

AM03

Notice of administrator's proposals



Companies House

FRIDAY



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09/08/2019

COMPANIES HOUSE

#207

1 Company details

Company number 0 9 7 5 9 1 9 4

Company name in full Enforcd Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Jeremy

Surname Karr

3 Administrator's address

Building name/number 24 Conduit Place

Street London

Post town W2 1EP

County/Region

Postcode

Country

4 Administrator's name ①

Full forename(s) Simon John

Surname Killick

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 24 Conduit Place

Street London

Post town W2 1EP

County/Region

Postcode

Country

② Other administrator

Use this section to tell us about
another administrator.

AM03
Notice of Administrator's Proposals

6 Statement of proposals



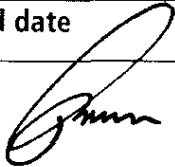
I attach a copy of the statement of proposals

7 Sign and date

Administrator's
Signature

Signature

X



X

Signature date

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The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability.

Enforcd Limited (In Administration)

Statement of proposals for achieving the purpose of administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016

Important Notice

This statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Enford Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 25 July 2019
"the administrators", "we", "our", "us"	Jeremy Karr of Begbies Traynor (Central) LLP, 24 Conduit Place, London, W2 1EP and Simon John Killick of Begbies Traynor (Central) LLP, 24 Conduit Place, London, W2 1EP
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. STATUTORY INFORMATION

Name of Company	Enford Limited	
Trading name(s):	Enford	
Date of Incorporation:	2 September 2015	
Company registered number:	09759194	
Company registered office:	24 Conduit Place, London, W2 1EP	
Former registered office:	Dalton House, 60 Windsor Avenue, London SW19 2RR	
Trading address:	Dalton House 60 Windsor Avenue, None, London, SW19 2RR	
Principal business activities:	Business and domestic software development	
Directors and details of shares held in the Company (if any):	Name	Shareholding
	Sarah Jane Walshe	52,898 ordinary shares of 0.01p each
	Blaise Thomas Walshe	-
Company Secretary and details of the shares held in Company (if any):	Name:	Shareholding
	None	-
Accountants:	Bennett Brooks & Co Ltd, Broncoed House, Broncoed Business Park, Wrexham Road, Mold, Flintshire CH7 1HP	
Share capital:	£125.86 (125,860 ordinary shares of 0.01p each)	
Shareholders:	Brendan Bradley	1,171 ordinary shares of 0.01p each
	Jason Boud	2,768 ordinary shares of 0.01p each
	Chris Conde	3,424 ordinary shares of 0.01p each
	Conor Coughlan	1,405 ordinary shares of 0.01p each
	Wolfgang Hauptfleisch	12,955 ordinary shares of 0.01p each
	Mark Hunt	469 ordinary shares of 0.01p each
	Wendy Jephson	703 ordinary shares of 0.01p each
	Simon Lyell	470 ordinary shares of 0.01p each
	David Michael Lawlor	42,102 ordinary shares of 0.01p each
	Charles Pontvianne	235 ordinary shares of 0.01p each

Victoria Raffe	235 ordinary shares of 0.01p each
Steven Rose	2,342 ordinary shares of 0.01p each
SFC Nominees Limited	3,512 ordinary shares of 0.01p each
Hugh Andrew Raymond Taylor	1,171 ordinary shares of 0.01p each

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	25 July 2019
Date of resignation:	N/A
Court:	High Court of Justice
Court Case Number:	CR-2019-004965
Person(s) making appointment / application:	The Directors of the Company
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EU Regulation on Insolvency Proceedings:	Regulation (EU) No 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows:

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
 - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole.

- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
 - (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."

4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

The Company was incorporated in September 2015 to provide financial services, regulatory news and enforcement case updates to clients via a platform and an application that the Company developed. It should be noted here that the intellectual property and technology that the Company has developed since incorporation remained incomplete and pre-revenue generating at the time that the Company instructed Begbies Traynor to market the business and assets for sale via a pre-pack administration.

Notwithstanding the above, the Company gained significant industry recognition for its product and was able to attract investment. In July 2016 the Bank of England accepted the Company onto its FinTech Accelerator. In March 2017 the Company was a Citi Tech for Integrity finalist and between April 2017 and January 2018 was accepted on to the UK Department for International Trade RegTech Mission to New York and onto the CBA Innovation Lab.

In April 2018 the Company had attracted various clients to sign up for pilot schemes across various industries including data providers, stock exchange platforms, insurance, and asset management.

The Company's seed investment round completed in March 2018 with the sum of £250,000 being invested.

The Company began to experience financial difficulties as a consequence of a round of pitches made between August and November 2018 to thirty two funds, venture capitalists and angel investors in which the Company sought further investment which was necessary to grow the business to the next stage and to put it in a position to start driving revenue. This round of pitches resulted in one party offering to invest a further £50,000 and two current investors also agreeing to match this offer and introduce a further £50,000. The directors took the view that this level of investment would be insufficient to grow the business successfully.

The Company's cash reserves were significantly reduced at this point and the directors were considering how much longer the Company would be able to trade.

In November 2018, the directors received an expression of interest from a third party to acquire the shares in the Company and in December 2018 a tax rebate was received from HMRC in the sum of £60,000 that meant the directors decided to keep the Company trading as a going concern to explore the potential sale.

Discussions ensued with the potential purchaser towards the end of 2018 but for various reasons this sale did not progress. During the course of 2019 the Directors considered and pursued various other alternative restructuring and sale propositions but as the Company was not yet producing annual recurring revenue this proved difficult.

The Company was insolvent on a balance sheet basis and was also running out of cash such that without further loans from the directors/investors, the Company would also be insolvent on a cash flow basis by the end of June 2019.

In the event, an indicative offer was received from Waymark Tech Limited ("**Waymark**") to acquire the business and assets for £250,000. Waymark is a non associated Company, notwithstanding that there are two common minority shareholders.

Full details of the sale to Waymark have been provided to creditors in the Joint Administrators initial notification but that information is included again at Appendix 4.

5. STATEMENT OF AFFAIRS

The directors have prepared a statement of affairs of the Company as at 25 July 2019 which is attached at Appendix 2. It makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement.

