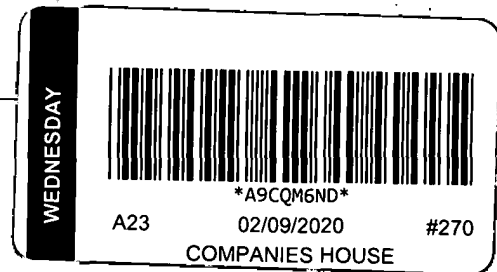


AM03

Notice of administrator's proposals



Companies House



1 Company details

Company number 1 1 7 1 3 9 5 3

Company name in full Spraytech Coachworks Ltd t/a Spraytech

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

2 Administrator's name

Full forename(s) Amie Helen

Surname Johnson

3 Administrator's address

Building name/number 1 Kings Avenue

Street

Post town London

County/Region

Postcode N 2 1 3 N A

Country

4 Administrator's name ①

Full forename(s) Ninos

Surname Koumettou

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

5 Administrator's address ②

Building name/number 1 Kings Avenue

Street

Post town London

County/Region

Postcode N 2 1 3 N A

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

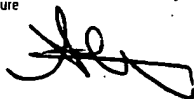
7

Sign and date

Administrator's
Signature

Signature

x



x

Signature date

d

0

d

2

m

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m

9

y

2

y

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y

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y

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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 **Samantha George**

Company name **Begbies Traynor (Central) LLP**

Address **1 Kings Avenue**

Post town **London**

County/Region

Postcode **N 2 1 3 N A**

Country

DX **DX 36953 Winchmore Hill**

Telephone **020 8370 7250**



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

2 September 2020

Our Ref: SP178ADM/AHJ/NK/S
G/LI/ADM1024P

Your Ref:
Contact: Samantha George
DD: 0208 370 7250

TO ALL KNOWN MEMBERS AND CREDITORS

Dear Sir / Madam,

SPRAYTECH COACHWORKS LTD T/A SPRAYTECH (In Administration) ("the Company")

As you are aware from previous correspondence, the Company entered into administration on 15 July 2020.

In accordance with statutory requirements, I am writing to inform you that our Statement of Proposals, which includes information on the background to the Administration and the actions that have been taken since our appointment are available for viewing and download at <https://nexttranet.begbies-traynor.com>. The following Login Name and Password will be required to view or download them:

Login Name: SP178ADM
Password: TsQ6a2Av

A hard copy of our Proposals will be provided at no cost upon request made to Samantha George who can be contacted either by telephone on 0208 370 7250, by e-mail at samantha.george@btguk.com or by post at 1 Kings Avenue, London, N21 3NA.

Approval of our Proposals

As we anticipate 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, we are required to seek a decision from the Company's creditors as to whether they approve our Proposals.

We intend to deal with this via a virtual meeting provided for by the Insolvency legislation. A notice providing further information about this procedure is enclosed with this letter.

Administrators' Remuneration

We are also required to seek the approval of creditors to the basis of our remuneration for acting as Administrators (which may include any unpaid pre-administration costs) and the charging of Category 2 disbursements. We intend to deal with this by seeking decisions of creditors via a virtual meeting and enclosed with this letter is a notice providing further information about the meeting and the decisions being sought at the meeting.

1 Kings Avenue, London, N21 3NA
T: 020 8370 7250 F: 020 8370 7251 E: london.north@btguk.com W: www.begbies-traynor.com

Begbies Traynor is a trading name of Begbies Traynor (Central) LLP, a limited liability partnership, registered in England No: OC306540, registered office 340 Deansgate, Manchester, M3 4LY

Amie Helen Johnson is licensed in the United Kingdom to act as an Insolvency Practitioner by the Insolvency Practitioners Association.

Ninos Koumettous is licensed in the United Kingdom to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England and Wales.

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office. A member of the Begbies Traynor Group; Specialist Professional Services www.begbies-traynorgroup.com

Partners, Directors, and Consultants acting as administrators or administrative receivers contract as agents and without personal liability.

Details of the work we propose undertaking in the Administration and the expenses we consider will be, or are likely to be, incurred can be found in our Proposals. I am required to provide all creditors with this information before any decision is made regarding the basis of our remuneration and the charging of disbursements.

Creditors seeking information on their rights in relation to our remuneration as administrators and the payment of expenses can obtain a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2017 online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

Creditors' Committee

Creditors may decide whether a creditors' committee should be established in the Administration. Please note that a committee cannot be formed unless a majority of voting creditors resolve to establish one. A committee in an Administration must also have at least three but not more than five members.

Information on the role of a creditors' committee can be found at <https://www.begbies-traynorgroup.com/services-to/creditors/creditors-guides>

We are also therefore seeking a decision of creditors via a virtual meeting on this matter and the enclosed Proxy Form allows you to indicate whether you wish to vote in favour of the establishment of a creditors' committee and if so, to make any nominations for representation on the committee.

Please note that if a creditors' committee is formed, it will be for the committee to approve the basis of our remuneration, rather than the general body of creditors.

Next steps

Enclosed is a Proxy Form to enable you to vote in the Administration. I would ask you to complete and return this form to our office by no later than Friday 18 September 2020 together with a proof of debt form (unless a proof has already been submitted) or your vote will be disregarded as will any Proxy Forms returned after this date.

Notice about future communications

In order to minimise the costs of the Administration, and therefore maximise any return to the Company's creditors, we hereby give notice that all future documents in the proceedings will be made available for viewing and download at <https://nextranet.begbies-traynor.com> without further notice to creditors and that we will not be obliged to deliver any such documents, unless they belong to the following categories:

- a document for which personal delivery is required;
- a notice of intention to declare a dividend;
- a document which is not delivered generally to all, or a class of creditors or members; or
- a document which we consider should be brought to the attention of creditors.

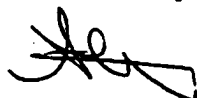
Documents which will be made available for viewing and download will include the following:

Document	Timetable for making available for viewing and download
Progress report	Within one month of each 6 month period from the date our appointment

Please note that hard copies of all documents currently available on the website and all future documents which may be made available, can be requested at any time at no cost, by contacting Samantha George whose contact details are above.

If you have any queries in relation to the contents of this letter or what is being proposed, please contact Samantha George whose contact details are above.

Yours sincerely
For Spraytech Coachworks Ltd t/a Spraytech



Amie Johnson LLB (Hons) MIPA MABRP
Joint Administrator

Encs

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

NOTICE OF DECISIONS BEING SOUGHT TO BE MADE BY A DECISION PROCEDURE – BY VIRTUAL MEETING

**Spraytech Coachworks Ltd t/a Spraytech (Registered number: 11713953)
(In Administration) ("the Company")**

This notice is given pursuant to Section 246ZE of the Insolvency Act 1986 ("the Act") and Rule 15.8 of Part 15 of the Insolvency (England and Wales) Rules 2016 ("the Rules").

Court details:

Court Name: High Court of Justice Business and Property Courts in Birmingham
Court Number: CR-2020-BHM-000393

Office-holder details:

Amie Helen Johnson and Ninos Koumettou, both of Begbies Traynor (Central) LLP were appointed as Joint Administrators of the Company on 15 July 2020.

THE PROPOSED DECISIONS

Amie Helen Johnson ("the Convener") is seeking that the following decisions be made by the Company's creditors by virtual meeting:

1. *That the joint administrators' proposals for achieving the purpose of the administration, as set out in the document entitled Statement of proposals for achieving the purpose of administration, be approved.*
2. *That the unpaid pre-administration costs as detailed in the joint administrators' Statement of proposals for achieving the purpose of administration, be approved for payment.*
3. *That the joint administrators' remuneration be fixed on a mixture of the various bases as set out in their Statement of proposals for achieving the purpose of administration.*
4. *That the joint administrators be authorised to draw disbursements for services provided by their firm and/or entities within the Begbies Traynor group, in accordance with their firm's policy, details of which accompanied their Statement of proposals for achieving the purpose of administration.*
5. *That the joint administrators be discharged from liability in respect of any action of theirs as administrators, pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986 with effect from the date their appointment as joint administrators ceases to have effect.*
6. *Whether a creditors' committee should be established if sufficient creditors are willing to be members of a committee and if so, who creditors' wish to nominate for membership of the committee.*

Meeting arrangements

The virtual meeting of creditors will be held on Friday 8 September 2020 at 11am ("the Decision Date").

ENSURING YOUR VOTES ON THE PROPOSED DECISIONS ARE COUNTED

In order for votes on the Proposed Decisions to be counted, a creditor must have delivered the Proxy Form accompanying this notice, together with a proof in respect of their claim (unless a proof has already been submitted) to the Convener, whose contact details are below, on or before Friday 18 September 2020 ("the Decision Date"), failing which their votes will be disregarded.

Appeal of Convener's decision

Pursuant to Rule 15.35 of the Rules, any creditor may apply to the court to appeal a decision of the Convener. However, an appeal must be made within 21 days of the Decision Date.

Creditors' committee – nominations

In relation to the proposed decision set out above in relation to the formation of a committee, any nominations for membership of the committee must be received by the Convener by no later than the Decision Date and will only be accepted if the Joint Administrators are satisfied as to the nominee's eligibility to be a member of such committee under Rule 17.4 of the Rules. Please note that nominations for membership can be made on the Voting Form accompanying this notice.

Creditors with a small debt

Please note that an office-holder may, depending on the particular 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 the creditor having to submit a proof in respect of their claim. Where this is intended, notice will be given by the office-holder to the affected creditors. Please note that a creditor who has received such a notice, must still deliver a proof in respect of their claim (unless a proof has already been submitted) by no later than the Decision Date if they wish to vote on the Proposed Decisions.

Creditors who have opted out of receiving notices.

Any creditor who has opted out of receiving notices but still wishes to vote on the Proposed Decisions is entitled to do so. However, they must have delivered a completed Voting Form, together with a proof in respect of their claim (unless a proof has already been submitted) to the Convener, whose contact details are below, by no later than the Decision Date, failing which their votes will be disregarded.

Request for a physical meeting

Creditors who meet certain thresholds prescribed by the Act, namely 10% in value of all creditors, 10% in number of all creditors or 10 creditors, may require a physical meeting to be held to consider the Proposed Decisions. For this purpose, creditors are those who are entitled to vote. Such a request must be made in writing to the Convener (contact details below), within 5 business days from Friday 18 September 2020. In order to enable the Convener to determine whether a threshold has been met, any such request must also be accompanied by a proof (unless a proof has already been submitted).

