolvency Practice 16 (SIP16).

Background

The Company was incorporated on 3 March 2015 by Nathan Bell and Jenny Bell as 50% shareholders. Nathan Bell was appointed as sole director.

The Company traded from Unit 2, Autobase Industrial Estate, Tipton Road, Tividale B69 3HU.

The Company is a commercial vehicle maintenance and repairs business, which undertakes vehicle repairs and road-testing services for customers based across the West Midlands. Prior to incorporating the Company, Nathan Bell had worked in the industry for over 20 years.

The Company's customers range from smaller, single operator businesses to larger fleet customers. The Company had 3 main customers which were Time Logistics, Dawson Rentals and Crouch Recovery.

In 2016, Jenny Bell was appointed director to assist Nathan in the running of the Company.

From incorporation to 2018 the Company traded profitably and grew year on year. 2018 saw the Company's most significant expansion, taking on 10 further staff to meet the increased work demands.

The Directors acknowledged that the Company had grown at a rate in which they were struggling to deal with when it came to handling the financial side of the Company.



In April 2019, Director Nathan Bell, was convicted and sent to prison for an offence unrelated to the Company's affairs. Nathan was subsequently removed as director and shareholder with Jenny left in sole control of the business.

In an attempt to regain control of the financial side of the business, and to provide Jenny with some necessary assistance with the administrative side of the business, 60% of the Company's shareholding was transferred to the Company's accountant Akshay Shah and his business associates Michael Wilkes and Ian Seagrave.

In the coming months, the Company's financial position was assessed. It became apparent that there had been some administrative errors and invoices had been raised incorrectly, which had meant the Company accounts were considerably distorted.

The Company started to experience cash flow issues as the Company did not have the required working capital to fulfil the orders that it was receiving.

The Company started to fall behind with payments to creditors and this led to the Company's financial position worsening. A Time to Pay arrangement was agreed with HM Revenue and Customs ("HMRC") in an attempt to bring payments up to date over a period of time.

The Company was unable to maintain payments in respect of the Time to Pay arrangement with HMRC and creditor pressure continued to build. It was apparent the Company was unable to trade out of its current financial position and action needed to be taken.

Initial introduction

In January 2020, the Company was approached by a competitor who had been advised of the Company's critical financial situation by the Company's shareholders.

The competitor identified that there may be value remaining in the Company and its assets and subsequently arranged a meeting with business consultants, LG Consultancy for advice on how best to proceed.

LG Consultancy identified the need for professional financial advice as it was clear the Company was insolvent. LG Consultancy subsequently arranged a meeting between Kay Johnson Gee Corporate Recovery ("KJGCR") and the Company's director.

On 26 February 2020, a meeting was held between KJGCR and the Company's Director in order to assess the Company's financial position and to discuss the options available to them.

The Administrator does not believe that there is any significant personal or professional relationship between the Company or its directors and KJGCR and carried out the appropriate conflict review prior to accepting the appointment. I would confirm that I was formally engaged by the Company on 2 March 2020.

Pre-appointment considerations

At the meeting held on 26 February 2020, it was established that the Company could not continue to trade in the long term.

In order that the 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 Furniture and Equipment, Plant & Machinery, Motor Vehicles, Stock and the Company's intangible assets, Goodwill and Intellectual Property.

It was confirmed that the majority of the value held in the Company's assets was held in the Company's Motor Vehicles, Plant & Machinery and Goodwill.

Alternative courses of action

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 option was not considered appropriate due to the creditor pressure being applied. The Company had defaulted on its Time to Pay arrangement with HMRC and the threat of a winding up petition against the Company was imminent.

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

This option would require a period of trading by the Administrators which in turn would require funding. Obtaining the necessary funding for the trading period was unlikely due to the uncertainty of a sale. Trading in Administration could also result in the Company's customers and suppliers seeking trade elsewhere given the risk of trading with an insolvent company.

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. The value of the Company's Goodwill would have diminished and would also have resulted in the immediate redundancy of all the Company's employees, which in turn would have increased the Company's liabilities significantly.

Company Voluntary Arrangement ("CVA")

A CVA would not have been feasible given the amount of debt outstanding to creditors. Furthermore, HMRC are the Company's largest creditor and would likely reject any CVA proposal due to the high level of debt outstanding to them and the failure of the previous Time to Pay arrangement.

Informal payment plan

Similar to the CVA, this route was not considered appropriate as HMRC typically require payment of the outstanding debts within 12 months which would not be possible in this instance and the Company had already defaulted on such a plan.