Our comments on the statement of affairs are as follows:

- There is no significant difference between the book values of the Company's fixed assets stated in the directors' statement of affairs (£2,053) and the Company's last filed accounts for the year ended 31 January 2019 (£2,476).
- All 'Estimated to Realise' figures are based upon the consideration set out in the asset sale agreement dated 25 July 2019 entered into between the Company, the Administrators and Waymark ("the Purchaser").
- The unsecured non-preferential claims stated in the directors' statement of affairs appears to represent the Company's outstanding creditors' position in general.
- The details of creditors provided within the directors' statement of affairs appears inaccurate as certain of the Company's unsecured liabilities are owed to parties connected to the directors or the shareholders rather than in their personal capacity as the directors or the shareholders of the Company.
- The directors have included the value of share premium in the nominal value of the shares held by each shareholders in their statement of affairs.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 25 July 2019 to 8 August 2019.

The Company is registered for VAT purposes and, where relevant, amounts are stated net of VAT. The Joint Administrators' comments on the items appearing in the Account are as follows:

RECEIPTS

Consideration per Sale Agreement

An amount of £200,000 was received from Waymark Tech Ltd ("the Purchaser") towards settlement of the agreed consideration for the sale and purchase of the Company Business and Assets. This has been applied to the following assets:

	£
Goodwill	19,000
Plant and Machinery	1,000
Seller's Records	10,000
Customer Contracts	20,000
Business Intellectual Property Rights	40,000
Content Data	60,000
Client Relationships	20,000
Partner Relationships	30,000
TOTAL	200,000

PAYMENTS

There have been no payments made from the administration estate to date.

Work undertaken by the Administrators and their staff

We confirm that we have completed the following work since our appointment on 25 July 2019.

- Initial set up of case and statutory notifications to creditors, the Registrar of Companies and advertising in the London Gazette;
- Instruction of solicitors to prepare a sale contract, review of contract and completion of the sale;
- Production of these Proposals;
- *Requesting a completed Statement of Affairs and questionnaires from the directors;*
- Responding to queries from creditors and ensuring that our computerised database is updated with details of claims received from creditors;
- Commenced our investigations into the Company's affairs;

Pre-packaged sale of the business and assets

A copy of our SIP 16 Statement is attached at Appendix 4.

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment (as detailed in the directors' statement of affairs are as follows:

Secured creditors

There are no known secured claims.

Preferential creditors

As a result of the sale of the business and assets and the employees of the Company transferring to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006, there are no known preferential claims.

Unsecured creditors

Claims of unsecured creditors were estimated at £210,588.27 of which claims in the region of £175,000 are expected from connected parties.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditor as follows:

Secured creditors

There will be no distribution to secured creditors as there are no known secured claims.

Preferential creditors

There will be no distribution to preferential creditors as there are no known preferential claims.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part of net property* if:

- ☐ the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, Section 176A will not apply and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

Unsecured creditors

There is expected to be a distribution to unsecured creditors although the quantum will depend the costs of the administration which are likely to be based upon the amount of investigative work that we are required to carry out.

Effect of administration on limitation periods under the Limitation Act 1980

As explained in our initial correspondence confirming our appointment as administrators, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

For the reasons set out in this report, we presently consider that it is not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), namely 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).

The Joint Administrators consider that by virtue of the completion of the pre-packaged sale and the comparison to other scenarios, as detailed in the SiP 16 attachment at Appendix 4, the statutory purpose has largely been achieved.

In addition, the sale has resulted in the continued employment of all staff and contractors with no necessary redundancies.

Therefore, we consider that the sale will enable the statutory purpose of the Administration to be achieved.

In accordance with Paragraphs 3 and 49 of Schedule B1 of the Act, we propose the following:

1. To take all necessary actions to preserve the value of the Company's assets;
2. To monitor the collection of any debts and any other amounts due to the Company;
3. To realise the assets of the Company for the benefit of creditors and instigate any Court actions deemed of value to the Company and its stakeholders;
4. To make an application to Court as the Joint Administrators deem fit at any time for directions in relation to any particular matters arising in connection with the carrying on of their functions;
5. To investigate any antecedent transactions which may have detrimentally affected the Company's financial position and if necessary, instigate legal proceedings against any party or parties who are considered culpable, to achieve a recovery for the estate;
6. These Proposals shall be subject to such modifications or conditions as the Court may approve or impose, or any modification approved by creditors;
7. That, if necessary, the Joint Administrators may apply to creditors or to Court for an extension of the Administration Order;
8. That the Joint Administrators exit the administration by way of creditors' voluntary liquidation at such time as the Administrators consider that the purpose of the Administration as set out in paragraph 3 above has been achieved. It is proposed that Jeremy Karr and Simon Killick be appointed as Joint Liquidators of the Company;
9. That the Joint Administrators be discharged from liability upon vacating office at the end of the Administration under Paragraph 98 of Schedule B1 of the Act.

Exit from Administration

We confirm that there are no secured creditors in this matter and that a distribution will be made to the unsecured creditors of the Company which is not a distribution of the prescribed part¹.

We have the power to make a distribution of the prescribed part to unsecured creditors in the administration but any other distribution to them requires the permission of court. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to deliver a notice of moving from administration to creditors' voluntary liquidation to the Registrar of Companies. Upon the registration of such notice our appointment as administrators shall cease to have effect and the Company will automatically be placed into liquidation. Paragraph 83(7) provides:

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrators.

We confirm that as part of our proposals we propose that we, or in the event of there being a subsequent change of persons appointed as administrator, the individuals in office as such immediately prior to the Company being placed into liquidation, do act as joint liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors' approval, with or without modification, of our proposals.

It is proposed that for the purpose of the winding up, any act required or authorised under any enactment to be done by the joint liquidators is to be done by all or any one or more of the persons for the time being holding office.

9. PRE-ADMINISTRATION COSTS

In the period before the Company entered administration, we carried out work consisting of (1) assessing whether administration was the most appropriate procedure to pursue, (2) assisting the directors with the formalities of placing the Company into Administration and (3) assisting the directors with the accelerated merger and acquisition process ("AMA") ("the Work"). The Work was carried out pursuant to an agreement made between us and the Company by way of a letter of engagement on 13 June 2019 ("the Agreement"). The Agreement provides for the payment of our fees and the discharge of expenses incurred by us (collectively referred to as "the pre-administration costs") in carrying out the Work.

This work was carried out before the Company entered Administration and was incurred wholly, exclusively and necessarily to further the achievement of the objective of Administration being pursued, namely 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.