Contact details

Documents required to be delivered to the Convener pursuant to this notice can be sent by post to Begbies Traynor, 1 Kings Avenue, London, N21 3NA, or alternatively by e-mail to samantha.george@btguk.com. Any person who requires further information may contact Samantha George by telephone on 0208 370 7250 or alternatively by e-mail at samantha.george@btguk.com.

Dated: 2 September 2020

Signed:


Convener

Specific Proxy (Administration)**SPRAYTECH COACHWORKS LTD T/A SPRAYTECH
(In Administration)**

Notes to help completion of the form

Please give full name and address for communication

Please insert name of person (who must be 18 or over) or the "chair of the meeting" (see note below) if you wish to provide for alternative proxy-holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Please delete words in brackets if the proxy-holder is only to vote as directed i.e. he/she has no discretion

Please delete as appropriate*

Name of creditor

Address

Name of proxy-holder

1

2

3

I appoint the above person to be my/the creditor's proxy-holder at the meeting of creditors to be held on , or at any adjournment of that meeting. The proxy-holder is to propose or vote as instructed below [and in respect of any decision for which no specific instruction is given, may vote or abstain at his/her discretion].

Voting instructions for decisions:

1. That the joint administrators' proposals for achieving the purpose of the administration, as set out in the document entitled Statement of proposals for achieving the purpose of administration, be approved.

I am *in Favour / Against

Votes on the following decisions will only be used if a creditors' committee is not formed

2. That the unpaid pre-administration costs as detailed in the joint administrators' Statement of proposals for achieving the purpose of administration, be approved for payment.

I am *in Favour / Against

3. That the joint administrators' remuneration be fixed on a mixture of the various basis as set out in their Statement of Proposals for achieving the purpose of the administration.

I am *in Favour / Against

Any other decisions which the proxy-holder is to propose or vote in favour of or against should be set out in numbered paragraphs in the space provided below. If more room is required please use the other side of this form

4. That the joint administrators be authorised to draw disbursements for services provided by their firm and/or entities within Begbies Traynor group, in accordance with their firm's policy, details of which accompanied their Statement of proposals for achieving the purpose of administration.

I am *in Favour / Against

5. That the joint administrators be discharged from liability in respect of any action of theirs as administrators, pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986 with effect from the date their appointment as joint administrators ceases to have effect.

I am *in Favour / Against

If you stated that you would like a creditors' committee to be formed please also provide any nomination for membership

6. That a creditors' committee be established.

I am *in Favour / Against

If you are in favour of the establishment of a creditors' committee, please complete the nomination section below:

I wish to nominate _____ (insert name)

representing _____ (insert name of creditor)

to be a member of the creditors' committee

Such nominations for membership can only be accepted if we are satisfied as to the creditor's eligibility under Rule 17.4.

This form must be signed

Signature _____ Dated _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

Is the signatory the sole member of a body corporate?

YES / NO

CREDITOR PROOF OF DEBT FORM – (In Administration)

NAME OF COMPANY	Spraytech Coachworks Ltd t/a Spraytech
REGISTERED COMPANY NUMBER	11713953
TRADING ADDRESS	222 Alma Road, , Enfield, Middlesex
RELEVANT DATE	

Name of creditor	
Address of creditor	
Telephone number of creditor	
Email address	
<p>Total amount of claim, including VAT and outstanding uncapitalised interest as at the relevant date (see above).</p> <p>Where payment is made or set-off applied after the relevant date this should be deducted and relevant deductions disclosed.</p>	£ _____
Details of any document by reference to which the debts can be substantiated.	
Details of goods or services to which the claim relates.	
<p>Details of whether the whole or any part of your claim is preferential under section 386 of, and Schedule 6 to, the Insolvency Act 1986.</p>	<p>Category</p> <p>Amount(s) claimed as preferential £ _____</p>
If the total amount above includes outstanding uncapitalised interest please state the amount.	

	£ _____
Particulars of any security held, the value of the security and the date it was given. Please explain how you valued your security.	£ _____
Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
Signature of creditor or person authorised to act on behalf of creditor.	
Name in BLOCK CAPITALS	
Position or relationship with creditor	
Address of person signing (if different from address above)	
Date _____	
<p align="center">PLEASE ATTACH A DETAILED STATEMENT OF ACCOUNT or other particulars of how the debt arose</p>	

ACKNOWLEDGEMENT OF CLAIM

<p>I acknowledge receipt of a claim of £ _____ including VAT, as detailed above.</p> <p>This acknowledgement does not necessarily admit the claim to rank for dividend.</p>	<p>Signed _____</p> <p>for Amie Helen Johnson and Ninos Koumettou, Joint Administrators</p>
<p>Date _____</p>	<p align="right">Begbies Traynor (Central) LLP 1 Kings Avenue, , London</p>

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.

Spraytech Coachworks Ltd t/a Spraytech (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.

Contents

- ☐ Interpretation
- ☐ Statutory information
- ☐ Details of appointment of administrators
- ☐ Circumstances giving rise to our appointment
- ☐ Statement of affairs
- ☐ The administration period
- ☐ Estimated outcome for creditors
- ☐ Proposals for achieving the purpose of the administration
- ☐ Pre-administration costs
- ☐ Remuneration and disbursements
- ☐ Other information to assist creditors
- ☐ Conclusion
- ☐ Appendices
 - 1. Account of receipts and payments
 - 2. Statement of Affairs
 - 3. Remuneration and expenses
 - 4. SIP 16 Statement

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Spraytech Coachworks Ltd t/a Spraytech (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 15 July 2020
"the administrators", "we", "our", "us"	Amie Helen Johnson and Ninos Koumettou of Begbies Traynor (Central) LLP, 1 Kings Avenue, London, N21 3NA
"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	Spraytech Coachworks Ltd						
Trading name(s):	Spraytech						
Date of Incorporation:	5 December 2018						
Company registered number:	11713953						
Company registered office:	1 Kings Avenue, Winchmore Hill, London, N21 3NA						
Former registered office:	222 Alma Road, Enfield, Middlesex, EN3 7BB						
Trading address(es):	222 Alma Road, Enfield, Middlesex, EN3 7BB						
Principal business activities:	Accident & Mechanical Repair Centre						
Directors and details of shares held in the Company (if any):	<table><thead><tr><th>Name</th><th>Shareholding</th></tr></thead><tbody><tr><td>Dominic Peter Fiore</td><td>Nil</td></tr><tr><td>John Michael Durrant</td><td>Nil</td></tr></tbody></table>	Name	Shareholding	Dominic Peter Fiore	Nil	John Michael Durrant	Nil
Name	Shareholding						
Dominic Peter Fiore	Nil						
John Michael Durrant	Nil						
Company Secretary and details of the shares held in Company (if any):	<table><tbody><tr><td>Name:</td></tr><tr><td>No Secretary Appointed</td></tr></tbody></table>	Name:	No Secretary Appointed				
Name:							
No Secretary Appointed							
Auditors:	None						
Share capital:	5,000,104						
Shareholders:	Palace Group Holdings Ltd						

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	15 July 2020
Date of resignation:	N/A
Court:	High Court of Justice Business and Property Courts in Birmingham
Court Case Number:	CR-2020-BHM-000393
Person(s) making appointment / application:	Dominic Peter Fiore of 28 Prior Street, London, SE10 8SF

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 on 5 December 2018 by the former owners / directors. The Company subsequently acquired the business of a previous associated company, Spraytech Group of Companies Ltd, that traded from premises at 222 Alma Road, Enfield, and began trading in March 2019 from the same premises. The trading activities were that of a specialist accident and mechanical repair centre, working directly with insurance companies and accident management networks.

On 9 July 2019, Palace Group Holdings Ltd, a special purpose holding company, acquired the shares in the Company from the former shareholders, the Charalambous family. The Charalambous family took a Debenture over the Company by way of a guarantee against all monies due from Palace Group Holdings Limited under that share sale agreement. It was the intention of the group to raise additional

financing to facilitate business growth. This was achieved however at a far lower level than had originally been anticipated. From time to time, the new ownership of the business traded below profit expectation and disagreements on strategy at Board level, going into the final quarter of 2019, meant that the focus was taken away from the day to day management of the Company. Losses were incurred in November and December 2019 and, although revenues increased in January and February 2020, the knock-on effect of the previous poor period meant that cash flow was strained and, consequently, work-flow suffered.

The subsequent impact of Covid-19 had a devastating impact on the Company's revenue and its ability to continue to trade as a going concern.

An initial meeting was held with the Company's managing director, Mr Dominic Fiore, during which it became apparent that the Company did not have sufficient funds available to it, or assets that could be sold to enable it to settle all liabilities as and when they fell due.

In addition, we were advised that the Company's shareholder, Palace Group Holdings Limited ("PGHL"), one of whose directors was also Mr Fiore, was in dispute with the original owners, the Charalambous family, who were also the Company's Debenture Holder. The dispute related to the monies due under the terms of the Share Sale Agreement dated 9 July 2019 and a settlement / final completion account. Further, PGHL was itself struggling financially and was not certain that it would be in a position to honour any final settlement agreement which may ultimately have been agreed.

It was therefore envisaged that a settlement would need to be agreed by all parties to include termination of all claims, both present and future, in relation to any warranties and / or indemnities. In addition, it was anticipated that a new buyer should stand in the place of PGHL with a view to honouring any final settlement agreed with the original owners, pertaining to the original share sale agreement.

Solicitors for all parties had been instructed with a view to agreeing a strategy in relation to this matter but it was clear that, notwithstanding these other issues, the Company itself would need to enter some form of insolvency process. It was considered that this should take place simultaneously with any settlement entered into between the original owners, PGHL and any new prospective owner.

Following our initial meeting, negotiations continued between the respective parties in relation to the share sale and subsequent settlement and we subsequently received confirmation that an agreement in this respect had been reached and agreed by the requisite parties.

5. STATEMENT OF AFFAIRS

The directors have not yet submitted a Statement of Affairs for the Company as at 15 July 2020. The Joint Administrators have therefore produced a draft Statement of Affairs, which is attached at Appendix 2. It makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement. The directors will be required to submit a signed Statement of Affairs, which will be filed at Companies House once received.

Our comments on the statement of affairs are set out further below in this report.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 15 July 2020 to 1 September 2020.

The sum of £12,000 was also paid by the Company to the Administrators in anticipation of their appointment and on account of the costs to be incurred in dealing with this matter.