Trading the business

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

- The lack of funding for post appointment trading. The Company operated an invoice factoring facility with Bibby Financial Services Limited ("Bibby"). Funding by Bibby during an administration would leave Bibby more exposed than if it were to cease funding and collect the remaining debtor ledger.
- The Company's other secured creditor, Excel-a-Rate Business Solutions Limited, were not approached to provide funding due to the Director having already provided a personal guarantee to Excel-a-Rate. Therefore, no further security could be provided for funding even if Excel-a-Rate had been in a position to do so.



- The Company relies on its specialised and skilled staff to generate revenue. The uncertainty of trading whilst in Administration could result in staff leaving the business for more secure work elsewhere and therefore ending in the cessation of trade.

Consultations with major creditors

HMRC is the Company's largest creditor and was not approached due to the poor historic relationship with the Company and the impending threat of a winding up petition.

Trade creditors were not approached for funding given the potential reputational risks and uncertainty of ongoing trade which this would cause.

Comparative outcome

The following table provides a comparative outcome of the going-concern valuation of the Company's assets against the outcome obtained via the pre-packaged sale and compares this with the likely realisations that would have been made via a sale of the Company's assets in a liquidation scenario or through a restricted marketing period post Administration.

Details of Assets	Value achieved through the pre-packaged sale in Administration/Going Concern £	Anticipated value in Liquidation, or under a restricted marketing period post Administration £
Plant & Machinery	10,500	4,200
Motor Vehicles	7,100	6,200
Office Furniture & Equipment	900	300
Goodwill	25,600	Nil
Stock	900	500
Totals	45,000	11,200

The following charges are registered against the Company:

Charge in favour of	Date of Creation
Merchant Money Limited	14 May 2018
Bibby Financial Services Limited	1 February 2018
Excel-a-Rate Business Services Limited	18 December 2017

The sum of £25,245.00 is outstanding to Excel-a-Rate Business Services Limited in relation to the Company's machinery. The machinery has negative equity and was therefore not included in the sale.

I have obtained confirmation from Merchant Money Limited that there is no outstanding balance due in relation to their charge against the Company.

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.

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. The Company does not provide a specialised service and customers could potentially move to other suppliers for the same service if they were to discover that the Company was seeking a purchaser.

A Notice of Intention ('NOI') to appoint an administrator was filed at Court on 4 March 2020, which provided a moratorium to protect the Company for 10 business days.

A marketing process was completed which comprised of a mailshot to interested parties held in the Agent's database of businesses in the same industry and distressed business investors. The mailshot was sent to 4,994 parties. The proposed sale of the business was listed on the Agent's website and direct approaches to competitors and other market participants were made. The business was marketed from 4 March 2020 culminating in a deadline for indicative offers at 12 noon on 12 March 2020.

This strategy was chosen due their being no funds available to enable the Company to carry out a comprehensive marketing campaign.

The decision to end the marketing campaign on 12 March 2020 was made due to the impending threat of a winding up petition by HMRC as detailed above. If the Company was wound up and the assets sold during a Liquidation, the asset realisations would be much lower than a pre-packaged sale and therefore not achieving the best outcome for creditors. Ending the marketing period on 12 March 2020 was therefore considered necessary as the notice of intention to appoint an administrator ("NOI") was due to expire and so the moratorium period to market the Company's business and assets for sale would end.

This marketing resulted in 2 enquiries and 2 requests for non-disclosure agreements being received. 2 completed non-disclosure agreements were returned.

Other than the offer received by RMB Commercials Limited, we received two separate offers from independent third parties by the initial deadline. One of the offers was a derisory offer for the goodwill element of the business and the second offer was at a level below the offer received from RMB Commercials Limited.

Negotiations were undertaken and concluded to maximise the price achieved.

The strategy implemented has ensured that the maximum value has been achieved within the practical available timescales.

The marketing process fully complied with the Statement of Insolvency Practice 16.

Valuation of the business and assets

The Company's assets were valued on 3 March 2020 by Neil Duckworth of Middleton Barton Asset Valuations Limited who are a Royal Institution of Chartered Surveyors (RICS) Regulated Firm. Neil Duckworth is also a RICS registered valuer,



The Agent has confirmed their independence and that they carry adequate professional indemnity insurance.