¹ Insolvency Act 1986, Sch B1, para 83(1)

The pre-administration costs are broken down as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees for advising the directors on various insolvency matters and assisting the directors with the formalities of placing the Company into Administration	Begbies Traynor	10,000	2,000	12,000
Legal costs	Charles Russell Speechlys LLP	15,000	3,000	18,000
Legal costs	Taylor Vinters	750	150	900
Our fees for assisting the directors with accelerated merger & acquisition process	BTG Global Advisory	9,647	1,929.40	11,576.40
TOTAL PRE-ADMINISTRATION COSTS		35,397	7,079.40	42,476.40

The pre-administration costs incurred by Begbies Traynor amount to £43,265.50 plus VAT which represents 120.7 hours at an average hourly rate of £358.45 calculated at the prevailing hourly rates of Begbies Traynor.

However, per the terms of the Agreement, we had agreed to cap our pre administration fees at £10,000 plus VAT for advice to the directors with placing the Company into administration and £10,000 plus VAT for work carried out by BTG Global Advisory for work related to the AMA, which in the event came to £9,647 plus VAT.

Of the pre-administration costs, the sum of £5,000 plus VAT was paid to Begbies Traynor towards our fees for advising the directors on various insolvency matters and assisting the directors with the formalities of placing the Company into Administration and the sum of £5,000 plus VAT was paid to BTG Global Advisory towards our fees for assisting the directors with the AMA process before the Company entered administration. There are therefore unpaid pre-administration costs ("the unpaid pre-administration costs"), broken down as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our outstanding fees for advising the directors on various insolvency matters and assisting the directors with the formalities of placing the Company into Administration.	Begbies Traynor	5,000	1,000	6,000
Legal costs	Charles Russell Speechlys LLP	15,000	3,000	18,000
Legal costs	Taylor Vinters	750	150	900
Our outstanding fees for assisting the directors with accelerated merger & acquisition process	BTG Global Advisory	4,647	929.40	6,000
TOTAL UNPAID PRE-ADMINISTRATION COSTS		25,397	5,079.40	30,476.40

Charles Russell Speechleys LLP ("CRS") incurred costs in excess of the amount claimed above but have agreed to cap their fee at £15,000 plus VAT and write off the balance.

We are seeking that the unpaid pre-administration costs be paid as an expense of the administration. Approval to pay the unpaid pre-administration costs as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, by seeking a decision of creditors. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, a Pre-Administration Time Costs Analysis and a pre-administration Time Costs Summary appear at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. They also provide an explanation of the work undertaken prior to our appointment.

10. REMUNERATION AND DISBURSEMENTS

Remuneration

We propose that the basis of our remuneration be fixed under Rule 18.16 of the Rules by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters as set out in the fees estimate as detailed in Appendix 3.

It is for the creditors' committee to approve the basis of our remuneration under Rule 18.18 of the Rules, but if no such committee is appointed it will be for the creditors to determine. We intend to deal with this by seeking decisions of creditors via correspondence.

Appendix 3 sets out our firm's hourly charge out rates, our fees estimate and the time that we and our staff have spent in attending to matters arising in the administration since 25 July 2019.

Disbursements

We propose that disbursements for services provided by our firm and/or entities within the Begbies Traynor group, be charged in accordance with our firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by us and will be payable subject to the approval of those responsible for determining the basis of our remuneration.

Estimate of expenses

We are required by the Rules to provide creditors with details of the expenses that we consider will be, or are likely to be, incurred in the course of the administration. This information also appears at Appendix 3.

Expenditure incurred to date

The following expenses have been incurred since the date of our appointment:

- £75.00 – Statutory Advertisements
- £148.50 - Bond Premium

11. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

We have a statutory duty to investigate the conduct of the directors and any person we consider to be or have been a shadow or de facto director during the period of three years before the date of our appointment, in relation to their management of the affairs of the Company and the causes of its failure. We are obliged to submit confidential reports to the Department for Business, Energy and Industrial Strategy.

As administrators of the Company we are required by best practice guidance to make enquiries of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the administration, or wish to bring to our attention any potential

recoveries for the estate. If you would like to bring any such issues to our attention please do so in writing to the address detailed at Section 1 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

Investigations carried out to date

We have undertaken an initial assessment of possible actions in relation to the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect. Although we will carry out more investigations into the way in which the Company's business has been conducted in the near future, our initial assessment has not reveal any transactions requiring actions.

Connected party transactions

We have not been made aware of any sales of the Company's assets to connected parties. However, we would like to bring to creditors' attention that two of the minority shareholders of Waymark Tech Ltd, the entity which acquired the business and assets of the Company, also have a minority shareholding in the Company.

Deemed delivery

These proposals will be deemed to have been delivered on 12 August 2019.

Use of personal information

Please note that in the course of discharging our statutory duties as Joint Administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

12. CONCLUSION

We consider that the Company has sufficient property to enable a distribution to the unsecured creditors, other than from the prescribed part fund of any net floating charge property, under the insolvency legislation, and we are therefore required to seek a decision from the Company's creditors as to whether they approve our proposals. This decision will be sought via the deemed consent procedure and a notice of the decision sought is accompanying this document.

Unless 10% in value of the Company's creditors object to the approval of our proposals via the deemed consent procedure, then the creditors will be treated as having made the proposed decision to approve our proposals.

Subject to the approval of our proposals we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.



Simon Killick
Joint Administrator

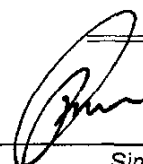
Date: 8 August 2019

ACCOUNT OF RECEIPTS AND PAYMENTS

25 July 2019 to 8 August 2019

Enforcd Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 08/08/2019

S of A £		£	£
	ASSET REALISATIONS		
19,000.00	Goodwill	19,000.00	
1,000.00	Plant & Machinery	1,000.00	
10,000.00	Seller's Records	10,000.00	
60,000.00	Content Data	60,000.00	
20,000.00	Customer Contracts	20,000.00	
20,000.00	Client Relationship	20,000.00	
30,000.00	Partner Relationships	30,000.00	
40,000.00	Business Intellectual Property Rights	40,000.00	
NIL	Cash at Bank	NIL	
			200,000.00
	UNSECURED CREDITORS		
(34,383.27)	Trade Creditors	NIL	
(175,205.00)	Directors/Shareholders/Connected Par	NIL	
(1,000.00)	HMRC (PAYE/NI/CT)	NIL	
			NIL
	DISTRIBUTIONS		
(125.86)	Ordinary Shareholders	NIL	
(245,610.00)	Share Premium	NIL	
			NIL
(256,324.13)			200,000.00
	REPRESENTED BY		
	Bank 1 Current		200,000.00
			200,000.00



Simon John Killick
Joint Administrator

**DIRECTORS' STATEMENT OF AFFAIRS AS AT 25
July 2019**

Rule 3.30

Statement of affairs

Name of Company: Enford Limited	Company number: 09759194
In the: High Court of Justice <small>(full name of court)</small>	Court case number: 004965 of 2019

(a) Insert name and address
of registered office of the
Company

Statement as to the affairs of (a) Enford Limited, 24 Conduit Place, London, W2 1EP

on the (b) 25 July 2019, the date that the company entered administration.