Receipts

As previously advised in our SIP16 Statement, a copy of which is attached at Appendix 4, a sale of the Company's business, goodwill and assets took place on 15 July 2020 to AD Williams (Enfield) Ltd for the sum of £150,000. The sum of £15,000 was received, by way of the initial instalment, upon completion and is currently being held by our solicitors.

As part of the sale, it was further agreed that the net rent deposit, as referred to further above, would also be paid by the purchaser upon completion and I can confirm that these monies were also received and are currently being held by our solicitors.

It was further agreed, in accordance with the terms of the sale, that the sum of £2,400 would be paid by the purchaser towards the Joint Administrators legal fees, incurred in dealing with this matter, and I can confirm that these monies were also received and are currently being held by our solicitors.

A further sum of £2,711.57 has also been received from AD Williams (Enfield) Ltd in relation to debtor monies that were due to the Company which they received in error.

Payments

No payments have, to date, been made from the funds held in the estate.

Work undertaken by the Administrators and their staff

Begbies Traynor (Central) LLP were engaged to undertake an accelerated sale of the Company's business, goodwill and assets through a pre-pack administration process. This culminated in a sale of the Company's business, goodwill and assets to AD Williams (Enfield) Ltd on 15 July 2020 for the sum of £150,000.

Following our appointment, we have also liaised with the Company's director and its secured creditor, Smart Business Link ("SBL"), in relation to the outstanding debts due to the Company and the outstanding liability which remains due to SBL, under the terms of an invoice financing facility. We have also instructed our solicitors to review the documentation between the Company and SBL to ensure that the agreement between them and the security is valid. Our solicitors have confirmed this is the case.

The Company's bankers have been contacted to request copies of the Company's bank statements for the three year period prior to our appointment, in order to assist with our investigations into the Company's affairs as required by SIP2.

We have written to the Company's directors to request delivery up of the Company's books and records. At the time of drafting these Proposals the records have not yet been received.

The above work has been undertaken by the Joint Administrators since our appointment and was required either as part of our routine administrative functions, or in order to protect and realise the assets of the Company. In addition, we have undertaken routine statutory and compliance work.

In this respect, I can confirm that the appropriate documents were filed with the Court. Notice of our appointment was also filed with the Registrar of Companies and sent to all known creditors, together with the SIP16 report regarding the pre-packaged sale of the Company's business, goodwill and assets, as well as to other interested parties, such as the landlord, local authority and utility suppliers to the Company's trading premises. Details of our appointment was also advertised in the London Gazette. These are tasks that are

required by statute or regulatory guidance, or are necessary for the orderly conduct of the case and, whilst they do not produce any direct benefit for creditors, they still have to be carried out.

Pre-packaged sale of the business and assets

A copy of our SIP 16 Statement that was attached to our letter notifying creditors of our appointment is attached at Appendix 4. It was not possible to circulate these Proposals to creditors at the same time as the SIP16 report in relation to this matter, in view of the uncertainty regarding the position of the secured creditor(s) which may have impacted upon voting at the virtual meeting of creditors.

It was therefore determined that the position in relation to these creditors should be properly reviewed prior to issuing the Proposals.

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment, as detailed in the Joint Administrators' draft Statement of Affairs, are as follows:

Secured Creditors

Companies House records indicate that there was one outstanding charge registered against the Company at the time of its Administration.

Charalambous Charalambous, Anna Charalambous, Alex Charalambous and Andrew Charalambous hold a Debenture, incorporating a fixed and floating charge, which was created on 9 July 2019. The Charalambous family were the original shareholders of the Company and sold these shares to Palace Group Holdings Ltd on 9 July 2019. The Charalambous family took a Debenture and a Chattel Mortgage over the Company by way of a guarantee against all monies due from Palace Group Holdings Ltd under that share sale agreement.

Following a dispute between Palace Group Holdings Ltd and the Charalambous family in relation to the monies due under the share sale agreement, a settlement was reached whereby a new purchaser stepped into the shoes of Palace Group Holdings Ltd and a settlement of an agreed sum was put in place simultaneously with the sale of the Company's business, goodwill and assets and its Administration.

The original sum which remained due to the Charalambous family amounted to circa £1.5M per the Company's own records and was considered to be a contingent liability, subject to the funds being paid by Palace Group Holdings Ltd.

Following a review of the Debenture and Chattel Mortgage, which was carried out by our solicitors, it was determined that the Chattel Mortgage was invalid for want of registration and the Debenture may be subject to challenge under the provisions of the Act.

In view of the subsequent agreement and settlement which was reached between the Charalambous family and the new purchaser, it is not envisaged that the Charalambous family should have any further claim against the Company. However, in the event any claim arises, they have been included in the Statement of Affairs as an unsecured (but contingent) creditor for the nominal sum of £1.

As detailed above, the Company also entered into an invoice finance facility with SBL on 1 July 2019, which effectively provided SBL with security over the book debts which the Company factored with SBL. Although no formal Charge has been registered against the Company at Companies House in relation to this facility, our solicitors have confirmed that under the terms of the agreement between the two companies, SBL are entitled to receive payment from the respective debtors for which finance was provided. The collection of these debtors remains ongoing and it is not yet certain whether the liability to SBL will be discharged in full from collections or whether there will be any disputes / bad debts, which may result in a shortfall being suffered.

Preferential creditors

As a result of the sale of the business and assets, to AD Williams (Enfield) Ltd 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 in relation to unpaid wages and / or holiday pay.

However, it is understood that the sum of £20,539.77 is due from the Company in relation to unpaid pension contributions due for the months of March 2020, April 2020, May 2020 & June 2020.

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)).

In view of the issues regarding the Debenture being subject to challenge, which may effectively render it to be invalid, 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

Claims of unsecured creditors were estimated at £1,444,514.45 which includes the Company's liability to HM Revenue & Customs in the sum of £573,143.00.

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

Secured creditor

As set out above, the collection of the Company's book remains ongoing and it is not yet certain whether the liability to SBL will be discharged in full from collections or whether there will be any disputes / bad debts, which may result in a shortfall being suffered.

In the event any shortfall is suffered, then SBL will be entitled to make a formal claim in the Administration, as an unsecured creditor, and be entitled to receive a dividend for any shortfall which may ultimately be suffered in this respect.

Preferential creditors

We consider that there will be sufficient funds available to facilitate the payment of a dividend to the Company's preferential creditors.

Unsecured creditors

We consider that there will also be sufficient funds available to facilitate the payment of a small dividend to the Company's unsecured creditors.

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.

Discharge from Liability

It is proposed that pursuant to paragraph 98(2)(b) of schedule B1 of the Act, the Joint Administrators be given their full discharge from liability in respect of any action as Administrators with effect from the date that their appointment as Joint Administrators ceases to have effect.

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 consider that it was 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 was 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).

It was not considered that the Company could be rescued as a going concern in view of the Company's trading position and its financial circumstances. Whilst the Company operated an invoice finance facility with SBL, in view of the loss of customers, SBL were not in a position to advance further finance and neither the Company nor its directors and / or shareholders were in a position to advance the necessary funding required to enable it to potentially return to profitability.

In view of the cashflow issues and lack of funding for future trade, it was considered unlikely that the Company would have sufficient means to propose a viable Company Voluntary Arrangement.

In view of the above, I am seeking to achieve objective 3(1)(b) for the Company, having completed a pre-packaged sale of the Company's business, goodwill and assets.

In order that the purpose of the Administration may be fully achieved, we propose to remain in office as administrators in order to discharge our statutory duties. We will continue to manage the business, affairs and property of the Company in order to achieve the purpose. The principle matters to deal with in this respect are:

- Collection of the deferred consideration from AD Williams (Enfield) Ltd, in respect of the sale of the Company's business, goodwill and assets;
- Collection of the surplus rent deposit which remains due to the Company;
- Realising the credit balance held in the Company's various bank accounts;
- Liaising with SBL in relation to the collection of the Company's book debts which are subject to invoice finance and to determine whether any surplus can be recovered for the general body of creditors;
- Investigations and reporting on the conduct of the directors;
- If appropriate, pursue any claims that the Company may have against any person, firm or Company, whether in contract or otherwise, including any officer of former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company;
- Do all such things and generally exercise our powers as Administrators as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or any purpose incidental to these Proposals;
- Closure of the Administration.

The Joint Administrators will generally do all such things and exercise their powers as Joint Administrators as they consider desirable or expedient at their discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisation of those assets, or any purpose incidental to these Proposals.

It is anticipated that the realisation of the Company's assets will ultimately provide a financial benefit to the Company's preferential and unsecured creditors since it is anticipated that dividends will be paid from such realisations, as set out further above.

The insolvency legislation has set a 12-month maximum duration for Administration, unless the duration is extended by the Court of the creditors. If we are unable to complete the Administration of the Company within 12 months then we will either apply to the Court or hold a meeting of creditors, in order to seek approval to extending the duration of the Administration.

Exit from Administration

The Insolvency Act 1986 and associated Insolvency Rules provide a variety of options regarding the possible exit routes for the Company from Administration, being primarily a Company Voluntary Arrangement, Liquidation or Dissolution of the Company.

Once all matters pertaining to the realisation of the Company's assets and the Administration generally have been concluded then, in the first instance, consideration will be given to applying to the Court for approval that the Joint Administrators be allowed to distribute any funds available to the Company's unsecured creditors without first placing the Company into Creditors' Voluntary Liquidation ("CVL"). In such a scenario the Administration of the Company will subsequently end by filing a Notice of Dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar of Companies three months after the Notice is registered.

However, if, for any reason, it is not possible to finalise the Administration, as anticipated, within the 12-month statutory period then our term of office may be extended. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months.

following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

Alternatively, the Administration could end by placing the Company into CVL as it is anticipated that a distribution will be made to the unsecured creditors of the Company, which is not a distribution of the prescribed part.

We have the power to make a distribution of the prescribed part to unsecured creditors in the administration but any other distribution to such creditors requires the permission of the 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 Joint Administrators and that the purpose of the administration has been fully achieved, we propose to deliver a notice of moving from Administration to CVL to the Registrar of Companies. Upon the registration of such notice our appointment as Joint 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 administrator.

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.

If it subsequently transpires that, for any reason, any of the above courses of action are not possible, then, if there are insufficient funds with which to make a dividend to the Company's unsecured creditors, then it is proposed that the necessary steps will be taken to place the Company into Compulsory Liquidation by the presentation of a winding up petition to the Court for the compulsory Liquidation of the Company. Further, it will be proposed that Amie Johnson and Ninos Koumettous are appointed Joint Liquidators of the Company by the Court.