As we believed we would be able to sell the business, we sought a market value 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 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 as follows:

Asset	Valuation (£)
Plant & Machinery	10,500
Motor Vehicles	7,100
Office Furniture & Equipment	900
Stock	900
Goodwill	25,000
Total	£44,400

Market Value 'Ex Situ' (For piecemeal disposal, assuming a marketing period under 90 days)

The valuation provided for this basis was as follows:

Asset	Valuation (£)
Plant & Machinery	4,200
Motor Vehicles	6,200
Office Furniture & Equipment	300
Stock	500
Goodwill	Nil
Total	£11,200

The Agent advised that as the Company had experienced substantial growth over the last few years and that the business had a positive goodwill value for a competitor to take on the substantial turnover that the Company was generating. However, if the business was forced to cease to trade and a piecemeal disposal of the assets was required, there would be no positive value in the Company's goodwill.

The accepted offer for the sale of the business and assets is apportioned as follows:

Assets subject to fixed charge:

- £25,600 for the goodwill.

Assets subject to floating charge:

- £10,500 for plant and machinery;



- £7,100 for motor vehicles;
- £900 for office furniture & equipment;
- £900 for stock.

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 in-situ valuation of the Company's business and assets;
- The acceptance of the offer will avoid the removal and sale costs associated with a piecemeal sale, thus providing further benefit to the estate;
- Proceeding with this in situ sale provides a mechanism to realise the Goodwill;
- 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 and also serves to reduce creditor claims which would have arisen had the employees been made redundant

Details of the assets sold and the nature of the transaction

A sale of the Company's business and assets was completed on 17 March 2020 to RMB Commercials Limited ("the Purchaser") for the sum of £45,000.

Details of the assets sold are detailed below:

Asset	Amount
Plant & Machinery	£10,500
Motor Vehicles	£7,100
Office Furniture & Equipment	£900
Goodwill	£25,600
Stock	£900

I can confirm that the former director of the Company, Nathan Bell, is also a director of the Purchaser.

The agreed consideration for the sale is to be paid as follows:

- £10,000 on completion;
- £10,000 seven days after completion;
- £8,333 one month thereafter;
- £8,333 one month thereafter;
- Final payment of £8,333 one month thereafter.

Ownership of the assets does not pass to the Purchaser until the Purchaser has paid the total agreed consideration. Following legal advice, it was not considered commercially viable to incur the costs associated with entering into a personal guarantee or a debenture with the Purchaser due to the relatively low value of the assets and the short repayment period.

The sum of £10,000 has been received to date in line with the above terms.



Connected Party transactions

Where there are connections between an insolvent company and the purchasing entity, the purchaser meets the definition of a "connected party" and following recommendations made to the Department for Business, Energy & Industrial Strategy about pre-packaged sales to connected parties, it was felt that some of the concerns expressed about such transactions in the context of insolvency, may be overcome by having an independent party review the proposed sale and offer an opinion on the appropriateness of the grounds for the sale. This may provide reassurance to creditors that an independent person has considered the reasonableness of the proposed transaction.

As the transaction meets the definition of a connected party sale, the transaction is eligible for review by the Pre-Pack Pool (**the Pool**). The pool is an independent body of experienced business people and has been set up in response to a series of recommendations contained in an independent review of pre-packaged sales in administrations. A Pool member will offer an opinion on the purchase of a business and/or its assets by a party connected to a company where a pre-packaged sale is proposed by an Administrator.

The Pool, through its members, operates only to review and opine on applications made voluntarily by connected parties. Further information on the work of the Pool can be found in the 'Questions and Answers about the Pre-Pack Pool' document on the Pool's website at www.prepackpool.co.uk

The purchasers were made aware of their ability to approach the Pool and the potential for enhanced stakeholder confidence from the connected party approaching the Pool.

In this case, the Pool has not been approached by the connected party.

Viability statement

The purchasing entity was 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 Administrator, I requested that the connected party provide me with a copy of their viability statement. The connected party declined to provide this to the Administrator. I am comfortable that a viability statement was not necessary as a large proportion of the consideration will be paid within the first month of the sale completing. The tangible assets that have been sold are subject to a retention of title clause which means that the title of the assets does not transfer until the final instalment payment has been received from the Purchaser.

Furthermore, we are also aware that the Purchaser has obtained a funding line from Bibby Financial Services Limited which should ensure ongoing viability.

Assets which do not form part of the pre-pack

Book Debts

The Company's book debts are subject to a factoring agreement and are secured under a fixed and floating charge with Bibby Financial Services Limited. The book debts were excluded from the sale and will continue to be collected by Bibby.

The Director has provided a personal guarantee to the following creditors:

- Bibby Financial Services Limited



- Excel-a-Rate Business Services Limited
- Funding Circle Limited
- PCF Bank
- Federal Capital