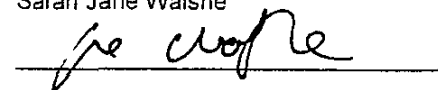
(b) Insert date

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 25 July 2019, the date that the company entered administration.

Full name: Sarah Jane Walshe

Signed:



Dated:

29 July 2019

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A – Summary of Assets

Assets

Assets subject to fixed charge:

Assets subject to floating charge:

Uncharged assets:

Goodwill
Plant and Machinery
Sellers Books & records
Customer Contracts
Business Intellectual Property Rights
Content data
Client relationships
Partner Relationships

Estimated total assets available for preferential creditors

Book Value £	Estimated to Realise £
ZERO	ZERO
ZERO	ZERO
NIL	£19000
£2053	£1000
NIL	£10000
NIL	£20000
NIL	£40000
NIL	£60000
NIL	£20000
NIL	£30000
£2053	£200,000

Signature

[Handwritten Signature]

Date

30/7/19

Note: Although the total number of ex employees/employees and their global amounts outstanding to them are detailed in the main list of creditors, the specific information in relation to these creditors must be included in this schedule.

Signature for class Date 30/7/2019

COMPANY TRADE CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Jane Walshe	54 Ritherdon Road, SW17 8QG	121745			
David Lawlor	46 Eatonville Road, LONDON, SW17 7SL, United Kingdom	48500			
Stuart Muir	27 OLD GLOUCESTER STREET, LONDON, WC1N 3AX	11000			
Jeannette Lichner	Old Kingsham Farm, Cooks Pond Road, Milland, Liphook, GU307JY	5000			
Hedron (Egbert Schaefer)	Hedron Management Consulting Pty. Ltd. 2319/ 20 Porter Street, RYDE NSW 2112, AUSTRALIA	4480.77			
SFGS Bronwen Gray	17 Pretoria Road London SW16 6RR	720			
Blaise Walshe	54 Ritherdon Road, SW17 8QG	6100			
Bennett Brooks	St George's Court, Winnington Avenue, Northwich, CW8 4EE	2790			
Taylor Vinters	Merlin Place, Milton Road, Cambridge, CB4 0DP	1800			
Kevin Ballinger Oakville	20-22 Wenlock Road, London, N1 7GU	53.50			
Tom Cropper	West Cottage, Morwenstow, Bude, Cornwall EX239SR	120			
Employees/ex-employees	TUPE				

Signature *[Signature]* Date 30/7/2019

Note: Although the total number of ex employees/employees and their global amounts outstanding to them are detailed in the main list of creditors, the specific information in relation to these creditors must be included in this schedule.

[illegible]

in class

30/7/2019

30/7/2019

COMPANY CONSUMER CREDITORS

[illegible]

Signature for Webb

Date 30/7/2019

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No. of shares held	Nominal Value	Details of Shares held
David Lawlor	46 Eatonville Road, LONDON, SW17 7SL, United Kingdom	35663	35.66	Standard
Jane Walshe	54 Ritherdon Road, London, SW17 8QG, United Kingdom	46459	46.46	Standard
Wolfgang Hauptfleisch	40 Cambria Road, London, SE5 9AE, United Kingdom	12955	12.96	Standard
Cristobal Conde	51 Lennox Gardens, Flat 8, London, SW1X 0DF	3424	.001	Standard
Jason Boud	The Hollies, 53 Main Street, Empingham, LE15 8PR	2768	.001	Standard
Coco Properties Limited	Flat 10 Ingram Lodge, 80 Kings Avenue, London, SW4 8BJ	1405	30002.65	Standard
SFC Nominees Limited	Rosemore, Heaton Grange Road, Romford, RM2 5PP	3512	74995.94	SEIS
Brendan Bradley	74 Monkams Avenue, Woodford Green, London, IG8 0ET	468	9993.76	SEIS
Charles Pontvianne	Flat 35, Whiston House, Bingham Court, Halton Road, London, N1 2DH,	703	15012	EIS
Hugh Andrew Raymond Taylor	Old Kingsham Farm, Cooks Pond Road, Milland, Liphook, GU30 7JY	235	5018.24	EIS
Mark Hunt	2 Silchester Close, Penenden Heath, Maidstone, ME14 2DF	1171	25005.77	EIS
Simon Lyell	10 Edinburgh House, 56/57 Courtfield Gardens, London, SW5	234	4996.88	SEIS
Steven Rose	Home Farm, North street, Rogate, Gu31 5bj	235	5018.24	EIS
Victoria Raffe	143 Lauderdale Tower, Barbican, London, EC2Y 8BY	235	5018.24	SEIS
Wendy Jephson	Holly Lodge, Cardigan Road, Marlborough Wilts, SN8 1LB	235	5018.24	EIS
Options Pool	NB unexercised options granted to Linda Firth - 2547 shares (EMI Scheme) Stuart Muir - 3219 shares Egbert Schaefer - 322 shares	468	9993.76	SEIS
		235	5018.24	EIS
		15804		
TOTALS		128786	250223.01	

[Signature]

Signature _____ Date 30/7/2019

DIRECTORS' STATEMENT OF AFFAIRS

Notes to the Directors' Statement of Affairs

1. None of the Company's assets have been professionally valued as they largely comprise of incomplete intellectual property and technology. Any valuation would have been highly subjective and speculative. The administrators ultimately relied on the market to validate/determine a price for these assets. In addition, all materially interested parties (including Waymark Tech) were trade buyers and would have used their own model to determine the value of the intellectual property.
2. Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "**Net property**" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The **prescribed part** is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000).

We will not be required to set aside the prescribed part of net property if:

- a. The net property is less than £10,000 and we think that the cost of distributing the prescribed part would be disproportionate to the benefit;
 - b. Or if the net property is more than £10,000, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds.
3. The claim of HM Revenue & Customs represents PAYE and NIC outstanding since May 2019.
 4. Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.
 5. The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

REMUNERATION AND EXPENSES

Total time spent to 8 August 2019 on this assignment amounts to 15.5 hours at an average composite rate of £263.32 per hour resulting in total time costs to 8 August 2019 of £4,081.50

To assist creditors in determining this matter, the following further information appears in this appendix:

- ☐ Begbies Traynor (Central) LLP's charging policy
- ☐ Pre-administration Time Costs Summary
- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value
- ☐ The Administrators' fees estimate
- ☐ Details of the expenses that the Administrators consider will be, or are likely to be, incurred.