9. PRE-ADMINISTRATION COSTS

In the period before the Company entered administration, we carried out work consisting of holding meetings with the officers of the Company to discuss and review the position, provided advice as to the options available to the Company, formulated a strategy based on recommendations to the Company and on the basis that the Company would enter Administration, held relevant discussions to determine whether the purpose of the Administration would be achieved, consulted with the secured creditor and connected creditors and also held discussions with potential purchasers of the business, goodwill and assets, including discussions relating to a "pre-pack" transaction, liaison with agents to procure independent professional valuations of the Company's goodwill and assets and to assist with a strategy on how best to realise those assets, negotiations regarding the subsequent sale of the Company's business, goodwill and assets, liaising

with our solicitors in relation to the formalities of a sale of the business, goodwill and assets of the Company and associated Debenture, the simultaneous settlement in relation to the share sale, the assignment of the Company's Lease and completing the Administrators statement and consent to act ("the Work"). The Work was carried out pursuant to an agreement made between us and the directors entered into on 22 June 2020 ("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.

The Work was carried out before the Company entered administration because the Company had depleted its asset resources and the significant reduction in trade following the Covid-19 pandemic was severely impacting upon its ability to continue trading. The Company was insolvent, in that whilst it was able to maintain trade in the short term, it could not continue to trade in the longer term. Further there was an ongoing dispute between the Company's shareholder and former owners regarding the original share sale which had been undertaken in July 2019. It was determined that a sale of the Company's business, goodwill and assets would preserve the business and result in a return for the Company's creditors generally but that any sale should be undertaken simultaneously with any settlement entered into between the original owners, the Company's shareholder and any new prospective owner / purchaser. We consider that the Work has furthered 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).

The pre-administration costs are broken down as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	32,111.50	6,422.30	38,533.80
Legal costs incurred in relation to assistance provided in carrying out work pertaining to the appointment of the Joint Administrators and subsequent sale of the Company's business, goodwill and assets.	The Wilkes Partnership	29,726.00	5,945.20	35,671.20
Agent's costs in providing a valuation of the Company's business, goodwill and assets and assisting with the marketing and ultimate sale in this respect.	Rabbow & Co.	15,000.00	3,000.00	18,000.00
TOTAL PRE-ADMINISTRATION COSTS		76,837.50	15,367.50	92,205.00

Of the pre-administration costs, the sum of £6,000 inclusive of VAT was paid by the Company to Begbies Traynor on account of our fees for the Work before the Company entered Administration. In addition, the sum of £6,000 inclusive of VAT was paid by the Company and a further £2,400 inclusive of VAT was paid by the purchasing company, AD Williams (Enfield) Ltd, to our solicitors on account of the pre-administration legal costs which they incurred.

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 fees in relation to the Work	Begbies Traynor	27,111.50	5,422.30	32,533.80
Legal costs	The Wilkes Partnership LLP	22,726.00	4,545.20	27,271.20
Agents costs	Rabbow & Co	15,000.00	3,000.00	18,000.00
TOTAL UNPAID PRE-ADMINISTRATION COSTS		64,837.50	12,967.50	77,805.00

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 decisions 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 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.

It was essential that the above work was carried out in order to determine the best way in which to manage the Company's affairs and decide upon the appropriate course of action. In our view all actions undertaken pre-administration have ensured the best possible outcome for creditors and the achievement of the purpose of the Administration, i.e. to achieve 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).

10. REMUNERATION AND DISBURSEMENTS

Remuneration

We propose that the basis of our remuneration be fixed under Rule 18.16 of the Rules as a fixed fee of £30,000 and a percentage of the value of the assets which are realised fixed at 20% of realisations, as detailed in Appendix 3. It is not intended, at this time, to propose any fee in relation to distributions which may ultimately be made to creditors and the cost of the work undertaken will therefore be included in our fixed fee.

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 by way of a virtual meeting.

Appendix 3 sets out our firm's hourly charge out rates, our proposed fee basis and the work that we and our staff have spent in attending to matters arising in the administration since 15 July 2020 together with details of the work still to be undertaken.

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

Details of expenditure incurred, to date, is referred to further above. An estimate of future expenditure is attached at Appendix 3.

11. APPROVAL OF PROPOSALS

The Joint Administrators are seeking resolutions at a virtual meeting from the creditors to approve our Proposals, approve the payment of the unpaid pre-appointment costs and fix the basis of our remuneration. Details on the arrangements for the virtual meeting will be provided on request, on the day of the meeting.

It is proposed that the date for the creditors' decision in this regard will be Friday 18 September 2020, (the 'Decision Date'). The meeting will be held at 11.00am.

At the virtual meeting, the Joint Administrators' Proposals will be discussed. The information contained therein also outlines the history of the Company and the reasons for its insolvency. The Proposals also includes a summary of the Company's Statement of Affairs and creditors will be given the opportunity to discuss this information with the Joint Administrators.

In addition, the insolvency legislation also provides that 10% in value of creditors, 10% in number of creditors, or 10 creditors, may require a physical meeting to be held to consider the Proposals and proposed decisions. Such a request must be made in writing to the Convener, via the contact details below by no later than the business day immediately before the decision date. In order to enable the Convener to determine whether a threshold has been met, please also provide a proof with any request.

Creditor Decisions

As a result of the above, please find enclosed:

- A Notice of decision procedure setting out the decisions to be considered at the virtual meeting. This includes the decision on the approval of these Proposals and a decision on whether a liquidation committee should be established if sufficient creditors are willing to be members of a committee.

Information on the role of a committee can be found at <https://www.begbies-traynorgroup.com/services-to/creditors/creditors-guides>

Other decisions include the approval of the unpaid pre-appointment costs and to fix the basis of the Joint Administrators remuneration.

- A Proof of Debt Form is also attached to assist creditors in providing details of any claim. **Please note that in order for you to be entitled to vote at the virtual meeting, you must have provided details in writing of your claim before 4pm on the business day before the meeting.**
- A proxy form – please note that a proxy-holder is not entitled to vote on behalf of a creditor at the virtual meeting unless a proxy form which the creditor intends to be used has been completed and returned to my office before the meeting.

Details of the unpaid pre-administration costs have been set out above for creditors' consideration. In order to enable creditors to consider the Joint Administrators post appointment remuneration, details on how the Administrators are seeking to be remunerated and details of work to be undertaken in the Administration, an

estimate of the expenses which are to be incurred and our Disbursement Policy including charge out rates is also set out further below.

12. 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.

Connected party transactions

In accordance with Statement of Insolvency Practice 13, we confirm that the following assets were sold:

Date of sale	Asset sold and nature of transaction	Consideration paid and date	Name of Purchaser	Relationship with the Company
15 July 2020	Goodwill / IP Office Furniture & Equipment Plant & Equipment, Premises	£150,000 payable as follows: On Completion - £15,000 15/08/2020 - £15,000 15/09/2020 - £15,000 15/10/2020 - £15,000 15/11/2020 - £15,000 15/12/2020 - £15,000 15/01/2021 - £15,000 15/02/2021 - £15,000 15/03/2021 - £15,000 15/04/2021 - £15,000	AD Williams (Enfield) Ltd	The purchaser is a connected party as its director, Mr Stuart Bacchus is also a shareholder of Palace Group Holdings Ltd, the sole shareholder of the Company.

Creditors are referred to the SIP16 report at Appendix 4 for further information regarding this sale.

Deemed delivery

These proposals will be deemed to have been delivered on 4 September 2020.

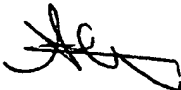
Use of personal information

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.

13. 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, approve the payment of the unpaid pre-appointment costs as an expense of the Administration and to fix the basis of our post-appointment fees. These decisions will be sought via a virtual meeting and a notice of the decisions sought is accompanying this document.

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.



Amie Johnson LLB (Hons) MIPA MABRP
Joint Administrator

Date: 2 September 2020

ACCOUNT OF RECEIPTS AND PAYMENTS

15 July 2020 to 1 September 2020

Spraytech Coachworks Ltd t/a Spraytech
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 01/09/2020

S of A £		£	£
	GENERAL SECURED GROUP		
75,000.00	Rent Deposit	13,000.00	
(62,000.00)	Landlord - CAC Investments Limited	NIL	
151,047.00	Book Debts subject to Invoice Finance	NIL	
(160,873.60)	Smart Business Link Ltd	NIL	
			13,000.00
	ASSET REALISATIONS		
NIL	Leasehold Property Improvements	NIL	
17,155.00	Plant & Machinery	5,500.00	
1,920.00	Furniture & Equipment	1,000.00	
NIL	Motor Vehicles	NIL	
NIL	Stock	NIL	
	Debtor Monies Received	2,711.57	
3,811.31	Cash at Bank - Barclays	NIL	
50,000.00	Goodwill / IP	8,500.00	
	Contribution to Legal Costs	2,400.00	
NIL	Shares - Spraytech Holdings Ltd	NIL	
			20,111.57
	PREFERENTIAL CREDITORS		
(20,540.00)	Pension Contributions	NIL	
			NIL
	UNSECURED CREDITORS		
(835,481.60)	Trade Creditors	NIL	
(573,143.00)	HMRC - PAYE/NIC/VAT/CIS/CT	NIL	
(1.00)	The Charalambous Family (Contingent	NIL	
(26,062.25)	Rates	NIL	
			NIL
	DISTRIBUTIONS		
(5,000,104.00)	Ordinary Shareholders	NIL	
			NIL
(6,379,272.14)			33,111.57
	REPRESENTED BY		
	Bank 2 Current		33,111.57
			33,111.57


Amie Helen Johnson
Joint Administrator

**STATEMENT OF AFFAIRS
AS AT 15 July 2020**

Insolvency Act 1986

Spraytech Coachworks Ltd t/a Spraytech
Company Registered Number: 11713953

Estimated Statement Of Affairs as at 15 July 2020

	Book Value £	Estimated to Realise £	£
ASSETS			
Rent Deposit	75,000.00	75,000.00	
Landlord - CAC Investments Limited		(62,000.00)	
		13,000.00	13,000.00
Book Debts subject to Invoice Finance	167,830.00	151,047.00	
Smart Business Link Ltd		(160,873.60)	
Deficiency c/d		(9,826.60)	
Leasehold Property Improvements	519,899.00		NIL
Plant & Machinery	319,122.00		17,155.00
Furniture & Equipment	16,432.00		1,920.00
Motor Vehicles	NIL		NIL
Stock	NIL		NIL
Cash at Bank - Barclays	3,811.31		3,811.31
Goodwill / IP			50,000.00
Shares - Spraytech Holdings Ltd	104.00		NIL
			85,886.31
LIABILITIES			
PREFERENTIAL CREDITORS:-			
Pension Contributions		20,540.00	
			20,540.00
			65,346.31
2nd PREFERENTIAL CREDITORS:-			
			NIL
			65,346.31
DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003			
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			NIL
			65,346.31
Estimated prescribed part of net property where applicable (to carry forward)			NIL
			65,346.31
DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003			
			NIL
			65,346.31
Estimated prescribed part of net property where applicable (brought down)			NIL
			65,346.31

Insolvency Act 1986

Spraytech Coachworks Ltd t/a Spraytech
Company Registered Number: 11713953

Estimated Statement Of Affairs as at 15 July 2020

	Book Value £	Estimated to Realise £	£
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Deficiency b/d		9,826.60	
Trade Creditors		835,481.60	
HMRC - PAYE/NIC/VAT/CIS/CT		573,143.00	
The Charalambous Family (Contingent)		1.00	
Rates		26,062.25	
			<u>1,444,514.45</u>
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)			<u>(1,379,168.14)</u>
			<u>(1,379,168.14)</u>
Issued and called up capital Ordinary Shareholders		5,000,104.00	
			<u>5,000,104.00</u>
TOTAL SURPLUS/(DEFICIENCY)			<u><u>(6,379,272.14)</u></u>

Begbies Traynor (Central) LLP
Spraytech Coachworks Ltd t/a Spraytech
Company Registered Number: 11713953
B - Company Creditors

Key	Name	Address	£
CA00	AC Key Diagnostic	Tower Road, Epping, Essex, CM16 5EL	2,694.00
CA01	Accident Credit Group	Carnoustie Kelvin Close, Warrington, WA3 7PB	362.02
CA02	AD Williams Accident Repair Centres	3-6 Palmer Road, Emsworth, PO10 7DH	9,437.06
CA03	Advanced Vision Surveillance	32 Lavender Gardens, Enfield, Middx, EN2 0TP	535.20
CA04	AGK Partners	1 Kings Avenue, Winchmore Hill, London, N21 3NA	7,422.00
CA05	Alphabet	Summit Avenue, Farnborough, Hampshire, GU14 0FB	1,483.90
CA06	Atec	32 Pecks Hill, Nazeing, Essex, EN9 2NY	1,007.78
CA07	Audetex	Solera House, Western Road, Bracknell, Berkshire, RG12 1RF	13,755.23
CA08	Auto Assess Ltd	Unit 169, Avenue H, Stoneleigh Park, Kenilworth, CV8 2LG	8,148.00
CA09	Autoflow	Sirius House, Aldery Road, Chelord, Cheshire, SK11 9AP	120.00
CA0A	Autovalet	Fuleslo, Toppesfield Road, Finchingfield, Essex, CM7 4NY	2,763.54
CB00	Ballpoint Office Supplies	21 The Bell Centre, Newton Road, Crawley, West Sussex, RH10 9FZ	929.38
CB01	BLM	63 Temple, Birmingham, B2 5LS	104.00
CB02	BOC	Customer Service Centre, P O Box 12, Priestley Road, Worsley, Manchester, M28 2UT	280.66
CB03	Bodyworks	29 Commercial Road, London, N18 1TP	3,774.00
CB04	Bott Ltd	Bude/Stratton Business Park, Unit 1, Bude EX23 8LY	182.76
CB05	Brayleys Cars	Barnsdale Drive, Milton Keynes, MK4 4DD	5,186.59
CB06	British Gas	Area 60, P O Box 1519, Blaise Pascal House, 100 Pavilion Drive, NN1 9HB	7,498.64
CB07	BSI Assurance UK	PO Box 3000, Milton Keynes, MK1 9EL	2,023.00
CB08	BT PLC (Insolvency)	Dept W, Durham TE, Providence Row, Durham, DH1 1RR	347.68
CB09	B-Trim	Beaufort Road, Plasmarl Industrial Estate, Morriston, Swansea, SA6 8HR	984.00
CC00	CAC Investments Limited	c/o 1 Kings Avenue, Winchmore Hill, London, N21 3NA	62,000.00
CC01	Caltec ATC Limited	11 The Avenue, High Legh, Cheshire, WA16 6ND	298.40
CC02	Castle Water	1 Boat Brae, Rattray, Blairgowrie, PH10 7BH	1,578.27
CC03	Cathedral Leasing	300 Relay Point, Relay Drive, Tamworth, Staffordshire, B77 5PA	13.00
CC04	Circle Leasing	The Barracks, Baltom Road, Bury, Lancashire, BL8 2DA	35,676.00
CC05	Citrow	9 Millars Brook, Millars Lane, Wokingham, RG41 2AD	539.00
CC06	CNG	2 Victoria Avenue, Harrogate, North Yorkshire, HG1 1EL	2,497.15
CC07	Contract Natural Gas	2 Victoria Avenue, Harrogate, North Yorkshire, HG1 1EL	4,340.11

Signature _____

Begbies Traynor (Central) LLP
Spraytech Coachworks Ltd t/a Spraytech
Company Registered Number: 11713953
B - Company Creditors

Key	Name	Address	£
CC08	Mr & Mrs C Charalambous	11 Cannon Hill, Southgate, London, N14 7DJ	1.00
CD00	D & A Computers	63 Sutton Crescent, Barnet, EN5 2SW	2,603.80
CD01	Dent x	239 Fencepiece Road, Chigwell, Essex, IG7 5EB	1,278.00
CD02	Detec	1 Paget Close, Wellington Park, Surrey, GU15 1PZ	360.00
CD03	DGL Workshop Supplies	Unit 2A, Lower Ground Floor, Conbar House, Mead Lane, Hertford, SG13 7AP	789.05
CE00	E.ON Energy	P O Box 123, Nottingham, NG1 6HD	16,225.06
CE01	Elitedirect.com - In Administration	C/O Seneca IP Limited, Speedwell Mill, Old Coach Road, Tansley, Matlock, DE4 5FY	7,085.04
CE02	Enfield Council	Silver Street, London, EN1 3XA	26,062.25
CE03	Enterprise	Ground Floor, Enterprise House, 203 London Road, TW18 4HR	18,558.68
CE04	Equate Group Ltd	6 Station Approach, Wendover, Buckinghamshire, HP22 6BN	2,098.73
CE05	Estimate Coaching	17 Brook Road, Rayleigh, Essex, SS6 7UT	9,120.00
CE06	Euro Car Parts Ltd	LKQ Coatings, T2 Birch Coppice Business Park, Danhny Morson Way, Dordon, Tamworth, B78 1SE	108,268.03
CE07	Europa Car Trim	PO Box 914, Uxbridge, UB8 9FW	4,680.00
CE08	Esure Rebate Account	The Meridian, 25 Quay Street, Manchester, M3 4AL	169,169.00
CE09	Edwards Plant & Tool Hire Limited	Bilton Way, Enfield, Middlesex, EN3 6EJ	396.60
CF00	Farnell Land Rover	Turner Road, Nelson, Lancashire, BB9 1RS	30,717.80
CF01	First Data	P O Box 28, Lowton Way, Hellaby, Sheffield, S98 1RS	186.99
CF02	Francotyp Postalia	74 Questor, Powdermill Lane, Dartford, Kent, DA1 1EF	276.40
CG00	G&C Waste Paper Company Ltd	Unit H Rrd Park, Stephenson Close, Hoddesdon, EN11 0BW	2,665.00
CG01	Goldman & Fine Group	1 Riverside Business Park, Stoney Common Road, Stanstead, Essex, CM24 8PL	2,160.00
CH00	Hayes Toyota	8 Clayton Business Centre, Trevor Road, Hayes, UB3 1RT	23,122.21
CH01	Hoburne Business Systems	9A Saulfland Place, Christchurch, BH23 4QP	2,898.43
CH02	HSE	TBA	61.60
CH03	Humming Bird Motors	363 Edgware Road, Colindale, London, NW9 6AF	4,400.27
CH04	Hutton Supplies	5 Hughes Business Park, Wilverley Road, Christchurch, Dorset, BH23 3RU	806.68
CH05	HMRC - (EIS) (VAT/PAYE/NIC/CT/CIS)	Enforcement & Insolvency Service (EIS) Worthing, Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE	573,143.00
CI00	Integrity	22 Montague Road, Leytonstone, London, E11 3EX	1,140.00

Signature _____

Begbies Traynor (Central) LLP
Spraytech Coachworks Ltd t/a Spraytech
Company Registered Number: 11713953
B - Company Creditors

Key	Name	Address	£
CK00	Kingsdown Compressed Air Systems	Unit 8, Invicta Business Park, London Road, Wrotham, Kent TN15 7RJ	146.11
CK01	Simon Killick		578.91
CL00	LAR Traffic Services	Unit 2, Station Road, Ware, SG11 2PB	29,774.00
CL01	Lex Autolease	Heathside Park Road, Stockport, Cheshire, SK3 ORB	15,487.29
CL06	Love Your Wheels	Unit E1, Fort Wallington Industrial Estate, Military Road, Fareham, Hampshire, PO16 8TT	2,592.00
CM00	Maximus Protection Services	Unit 1, Stirling Business Park, Britannia Road, Herts, EN8 7NX	9,686.02
CM01	Maxxia	Corporate House, Jenna Way, Interchange Park, Newport Pagnell, MK16 9QB	17,110.30
CM02	Mercedes-Benz	403 Edgware Road, Colindale, London, NW9 0HX	15,388.93
CM03	BVM Consultants Ltd t/a Morris Associates	28 Tudor Way, Brackley, Northants, NN13 6NH	420.00
CM04	Motor Village Marylebone	1&2, Southside Industrial Estate, 15 Havelock Terrace, Nine Elms, London, SW8 4AH	3,607.08
CM05	Motortrade Consultants	Hansbar House, 75 Walden Road Swards End, Saffron Walden, Essex, CB10 2LG	1,137.25
CM06	Steve Murray		392.93
CN00	National Windscreens	Charles Pugh (Windscreens) Ltd, Longwood Road, Brookhill Industrial Estate, Pinxton, Nottinghamshire, NG16 6NT	689.75
CN01	Nissan Finance	Rivers Office, Park Denham Way, Maple Cross, Rickmansworth, WD3 9YS	6,642.35
CN02	Now Pensions	6 Bevis Marks, London, EC3A 7BA	20,540.00
CO00	Oasis Contract Services	28 Stoneleigh Park Avenue, Croydon, CR0 7SL	403.21
CP00	Parts Plus	183-187 S Liberty Lane, Bristol, BS3 2TN	2,279.33
CP01	Partspanel Group	Unit 3, Lower Park Industrial Estate Park, Royal Road, London, W3 6XA	246.00
CP02	Porsche Centre East London	Gallions Park, 101 Woolwich Manor Way, London, E6 6EY	451.43
CP03	Atradius for Prasco UK Limited	C/O Atradius Collections, 3 Harbour Drive, Cardiff Bay, CF10 4WZ	1,839.67
CP04	Pro-Align	The Old Orchard, Towcester Road, Greens Norton, Towcester, NN12 8AN	157.80
CP05	Progressive Valeting UK	Mannamea, 125 Graham Gardens, Luton, LU3 1NG	18,132.00
CP06	Pure Clean Waste Solutions	Old Moor Road, Bredbury, SK6 2QE	1,841.40
CR00	Recovery NLR	257 Green St, Brimsdown, Enfield, EN3 7SH	25,898.00
CR01	Renault	Autoworld, Keyway Retail Park, Armstrong Way, Willenhall, WV13 2QU	380.54
CR02	Rentokil Pest Control	Rentokil Initial, Ebony House, Castlegate Way, Dudley, DY1 4TA	418.78
CR03	Roadrunner Services Centre	11 Gruneisen Road, Finchley, London, N3 1LS	18,164.70
CS00	Sentinel	Brumo Ltd, Crown House, 151 High Road, Loughton, ESSEX, IG10 4LG	6,014.61