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2017' which provides guidance on creditors' rights can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

Finally, the Association of Business Recovery Professionals (R3) has set up a website that contains a step-by-step guide designed to help creditors navigate their way through an insolvency process which includes information in relation to remuneration. You can access the website at the following address: <http://www.creditorinsolvencyguide.co.uk/>

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £150 per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates;

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*:

- Telephone and facsimile

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Paddington office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour) 1 December 2018 – until further notice
Partner	495
Director	445
Senior Manager	395
Manager	345
Assistant Manager	250
Senior Administrator	225
Administrator	175
Junior Administrator	140
Support	140

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

Time is recorded in 6 minute units.

PRE ADMINISTRATION TIME COSTS SUMMARY

CASE NAME: Enford Limited

CASE TYPE: Administration

OFFICE HOLDERS: Jeremy Karr and Simon John Killick

DATE OF APPOINTMENT: 25 July 2019

1 CASE OVERVIEW

1.1 This overview is intended to provide sufficient information to enable the body responsible for the approval of pre-administration costs to consider the level of those costs in the context of the case.

1.2 Time costs information

Details of the time spent by each grade of staff prior to the appointment of the administrators and the overall average hourly charge out rate for the pre-administration work are set out in the attached table.

Full details of the work undertaken by the administrators and their staff prior to appointment are set out below and in the Administrators' Statement of Proposals.

1.3 Overview of work undertaken prior to appointment

The following works were undertaken prior to our appointment as Administrators:

- Anonymised details of the business and assets for sale ("**the Teaser**") were distributed to 6 potentially interested trade parties (identified by JW) on 17 June 2019. A further 35 Private Equity Firms and investors were identified as potential interested parties who also each received the Teaser. Further teasers were issued throughout the process as additional interest was received.
- Each of the parties who had expressed an interest in receiving further information were requested to sign a Non Disclosure Agreement ("**NDA**"), following which access was provided to a Data Room which contained detailed financial information.
- Meetings and conference calls were arranged between BTG, the Company's management and the interested parties to address any queries and to enable them to progress their due diligence.
- Reviewed the offers put forward by the potential purchasers.
- Considered the alternative options available and accepted the offer likely to provide the best return for creditors.
- Advised the Company on:
 - whether an Administration appointment is expedient in the circumstances;
 - the alternatives to an Administration appointment;

- the appropriate process for appointing an administrator
- the conduct of the Company's affairs in the period prior to the appointment of administrators;
- Attend to all the necessary formalities relating to the appointment of administrators, including where necessary, instructing solicitors to assist with such formalities.
- Provide members of staff of an appropriate grade to undertake aspects of the instructions.
- Provide licensed insolvency practitioners to act as joint administrators of the Company.
- Entered into communication and liaised with the directors, shareholders, potential purchasers and solicitors acting for the proposed Administrators for the purposes of realising the Company's business and assets on a going concern basis upon commencement of the Administration.

1.4 Complexity of work undertaken prior to appointment

We were required to enter into direct communication and/or attend meetings and/or make conference calls with 41 potential purchasers and the directors for the purpose of validating/determining a realisable value of the Company's business and assets as it was considered inappropriate to seek advice from profession on their realisable value as they mainly comprise of the incomplete intellectual property and any valuation would have been highly subjective and speculative. We also entered into negotiations with the potential purchasers in order to agree a price for the assets and to address any queries and to enable them to progress their due diligence.

1.5 Exceptional responsibilities

Additional work has been carried out in the pre administration period that relates resolving whether there were corporate governance issues relating to the appointment of the board and their ability to act in instructing the proposed administrators.

1.6 The proposed Administrators' effectiveness

The work undertaken in the pre-appointment period has resulted in realisation of £200,000 in the Administration and the continued employment of all staff and contractors with no necessary redundancies.

1.7 The views of the creditors

The major creditors were aware of the proposed course of action at all times and the administrators appraised the investors and major creditors of the procedures and processes associated with the administration on various conference calls and emails.

1.8 Approval of fees, expenses and disbursements incurred in the period prior to appointment

The Administrators are seeking a resolution in relation to their pre-administration costs as follows:

- that the unpaid pre-administration costs detailed in the joint administrators' Statement of Proposals for achieving the purpose of administration, be approved for payment.

1.9 Expenses and disbursements incurred in the period prior to appointment where payment is proposed to be made to Begbies Traynor and/or another entity with Begbies Traynor Group

There have been no disbursements incurred that are payable to an entity within the Begbies Traynor Group.

1.10 Other professionals employed & their costs

Charles Russell Speechlys LLP ("CRS") were instructed for assistance with preparation of sale and purchase agreement and other necessary documentation and for advising the proposed Administrators generally. Their total time costs incurred during the pre administration period amount to £17,300 plus VAT. These costs are higher than originally expected as result of necessary work carried out by them as follows:

- (1) liaising with the buyer's solicitors (non-insolvency lawyers which resulted in further amendments by them to the SPA which were reinstated and explained to them); and
- (2) the issues concerning the articles of association and shareholder's agreement concerning the appointment formalities for Blaise Walshe and seeking to resolve those issues.

CRS have agreed to cap their fees at £15,000 plus VAT and their fees remain outstanding.

Taylor Vinters ("TV") were instructed for advice on the discrete matter of corporate governance whether there was any "ambiguity or conflict" between certain provisions contain in the Company's Articles of Association and the Shareholders' agreement. Their fees for the advice were agreed at £750 plus VAT which and remain outstanding.