Signature _____

Begbies Traynor (Central) LLP
Spraytech Coachworks Ltd t/a Spraytech
Company Registered Number: 11713953
B - Company Creditors

Key	Name	Address	£
CS01	Shergroup Collections	Client Services Team, 1 Fetter Lane, London, EC4A 1BR	180.00
CS02	Spanesi Automotive Equipment Limited	Unit 1, Ballard Industrial Centre, Lordswood Industrial Estate, Revenge Road, Chatham, Kent, ME5 8UD	747.38
CS03	Specialist Car Stevenage	Gunnels Wood Road, Stevenage, SG1 2BE	4,216.64
CS04	Steven James Enfield	Unit 1 Martinbridge Estate, Lincoln Road, Enfield, Middlesex, EN1 1SP	18,361.98
CS05	Synetiq Ltd	Bentley Moor Lane, Adwick le Street, Doncaster, DN6 7BD	2,373.72
CS06	Smart Business Link	130 Asquith Avenue, Morley, Leeds, LS27 9QX	160,873.60
CT00	Tagsteer 2005. Ltd	Unit 30, 63 Jeddo Road, London, W12 9EE	125.70
CT02	Tomo Parts Ltd	Tomo Industrial Estate, Packet Boad Lane, Cowley, Uxbridge, UB8 2JP	7,036.72
CT03	Toomay Motor Group	Service House, West Mayne, Basildon, Essex, SS15 6RW	30,477.77
CT04	TPS Enfield	Unit B1 Valleylink Trading Park, Meridian Way, EN3 4TY	49,520.49
CT05	Transport for London		130.00
CV00	Vale Autos	143-147 The Vale, Acton, London, W3 7RH	15,259.67
CX00	Xpress Centres	Wildmere Road Industrial Estate, 18 Wildmere Rd, Banbury, OX16 3JU	4,122.40
97 Entries Totalling			1,678,101.45

Signature _____

Begbies Traynor (Central) LLP
Spraytech Coachworks Ltd t/a Spraytech
Company Registered Number: 11713953
C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Shares	Called Up per share	Total Amt. Called Up
HP00	Palace Group Holdings Ltd	Units 7, 8 And 9 Tait Road Industrial Estate, Croydon, London, CR0 2DT	Ordinary	5,000,104.00	5,001,040	10.00	50,010,400.00
1 Ordinary Entries Totalling					5,001,040		

Signature. _____

STATEMENT OF AFFAIRS

Notes to the Statement of Affairs.

1. The Company previously paid a rent deposit of £75,000 when it took occupation of its trading premises at 222 Alma Road, Enfield. The landlord of the premises, CAC Investments Ltd was owed the sum of £62,000 by way of unpaid rent at as the date of Administration, leaving a net balance repayable to the Company of £13,000.
2. The Company's book debts are subject to an invoice finance agreement with Smart Business Link Ltd. The Company's records indicate that, as at the date of Administration, there were outstanding book debts totalling £167,830 whilst the sum of £160,873.60 was estimated to be due to SBL, although the director confirmed that reconciliation queries in relation to this account remain outstanding.

For the purposes of the Statement of Affairs, a 10% reduction has been made for the estimated to realise value, to allow for any disputes and / or bad debts which may arise as a result of the Administration.

3. The Company's goodwill and assets have been professionally values by Stuart Crombie of Messrs Rabbow & Co on both an in-situ / going concern and ex-situ / forced sale basis. Stuart Crombie is an associate of the National Association of Valuers and Auctioneers.
4. The Company's Plant & Machinery comprises a variety of Welding Machines, Pin Pull, Ramps, Engine Lift, Trolley Jacks, Hunter Lift Align Post Ramp / Alignment Wheel / Tyre Changer, Spray Booths, Air Con Machines, Hydraulic Press, Battery Chargers, Panel Stands and Lockers, amongst other things.

Our agent confirmed that the Company held a comprehensive range of specialist equipment but that certain crucial elements were in need of imminent replacement or repair, where possible. Of the three Low Bake Gas Fired Rowley ovens, only one is fully functional and any repairs are rendered uneconomical by the cost and expected life span of the ovens. Our agents confirmed that the replacement cost was likely to be in the region of £100,000 with the cost of removal and disposal of the defunct ovens circa £15,000.

Several other crucial items of Plant & Equipment are fixed, these include the Hunter LiftAlign 4-Post Ramp / Alignment System and the Spanesi Bench / Jig.

Notwithstanding these issues, our agent confirmed that even in their current condition, all of the equipment has value to any occupant / operator with on-going maintenance and will suffice during the interim. The exception to this are the ovens as the loss of one more would be critical. In the event of any ex-situ scenario, the resale value of the plant & equipment would be greatly diminished due to the cost of removal and the wide availability of the vast majority of items in the second user market.

5. The Company's Furniture & Equipment comprises various PC's, Printers, Swivel Chairs & Desks, Bookcases, Shredder, Filing Cabinets, CCTV and cameras throughout, Boardroom Table, Marble Reception Counter, Visitors Chairs and a Vending Machine.

Our agent confirmed that the majority of the furniture is old and would have no residual value in an ex-situ scenario, with the exception of the Boardroom Table & Chairs. The Company's Marble Reception Counter is fixed and whilst it has an in-situ value, it would have no value in an ex-situ scenario.

The IT equipment is also several years old, with the exception of a few printers and PC's, however, any realisation of these would be nominal in the event of an ex-situ scenario due to the cost of compliance with GDPR. The site is monitored by way of a 16-Channel CCTV System which consists of a central control unit and 80 assorted cameras. Whilst this would have a real value to any occupants, in the event of an ex-situ scenario it would have little residual value due to the costs of de-installation and reinstatement of the premises where cameras are removed.

6. The Company operated a collection or recovery of damaged vehicles service, also arranging alternative transport with one of up to 55 group A courtesy vehicles, all of which are leased / rented by the Company at a cost to the Company of circa £25k per month
7. All of the Company's stock, wet and dry, is supplied by LKQ on an "impressed" basis which effectively means that none of the stock was owned by the Company and was only paid for as used.
8. There is a credit balance amounting to circa £3,811.31 which is held in the Company's various accounts with Barclays Bank Plc.
9. The value of the Company's Goodwill was based on the Profit and Loss for the year ending 30 June 2020. However, business has been significantly reduced since the onset of Covid-19 and this is reflected in substantially lower turnover figures for the last 3 months of trading.

The Company was purchased in July 2019 and the new owners have since experienced many problems which has resulted in its main customer, Esure, taking its business elsewhere, resulting in a significant reduction in turnover. Other companies such as Avis, Thrifty and the Co-op have also followed suit.

In the circumstances our agent assigned a value of 2% of the last year's turnover as a value to the goodwill for a sale to a connected party and a nominal value for a sale to an unconnected party.

10. The Company held non-factored debtors in the sum of £53,638 which were all due from Esure. Esure was also a creditor of the Company in the sum of £222,807. For the purposes of the Statement of Affairs, these sums have been set off, although the Joint Administrators will need to review the position and ensure that set-off is applicable in the circumstances of the case.
11. The Company is the holder of 1,040 shares in Spraytech Holdings Ltd. The value of each of these shares is 10p per share. Spraytech Holdings Ltd entered members' voluntary liquidation on 17 June 2019 and the Liquidation was recently concluded on 11 August 2020. As such, there is no value in these shares.
12. 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.
13. The claim of HM Revenue & Customs represents PAYE and NIC outstanding between March 2020 and June 2020.
 14. The claim of HM Revenue & Customs represents VAT outstanding for the months of December 2019, March 2020 and July 2020.
 15. 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.
 16. 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.
 17. Transactions with directors and associates.

Standard practice requires disclosure to the creditors of any transactions (other than in the ordinary course of business) between the Company (including any of its subsidiaries or any other company in which it has or had an interest) and any of its directors or their associates (as defined in Section 435 of the Act) in the period of two years prior to the commencement of administration, and in the period since the commencement of the administration, or proposed to be undertaken. Relevant details are as follows:

Transaction 1

Date of transaction:	15 July 2020
Assets acquired:	Goodwill / IP, Office Furniture & Equipment, Plant & Equipment & Premises
Amount of consideration paid:	£150,000
Date consideration paid:	Deferred over 10 months
Name of counterparty:	AD Williams (Enfield) Ltd
Nature of counterparty's connected party relationship with the vendor:	A director of the purchasing company is also a shareholder of Palace Group Holdings Ltd, the Company's sole shareholder
Name and qualification of person who provided independent valuation advice	Stuart Crombie, ANAVA, of Rabbow & Co.

REMUNERATION AND EXPENSES

As a result of pursuing the objective contained in paragraph 3(1)(c) of Schedule B1 to the Insolvency Act 1986, we are obliged to seek approval of our remuneration from the Company's creditors. The Joint Administrators are seeking decisions from creditors at a virtual meeting to approve the Joint Administrators' Proposals, approve payment of the unpaid pre-administration costs as an expense of the Administration and fix the basis of the Joint Administrators' remuneration. We are seeking a resolution from the creditors at a virtual meeting.

The following sets out information to assist creditors in understanding the basis upon which the Joint Administrators are proposing to be remunerated, how we intend to charge for disbursements and provides details of the expenses that we consider will be, or are likely to be, incurred.

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/> In addition, a copy of 'A Creditors' Guide to Administrators' Fees (E&W) 2017' can be obtained online at www.begbies-traynor.com/creditorsguides It may assist you to consult the R3 website and to consider the Guide before considering the following information and casting your vote in relation to our remuneration and disbursements.

We are seeking creditors approval to be remunerated on a mixture of the bases allowed under the Insolvency (England and Wales) Rules 2016. These are (a) as a set amount, the 'Fixed Fee', (b) as a percentage of the value of the assets realised and funds distributed, (c) on a time costs basis.

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 Analysis
- ☐ SIP 9 – Time Costs Analysis for the period from 15 July to 1 September 2020
- ☐ Details of the expenses that the Administrators consider will be, or are likely to be, incurred

We are seeking that our remuneration be agreed on the on the following basis:

a) Fixed Fee

The Joint Administrators propose to draw a fixed fee of £30,000 for undertaking the following categories of work, during their time in office. A description of the type of work which falls under these categories is detailed below.

1. General case administration and planning
2. Compliance with the Insolvency Act, Rules and best practice
3. Investigations
4. Dealing with all creditors' claims (including employees), correspondence and distributions
5. Other matters which include Tax, Travel and Pension matters.

(b) Percentage Basis

We are also seeking to be remunerated on a percentage basis of asset realisations as follows: -

Nature of asset	Percentage being sought (%)
<i>Business Contracts, Goodwill and IPR</i>	20%
<i>Office Furniture & Equipment</i>	20%
<i>Plant & Equipment</i>	20%
<i>Book Debts (Surplus)</i>	20%
<i>Rent Deposit</i>	20%

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-traynordgroup.com/work-details>. There is also a case specific explanation below.

The cost of the process at this early stage is uncertain.

After taking into account the nature and value of the assets involved and that this is a more complex case, as highlighted above, I have concluded that a fixed fee of £30,000 is necessary to cover that work. I have also compared the proposed fixed fee with our past time records for undertaking the work in respect of cases of a similar size and complexity, (asset value, number of creditors, case type and staffing levels). The estimates are then made case specific by considering the depth of investigations needed, whether significant time will be spent on adjudicating claims etc. I have taken this information into account when determining the level of the fixed fee sought, and as a result I believe that this demonstrates why the fixed fee is expected to produce a fair and reasonable reflection of the work that I anticipate will be necessarily and properly undertaken.

The percentage that we are seeking have been arrived at based on the nature and complexity of the case as well as the nature of the assets involved, as can be demonstrated above. We have also looked at previous administrations of a similar nature in order to ensure that the percentage proposed represents a fair and reasonable reflection of the work that we expect to carry out.

Summary of the work to be undertaken in the Administration and any subsequent Liquidation

The following work category descriptions are provided in order for creditors to understand the statutory and general duties involved during the course of the administration. This will also help creditors to understand how we have arrived at our fees estimate in this circumstances of this case.

General case administration and planning

Insolvency Practitioners are required to maintain records to demonstrate how the case is administered, and to document any decisions that materially affect the case.

At the onset of the case we will form a strategy for how the case will be managed. This will take into consideration the level of assets to be realised, how those assets will be realised, and whether there will be sufficient realisations to make a distribution to the Company's creditors.

The case will be subject to regular reviews to ensure case progression and the files will be kept up to date.

Whilst this does not benefit creditors financially, it is necessary to ensure the efficient and compliant progressing of the administration, which ensures that the joint administrators and their staff carry out their work to high professional standards.

Compliance with the Insolvency Act, Rules and best practice

The Insolvency Practitioners are governed by the Insolvency Act and Rules, together with following best practice guidelines known as Statements of Insolvency Practice. We have certain statutory obligations and duties to fulfil whilst in office which include the regular filing of progress reports with Companies House and the filing of a final report at the end of the period. We are also required to notify various bodies of our appointment, including creditors, Companies House, and advertise our appointment in the London Gazette.

We are also duty bound to correspond with creditors and issue notice of the insolvency event to the likes of the pensions departments, banks and other parties who would have an interest in the proceedings. There is also the duty to investigate the directors' conduct, bond the case appropriately and instruct professionals such as property agents and solicitors to assist where necessary.

This work does not benefit creditors financially but is necessary in accordance with the Insolvency Act, Rules and best practice.

Investigations

Within three months of our appointment, we are required to submit an online conduct report in accordance with the Company Directors Disqualification Act. In order to fulfil this duty, we will seek to recover the Company books and records, both hard copy and electronic, from the directors in order to carry out our initial investigations. An initial investigation is carried out in all cases to determine whether there are potential recovery actions for the benefit of creditors. Such investigations include analysis of the Company's bank statements, reviewing information provided by third parties and an analysis of the Company's management accounting records/systems. Any person who is or has been a director, or is considered as a de facto or shadow director of the Company in the three years prior to the insolvency event are also asked to complete a questionnaire to assist with our investigations.

Where appropriate creditors or other parties may be asked to come forward with information.

Any financial benefit to creditors in carrying out the above work is unclear at present, however creditors will receive updates on these matters as and when there is something to report.

As you can see above, the costs of our initial investigations have been reflected in our proposed fixed fee. However, should those initial investigations reveal potential undisclosed assets, claims against directors and/or any other parties or any other matters which require further detailed investigation work in order to seek to recover funds for the benefit of creditors, we will need to propose an increase in our remuneration to cover the work necessary to pursue those investigations and relevant claims. We are unable to seek approval to fix our remuneration for such work unless and until the nature of any such claims has been identified and the work involved can be quantified. This also applies in the event of tax and pensions matters arising, not originally anticipated and included in proposed fee estimates. We will therefore circulate to creditors as necessary, if such claims or further works are identified, to seek a further resolution to fix our fees for this additional work. Details of the nature of the potential claims identified and any further work to be undertaken will be included in the report accompanying the resolution request. Such recovery actions would be for the benefit of the creditors and the office holder will provide an estimate of that benefit if an increase in fees is necessary.

Dealing with all creditors' claims (including employees), correspondence and distributions

Time will be spent dealing with creditor queries as and when required. This can include queries by telephone, email or within letters received in the post.

If there is likely to be a distribution, creditors will be made aware of this at the earliest possibility, whether it be detailed in our initial correspondence, a progress report or by notice of intended dividend issued during the course of administering the case.

Creditors' claims will be dealt with in accordance with the order of priority, and therefore only if there is a prospect of a dividend in the insolvency proceedings, will those specific claims be adjudicated on. However all claims received will be noted and registered.

Where the Company has employees who have claims in the Administration, it will be the role of appointed Administrator to liaise with the Redundancy Payments Service ("RPS") and collate employment records in order to submit information concerning sums potentially due in respect of outstanding salaries, holiday pay, pay in lieu of notice and redundancy.

The government will initially review and make payment of the claims of the employees, (up to their maximum allowances), and any shortfall on those claims will be a claim in the insolvency proceedings.

In the particular instance of this case there are no known employee claims, except in relation to unpaid pension contributions, but there are other creditors of the Company that we will need to deal with.

Time will be spent dealing with all creditor queries as and when required.

Realisation of assets

Insolvency Practitioners are required to maximise realisations for the benefit of the Company's creditors. In order to do this we may need to consider instructing professional agents to carry out negotiations, provide inventories and valuations. We may also need to instruct solicitors to complete sales. We may need assistance with debt collection exercises.

All work carried out in respect of the asset realisation is for the purpose of realising property and assets for the benefit of the creditors generally.

In this instance, the Company's business goodwill and assets have been sold to a willing purchaser and the percentage therefore reflects the work which continues to be undertaken in dealing with the sale and ensuring payment of the deferred consideration is made in a timely manner. It is also anticipated that in the event the liability due to SBL is fully repaid, any surplus debtor ledger will be reassigned to the Company and work will then need to be undertaken by the Joint Administrators in order to collect in the reassigned debtor ledger.

It is not anticipated that any percentage will be requested in relation to realising the Cash at Bank, since these monies should filter through to the estate without the need for extensive work to be undertaken in their realisation.

Distribution of funds

In cases where sufficient realisations are made to enable a dividend to creditors, We have to undertake certain statutory formalities. This includes writing to all creditors who have not yet lodged a proof of debt. We also must review the claims and supporting documents received by creditors and formally adjudicate on the claims. This may involve seeking additional supporting documents from creditors who's claims require further review.

This will only occur should sufficient proceeds remain in the Administrators' estate after the costs of the Liquidation have been met in full.

Other matters which include, seeking decisions from creditors (via virtual meeting), Tax, Pensions and Travel

During the course of administering the case, the Insolvency Practitioner may be required to carry out additional work which doesn't necessarily fall under any of the other categories above. This may include:

Seeking additional decisions from creditors on various proposed resolutions, including where relevant an increase to our original remuneration estimate, and whether a creditors committee is formed.

The submission of VAT and Tax returns when appropriate in order to reclaim monies for the estate and pay over any taxes due to HMRC. As detailed above, we are also duty bound to provide notifications and further assistance to pensions departments where applicable.

We may be required to travel to the Company's premises or to a meeting external to our office if it assists with our realisation of assets, investigations or another aspect of the case.

There are certain other matters which we may have to deal with which are not evident or foreseeable at the outset of the Administration. We are unable to seek approval to fix remuneration for any work unless and until the nature of any such work has been identified and the work involved can be quantified. If this scenario should occur, we will revert to creditors, providing full details of the circumstances at the time, to seek creditor approval of a further fees estimate.

Instances and explanations of the such work that might fall under this category are provided on our website at <http://www.begbies-traynorgroup.com/work-details>.

Once again, there may not be any obvious financial benefit to creditors, but all work carried out would likely be considered necessary for the administration and progression of the case. Creditors will be notified of all of our actions in the progress and/or final reports issued.

The Company's Liquidation

At this stage it is considered likely that the Company will exit Administration via Creditors' Voluntary Liquidation in order to facilitate the payment of a dividend to the Company's unsecured creditors. Accordingly, the work for which fee approval is being sought includes the work that will need to be undertaken should the Joint Administrators also be appointed Joint Liquidators, following any conversion to Creditors' Voluntary Liquidation.

We are seeking that our remuneration be agreed on the on the following basis:

a) Fixed Fee

The Joint Liquidators propose to draw a fixed fee of £5,000 for undertaking the following categories of work, during their time in office. A description of the type of work which falls under these categories is detailed below.