SIP9 Enforced Limited - Administration - 01EN185.ADM : Time Costs Analysis From 25/07/2019 To 08/08/2019

Staff Grade	Consultant/Partner	Director	Sr Mgr	Mgr	Asst Mgr	Sr Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning												
Case planning												
Administration						1.8				1.8	405.00	225.00
Total for General Case Administration and Planning:						1.8				1.8	405.00	225.00
Compliance with the Insolvency Act, Rules and best practice		2.7								2.7	1,201.50	445.00
Appointment												
Banking and Bonding						0.4				0.4	90.00	225.00
Case Closure												
Statutory reporting and statement of affairs						8.1				8.1	1,822.50	225.00
Total for Compliance with the Insolvency Act, Rules and best practice:		2.7				8.5				11.2	3,114.00	278.04
Investigations												
CDDA and investigations												
Total for Investigations:												0.00
Realisation of assets												
Debt collection												0.00
Property, business and asset sales												0.00
Retention of Third Party assets												0.00
Total for Realisation of assets:												0.00
Trading												
Trading												0.00
Total for Trading:												0.00
Dealing with all creditors claims (including employees), correspondence and distributions												
Secured												0.00
Others												0.00
Creditors committee												0.00
Total for Dealing with all creditors claims (including employees), correspondence and distributions:												0.00
Other matters which includes seeking decisions of creditors, meetings, tax, litigation, pensions and travel												
Seeking decisions of creditors						2.5				2.5	562.50	225.00
Meetings												0.00
Other												0.00
Tax												0.00
Litigation												0.00
Total for Other matters:						2.5				2.5	562.50	225.00
Total hours by staff grade:		2.7				12.8				15.5		
Total time cost by staff grade:		1,201.50				2,880.00					4,081.50	
Average hourly rate £:		445.00				225.00			0.00			263.32
Total fees drawn to date £:											0.00	

ENFORCED LIMITED**THE ADMINISTRATORS' FEES ESTIMATE**

Further to our appointment as administrators, we are seeking to be remunerated on a time costs basis. Details of our firm's hourly charge-out rates are set out in the charging policy which accompanies this estimate. Prior to creditors determining the basis upon which we are to be remunerated, we are obliged to produce a fees estimate and to provide it to each creditor of whose details we are aware so that it can be approved at the same time as the basis of our remuneration.

Our fees estimate for the administration is set out below. Please note that blended hourly rates have been used which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column.

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	33.70	9,800.50	290.82
Compliance with the Insolvency Act, Rules and best practice	25.00	7,154.00	286.16
Investigations	7.20	1,946.00	270.28
Realisation of assets	2.00	670.00	335.00
Trading	0.00	0.00	0.00
Dealing with all creditors' claims (including employees), correspondence and distributions	5.70	1,606.50	281.84
Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures), meetings, tax, litigation, pensions and travel	8.10	2,064.50	254.88
Total hours	81.70		
Total time costs		23,241.50	
Overall average hourly rate £			284.47

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any work that is to be undertaken in any insolvency procedure following the administration.

Should creditors require further information on how this estimate has been produced this can be obtained from our website at <http://www.begbies-traynorgroup.com/fee-estimates>.

A more detailed explanation of the work that falls into the categories mentioned in the table above can be obtained from our website at <http://www.begbies-traynorgroup.com/work-details>.

Dated: 8 August 2019

ENFORCD LIMITED

**DETAILS OF THE EXPENSES THAT THE ADMINISTRATORS CONSIDER WILL BE, OR ARE LIKELY
TO BE INCURRED DURING THE COURSE OF THE ADMINISTRATION**

No.	Type of expense	Description	Estimate £
1.	Advertisements	Of appointment.	75.00
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	148.50
3.	Storage costs	An Insolvency Practitioner is required to retain relevant books and records of the insolvent entity in order to carry out his/her duties as office holder. In addition, following case closure the Insolvency Practitioner will retain his/her working papers to allow any queries or issues raised to be dealt with.	100.00
4.	Bank charges	An Insolvency Practitioner is required to operate a separate bank account in relation to the insolvent entity's estate	30.00
5.	Legal costs	We may need legal advice in relation to various matters in the administration. This may be in relation to matter that we are investigating or in relation to the adjudication of creditor claims.	2,500
6.	Agent and professional fees	<p>We will need to instruct tax accountants to submit the pre administration tax returns to ensure that any tax is properly accounted for with HMRC.</p> <p>We will also need to pay the costs of Lambert Labs in respect of their costs for assisting the administrators with the novation of the intellectual property to the purchaser.</p> <p>We will also need to meet the costs of the provider of the data room where we hosted the financial and other commercial information for inspection by prospective purchasers.</p>	5,500

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any expenses that will or may be incurred in any insolvency procedure following the administration.

APPENDIX

SIP 16 Statement

ENFORCD LIMITED (In Administration) ("the Company")

INFORMATION ABOUT THE COMPANY AND THE PRE-PACKAGED SALE OF THE COMPANY'S ASSETS AND UNDERTAKING ON 25 JULY 2019.

Background Information

Our proposals for achieving the purpose of the administration which will be sent to creditors as soon as practicable will provide detailed information in relation to the Company. The following background information is provided to assist creditors who may have limited knowledge of the Company and its affairs to better understand the reasons for the pre-packaged sale.

The Company was incorporated in September 2015 to provide financial services, regulatory news and enforcement case updates to clients via a platform and an application that the Company developed. It should be noted here that the intellectual property and technology that the Company has developed since incorporation remained incomplete and pre-revenue generating at the time that the Company instructed Begbies Traynor to market the business and assets for sale via a pre-pack administration.

Notwithstanding the above, the Company gained significant industry recognition for its product and was able to attract investment. In July 2016 the Bank of England accepted the Company onto its FinTech Accelerator. In March 2017 the Company was a Citi Tech for Integrity finalist and between April 2017 and January 2018 was accepted on to the UK Department for International Trade RegTech Mission to New York and onto the CBA Innovation Lab.

In April 2018 the Company had attracted various clients to sign up for pilot schemes across various industries including data providers, stock exchange platforms, insurance, and asset management.

The Company's seed investment round completed in March 2018 with the sum of £250,000 being invested.

The Directors of the Company are Jane Walshe and Blaise Walshe. The Company employed two full time members of staff as well as various staff who worked on a contract basis.

The reasons for the Company's insolvency

The Company began to experience financial difficulties as a consequence of a round of pitches made between August and November 2018 to thirty two funds, venture capitalists and angel investors in which the Company sought further investment which was necessary to grow the business to the next stage and to put it in a position to start driving revenue. This round of pitches resulted in one party offering to invest a further £50,000 and two current investors also agreeing to match this offer and introduce a further £50,000. The Directors took the view that this level of

investment would be insufficient to grow the business successfully.

The Company's cash reserves were significantly reduced at this point and the Directors were considering how much longer the Company would be able to trade.

In November 2018, the Directors received an expression of interest from a third party to acquire the shares in the Company and in December 2018 a tax rebate was received from HMRC in the sum of £60,000 that meant the Directors decided to keep the Company trading as a going concern to explore the potential sale.

Discussions ensued with the potential purchaser towards the end of 2018 but for various reasons this sale did not progress. During the course of 2019 the Directors considered and pursued various other alternative restructuring and sale propositions but as the Company was not yet producing annual recurring revenue this proved difficult.

The Company was insolvent on a balance sheet basis and was also running out of cash such that without further loans from the Directors/investors, the Company would also be insolvent on a cash flow basis by the end of June 2019.

In the event, an indicative offer was received from Waymark Tech Limited ("**Waymark**") to acquire the business and assets for £250,000. Waymark is a non associated Company, notwithstanding that there are two common minority shareholders.

The reasons for the pre-packaged sale

Due consideration was given as to whether the Company should go into Liquidation, enter into a Company Voluntary Arrangement ("CVA") or enter into Administration.

The Company had no recurring revenue streams and the cash funds in place from the tax refunds and loans from the Directors were running out. Therefore there was no basis for a CVA.

The nature of the intellectual property and technology that the Company had developed meant that a sale as a going concern was desirable as it would allow the continuity of the platform and application and maximise the value of the intellectual property and the associated goodwill.

The prescribed notice periods applicable to the Liquidation process would have a direct effect on the marketability of the business due to the negative publicity. The Company's creditor profile was such that on the strength of the indicative offer from Waymark the Company may have been marginally solvent on a balance sheet basis. There was consideration given as to whether the business could be sold from a solvent liquidation (Members' Voluntary Liquidation or MVL). There were two main reasons for deciding against this route. Firstly, the offer from Waymark was subject to a period of due diligence and therefore may have been reduced following such investigations. Secondly, without certainty on the exact costs of liquidation, the Directors did not feel that a declaration of solvency could be reliably sworn.

It was considered that the administration route would provide the best overall return by way of a sale of the business and assets.

The statutory purpose of administration that was pursued

In accordance with paragraph 3(1)(b), Schedule B1 of the Insolvency Act 1986, the Administrators pursued the purpose of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration). More information about the statutory purpose can be found in the Proposals that will be issued in due course. The Joint Administrators consider that by virtue of the completion of the pre-packaged sale and the comparison to other scenarios, the statutory purpose has largely been achieved.

FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE

Who was the source of Begbies Traynor (Central) LLP's initial introduction to the Company?

The Directors initially approached Begbies Traynor through the external website enquiry platform in August 2018. There was no prior relationship with the Directors, the Company or any of its investors/shareholders.

What was the extent of Jeremy Karr and Simon Killick, their associates and Begbies Traynor (Central) LLP's involvement with the Company before appointment?

As above, the initial contact was made with Simon Killick and Jeremy Karr in August 2018. As per the background information earlier in this document, this was at the time that the Directors first became concerned about the potential for further investment at a level that would be sustainable and appropriate for the required growth to the next stage.

Given the expressions of interest regarding potential acquisitions that followed towards the end of 2018 and into 2019, together with the cash flow issues being alleviated through tax rebates, the Directors continued to trade while these rescue options were given the opportunity to come to fruition.

By June 2019, with all other rescue options having fallen away, the offer from Waymark in place, and an expectation that such a sale would be carried out by way of a pre-pack administration Simon Killick and Jeremy Karr were engaged under a Letter of Engagement dated 13 June 2019 to provide advice to the Company regarding its financial situation and assist with an accelerated sales process ("**AMA**").

Prior to their appointment, the proposed administrators advised the Company and not the Directors on their personal position. The Directors were encouraged to take independent advice.

Please note that negotiations with the purchaser in relation to the pre-packaged sale were conducted by Simon Killick and Jeremy Karr prior to their formal appointment as administrators and not by the Directors of the Company. It was made clear to the Directors that once Simon Killick and Jeremy Karr were appointed as administrators that their responsibilities would be to

act in the best interests of the Company's creditors. This would mean that they could no longer provide advice to the Company and that their duties to the Company would cease. They would be required to take custody or control of the Company's property and assets and to manage the affairs, business and property of the Company in accordance with the approved proposals of the administrators.

Was the business or were the assets of the Company acquired from an insolvency practitioner prior to this pre-packaged sale?

No.

Details of the marketing of the business and assets of the Company that were undertaken prior to the pre-packaged sale

Under the terms of the Letter of Engagement we were instructed to market the business and assets for sale through an AMA. This was to be carried out by BTG Advisory ("**BTG**"), a member of the Begbies Traynor Group. Prior to the marketing period managed by BTG, Simon Killick and Jeremy Karr were informed of an indicative offer made by Waymark to acquire the business and assets of the Company for £250,000. The offer amount was however subject to due diligence being carried out.

A summary of the marketing undertaken by BTG is detailed below:

- Anonymised details of the business and assets for sale ("**the Teaser**") were distributed to 6 potentially interested trade parties (identified by the Directors) on 17 June 2019. A further 35 Private Equity Firms and investors were identified as potential interested parties who also each received the Teaser. Further Teasers were issued throughout the process as additional interest was received.
- Each of the parties who had expressed an interest in receiving further information were requested to sign a Non Disclosure Agreement ("**NDA**"), following which access was provided to a Data Room which contained detailed financial information.
- Meetings and conference calls were arranged with BTG, the Company's management *and the interested parties to address any queries and to enable them to progress their due diligence.*
- The timescale for completion of the sale was a key concern for many prospective buyers. In addition, as the intellectual property was the main driver for this acquisition, some interested parties could not get comfortable with the transfer process of this asset and therefore decided not to proceed with an offer.
- The administrators received 2 offers to acquire the assets of the Company. The offer which, in the administrators' view, resulted in the best return for creditors was made by Waymark. Accordingly, after considering the alternative options available, the decision was taken to accept the offer from Waymark ("**the Purchaser**") on 5 July 2019.
- The sale has resulted in the continued employment of all staff and contractors with no

necessary redundancies.

- The Purchaser's offer was to acquire all of the assets of the Company for the price of £200,000 payable by cash ("**the Proposed Transaction**").
- The Proposed Transaction was conditional upon the following:
 - the Purchaser conducting financial, legal and commercial investigations into the assets and employees of the Company;
 - each of the Company's employees entering into new service contracts with the Purchaser;
 - both the Purchaser and administrators signing a legally binding sales and purchase agreement.

What valuations of the Company's undertakings and assets were obtained?

None. As the intellectual property is not complete, any valuation would have been highly subjective and speculative. The administrators ultimately relied on the market to validate/determine a price for this asset. In addition, all materially interested parties (including Waymark) were trade buyers and would have used their own model to determine the value of the intellectual property.

What security (if any) has the Company provided to its creditors?

No security has been granted by the Company to any of its creditors.

What alternative courses of action were considered by Jeremy Karr and Simon John Killick?

As discussed above, various other courses were considered. A sale through a solvent liquidation was considered and then discounted as not being viable and. The prescribed notice periods applicable to Creditors' Voluntary Liquidation process would have a direct effect on the marketability of the business due to the negative publicity.

As no valuation of the intellectual property was carried out (for the reasons given above) the marketing exercise was carried out to test the value and the offer received from Waymark.

Why was it not appropriate to trade the business during the administration in order to offer it for sale as a going concern?

There were no funds remaining in the Company to allow a period of trade in administration. Moreover, there was no offer of third party funding available from the Directors or any of the investors to facilitate a period of trade in administration.

Moreover, there were no tangible assets on which to secure external borrowing to enable the administrators to trade the business.

Without such funding, the operation would have ceased upon the appointment of the administrators and the integrity and value of the intellectual property would have been

significantly eroded.

What requests were made to potential funders to fund working capital requirements during the administration?

The Directors had been seeking further investment from the investors throughout 2018 and 2019 but in the event no further funding was forthcoming. The Directors took steps to inject some further capital in the period immediately prior to the administration to cover the final period salaries but no further funds were available.

What efforts were made to consult major creditors?

Given Jane Walshe's position as the majority creditor in the administration, the administrators engaged with her on the proposed pre-pack sale process through an initial meeting in June 2019 and provision of information thereafter via telephone calls and emails.

Details about the mechanisms of a pre-pack administration, its purpose and the duties of the proposed administrators were also given to the investors of the Company on various conference calls in June 2019. *Certain investors on that call were also major creditors and so all major creditors have been kept informed of the process and have consented to the process.*

What was the date of the transaction?

The pre-pack sale of all of the assets of the Company to Waymark was made on 25 July 2019.

What were the assets sold and what was the nature of the transaction?

The following assets of the Company were sold to Waymark Tech Limited:

- Goodwill
- Plant and Machinery
- Seller's Records
- Customer Contracts
- Intellectual Property
- Rights, Trademarks
- Code and Technology
- Content Data
- Client Relationships
- Partner Relationships

What was the consideration for the sale, including payment terms, and other conditions of the contract that could materially affect the consideration?

The total cash consideration for the sale was £200,000 and there was a condition that the employees sign new service contracts.

Is the sale part of a wider transaction? If so a description of the other aspects of the transaction

No.

Who was the purchaser?

Waymark Tech Limited.

Is there a connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates?

The administrators are not aware of any connection between the purchaser and the Directors, or creditors of the Company or their associates. As details above, there are two minority investors of the Company who are also minority investors of Waymark. These are SFC Nominees Limited and Brendan Bradley. The shareholdings in both the Company and Waymark are non-controlling such that there is no association with reference to Section 435 of the Insolvency Act.

Are any directors, or former directors, of the Company or their associates involved in the management, financing or ownership of the Purchaser, or of any other entity into which any of the assets have been transferred? If so, who are they?

From information obtained at Companies House and from information provided by the directors, the administrators are not aware of the directors, or former directors of the Company being involved in the management of the Purchaser or any other entity into which the assets have been transferred.

The pre-pack pool has not been approached by the purchaser however a viability statement has been provided by the purchaser and is attached to this document.

Had any directors of the Company given guarantees for amounts due from the Company to a prior financier? Is that financier financing the new business?

The Directors have informed the administrators that they have given no guarantees to a prior financier.

What options, buy-back arrangements, deferred consideration or other conditions are attached to the contract of sale?

The administrators included a clause in the sale contract that provided for the Company to be financially compensated if the purchaser should sell the business and assets on within a 12 month period for a profit. This is widely known as an anti-embarrassment clause.

BUSINESS OVERVIEW

	July	August	September	October	November	December	January	February	March	TOTAL Y2	April	May	June	July	August	September	October	November	December	January	February	March	TOTAL Y3
STARTING CASH	469,424	709,367	697,395	686,822	708,757	682,797	650,509	607,101	546,011		475,476	443,331	413,474	385,306	373,193	357,449	344,260	333,626	315,649	310,026	321,226	335,649	
TOTAL REVENUE	44,735	52,306	44,873	38,944	33,151	26,556	27,111	56,000	57,889	431,079	59,778	75,833	78,389	80,944	83,000	86,056	86,611	505,333	308,556	111,778	115,000	118,222	3,112,000
GROSS MARGIN	44,735	52,306	44,873	38,944	33,151	26,556	27,111	56,000	57,889	431,079	59,778	75,833	78,389	80,944	83,000	86,056	86,611	505,333	308,556	111,778	115,000	118,222	3,112,000
TOTAL OPEX	40,608	45,313	55,308	30,371	70,833	70,833	76,958	87,646	87,646	685,025	87,846	87,846	87,846	87,846	94,133	94,133	94,133	94,133	94,133	94,133	94,133	94,133	1,104,850
EBITDA	4,127	6,993	-10,435	8,574	-37,682	-44,278	-49,847	-31,646	-29,757	-213,947	-28,168	-12,113	-9,557	-7,001	-10,633	-8,078	-5,522	11,200	14,422	19,644	20,867	24,069	7,150
TOTAL CAPEX	0	0	0	0	0	0	0	0	10,000	10,433	0	0	0	0	0	0	0	10,000	0	0	0	0	10,000
ENDING CASH	459,387	677,395	686,822	708,757	682,797	650,509	607,101	546,011	475,476		443,331	413,474	385,306	373,193	357,449	344,260	333,626	315,649	310,026	321,226	335,649	351,793	
CASH BURN	30,457	10,872	10,578	-21,835	25,960	31,889	43,807	61,090	70,535		31,946	30,057	28,168	12,113	15,744	13,289	10,633	18,078	5,522	-13,700	-14,422	-17,644	
RUNWAY (BOM)	13	23	64	65	-32	26	20	14	9		7	14	14	14	31	23	26	31	17	56	78	-23	
HEAD COUNT	6	15	16	17	19	19	20	21	21		21	21	21	21	21	21	21	21	21	21	21	21	

WaymarkTech

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	Simon John Killick
Company name	Begbies Traynor (Central) LLP
Address	24 Conduit Place
	London
Post town	W2 1EP
County/Region	
Postcode	
Country	
DX	London.Paddington@begbies-traynor.com
Telephone	020 7262 1199

**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