1. General case administration and planning
2. Compliance with the Insolvency Act, Rules and best practice
3. Investigations
4. Dealing with all creditors' claims (including employees), correspondence and distributions
5. Other matters which include Tax and Pension matters.

The work which will be carried out in the event the Company enters Liquidation will effectively continue from the Administration. However, there will be work that is required to be carried out by statute or regulatory guidance, or are necessary when a company enters Liquidation following Administration. After taking into account the nature and value of the assets involved, it is concluded that a fixed fee of £5,000 would be necessary to cover the specific work required upon entry into Liquidation from Administration.

b) Percentage Basis

In the event that not all assets are, for whatever, realised during the course of the Company's Administration then should any further realisation of assets be required in the event the Company enters Liquidation, we intend that our fee for dealing with this as the Joint Liquidators will continue to be fixed on the same basis, i.e. 20 percent of any further realisations.

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

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. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance¹ 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.

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

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 London office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour) 18 March 2019 – 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

¹ Ibid 1

Staff Grade		Consultant/ Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time cost £	Average hourly rate £
Administration	Administration	29.7	11.0	0.9			6.5	7.6		0.2	55.90	22,772.50	407.38
	Case planning		7.3				10.5				17.80	5,611.00	315.22
Assets	Negotiation of sale of business +/- assets	1.0	5.9				2.7				9.60	3,728.00	388.33
Creditors	Other creditors												
	Secured - correspondence and meetings												
Other Matters	Meetings and correspondence with directors												
	Travel												
Total hours by staff grade		30.7	24.2	0.9			19.7	7.6		0.2	83.3		
Total time cost by staff grade £		15,196.50	10,769.00	355.50			4,432.50	1,330.00		28.00		32,111.50	
Average hourly rate £		495.00	445.00	395.00			225.00	175.00		140.00			385.49
Total fees drawn to date £												5,000.00	

SIP9 Spraytech Coachworks Ltd - Administration - 21SP178.ADM : Time Costs Analysis From 15/07/2020 To 01/09/2020

Staff Grade	Consultant/Partner	Director	Sr Mgr	Mngr	Asst Mgr	Sr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning		2.0	0.7						2.7	1,985.50	432.04
	Administration	13.5	1.2	0.7	0.1	24.3	0.2			40.0	13,030.00	325.75
	Total for General Case Administration and Planning:	13.5	3.2	1.4	0.1	24.3	0.2			42.7	14,195.50	332.47
Compliance with the Insolvency Act, Rules and best practice	Appointment						0.8			0.8	105.00	175.00
	Banking and Bonding					0.2			0.3	0.5	87.00	174.00
	Case Closure											0.00
	Statutory reporting and statement of affairs	9.2	7.3	0.7		36.3				53.5	16,246.50	303.67
	Total for Compliance with the Insolvency Act, Rules and best practice:	9.2	7.3	0.7		36.3	0.8		0.3	54.8	16,438.00	301.87
Investigations	CDDA and Investigations	0.4	0.4			0.8				1.6	511.00	365.00
	Total for Investigations:	0.4	0.4			0.8				1.6	511.00	365.00
Realisation of assets	Debt collection		3.8			3.8				8.6	2,277.00	345.00
	Property, business and asset sales	5.9	0.3			2.2				8.4	3,549.00	422.50
	Retention of TDR/Third party assets					0.3				0.3	87.50	225.00
	Total for Realisation of assets:	5.9	3.9			6.3				15.3	5,893.00	383.25
Trading	Trading											0.00
	Total for Trading:											0.00
Dealing with all creditors claims (excluding employees), correspondence and distributions	Secured											0.00
	Others		1.4			4.8				6.0	1,658.00	279.33
	Creditors committee											0.00
	Total for Dealing with all creditors claims (excluding employees), correspondence and distributions:		1.4			4.8				6.0	1,658.00	279.33
Other matters which includes seeking decisions of creditors, meetings, tax, litigation, pensions and travel	Seeking decisions of creditors			2.8						2.8	1,027.00	385.00
	Meetings											0.00
	Other											0.00
	Tax											0.00
	Litigation	0.7								0.7	346.50	495.00
	Total for Other matters:	0.7		2.8						3.3	1,373.50	418.21
	Total hours by staff grade:	29.7	18.3	4.7	0.1	71.5	0.8		0.3	123.3		
Total time cost by staff grade:		14,701.50	7,209.00	1,838.50	34.50	18,097.50	140.00		42.00		40,071.00	
Average hourly rate £:		495.00	445.00	395.00	345.00	225.00	175.00	0.00	140.00			324.99
Total fees drawn to date £:											0.00	

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

No.	Type of expense	Description	Estimate £
1.	Advertisements	Of appointment, meetings, dividends etc.	438.00
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	148.50
3.	Insurance	An Insolvency Practitioner is required to ensure that there is sufficient insurance cover over the assets of the insolvent entity Administration charges may also be applied to the account	Nil
4.	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.	50.00
5.	Agent's valuation fees and disbursements	To attend the Company's premises and hold meetings and discussions with the Company's director in relation to the Company's business, goodwill and assets. Undertaking a formal report and valuation and identify & negotiate any potential sale in relation to these assets.	Nil
6.	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements	£7,000
7.	Debt collection fees	The fees of any third party instructed to assist the Insolvency Practitioner and their anticipated disbursements	£1,000
8.	Bank charges	An Insolvency Practitioner is required to operate a separate bank account in relation to the insolvent entity's estate	Nil
9.	Postage	Based on current prices. Relating to the circulation of notices to creditors of the virtual meeting, the appointment of Liquidator and a final account.	634.40

SIP 16 STATEMENT

APPENDIX

SIP 16 Statement

SPRAYTECH COACHWORKS LTD T/A SPRAYTECH (In Administration) ("the Company")

INFORMATION ABOUT THE COMPANY AND THE PRE-PACKAGED SALE OF THE COMPANY'S ASSETS AND UNDERTAKING ON 15 JULY 2020

Summary

Amie Johnson and Ninos Koumettou of Begbies Traynor (Central) LLP, 1 Kings Avenue, Winchmore Hill, N21 3NA were appointed as Joint Administrators of the Company on 15 July 2020.

Amie Johnson is authorised to act as an Insolvency Practitioner by the Insolvency Practitioners Association and Ninos Koumettou is authorised to act as an Insolvency Practitioner by The Institute of Chartered Accountants in England and Wales. Administrators are officers of the Court and act as agents to the Company without personal liability. Amie Johnson and Ninos Koumettou are bound by the Insolvency Code of Ethics.

Immediately following our appointment, the business, goodwill and assets of the Company were sold to AD Williams Enfield Limited.

Prior Involvement

Prior to being asked by the Board to assist in this matter, Amie Johnson has had no previous involvement with the Company or any of its current / former directors and / or shareholders.

However, Ninos Koumettou was previously instructed by the Company's original owner / director, Mr C Charalambous, to place four associated companies, of which he was also a director, into Members Voluntary Liquidations. Ninos Koumettou was subsequently appointed Liquidator of the following companies on 17 June 2019:

Spraytech Recruitment Ltd
Spraytech Autospares Ltd
Spraytech Group of Companies Ltd
Spraytech Holdings Ltd

Having considered the extent of his prior involvement with the Company and its former owner / director in the light of the Insolvency Code of Ethics, Ninos Koumettou considers that the threats to his objectivity identified as a result of the prior involvement was not at a significant level such that he would not be able to act objectively as Joint Administrator.

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Amie Helen Johnson is licensed in the United Kingdom to act as an Insolvency Practitioner by the Insolvency Practitioners Association.

Ninos Koumettou is licensed in the United Kingdom to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England and Wales.

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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 on 5 December 2018 by the former owners / directors. The Company subsequently acquired the business of a previous associated company, Spraytech Group of Companies Ltd, that traded from premises at 222 Alma Road Enfield, and began trading in March 2019 from the same premises. The trading activities were that of a specialist accident and mechanical repair centre, working directly with insurance companies and accident management networks.

On 9 July 2019, Palace Group Holdings Limited, a special purpose holding company, acquired the shares in the Company from the former shareholders the Charalambous family. The Charalambous family took a Debenture over the Company by way of a guarantee against all monies due from Palace Group Holdings Limited under that share sale agreement. It was the intention of the group to raise additional financing to facilitate business growth. This was achieved however at a far lower level than had originally been anticipated. From time to time, the new ownership of the business traded below profit expectation and disagreements on strategy at Board level, going into the final quarter of 2019, meant that the focus was taken away from the day to day management of the Company. Losses were incurred in November and December 2019 and, although revenues increased in January and February 2020, the knock-on effect of the previous poor period meant that cash flow was strained and, consequently, work-flow suffered.

The subsequent impact of Covid-19 had a devastating impact of the Company's revenue and its ability to continue to trade as a going concern.

Role of the Insolvency Practitioner

Begbies Traynor (Central) LLP were introduced to the Company's managing director by AGK Partners, the accountants who act for the Charalambous family.

Theo Alexander first met with Mr Dominic Fiore, the Company's managing director on 3 June 2020. During the course of the meeting and as a result of the background and financial information disclosed to us by Mr Fiore, it was apparent that the Company did not have sufficient funds available to it, or assets that could be sold to enable it to settle all liabilities as and when they fell due.

In addition, we were advised that the Company's shareholder, Palace Group Holdings Limited ("PGHL") one of whose directors was also Mr Fiore, was also in dispute with the original owners, the Charalambous family, who were also the Company's Debenture Holder, in relation to the monies due under the terms of the Share Sale Agreement dated 9 July 2019 and a settlement / final completion account. Further, PGHL was itself struggling financially and was not certain that it would be in a position to honour any final settlement agreement which may ultimately have been agreed.

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It was therefore envisaged that a settlement would need to be agreed by all parties to include termination of all claims, both present and future in relation to any warranties and / or indemnities. In addition, it was anticipated that a new buyer should stand in the place of PGHL with a view to honouring any final settlement agreed with the original owners, pertaining to the original share sale agreement.

Solicitors for all parties had been instructed with a view to agreeing a strategy in relation to this matter but it was clear that, notwithstanding these other issues, the Company itself would need to enter some form of insolvency process. It was considered that this should take place simultaneously with any settlement entered into between the original owners, PGHL and any new prospective owner.

Following our initial meeting, negotiations continued, between the respective parties, in relation to the share sale and subsequent settlement and we subsequently received confirmation that an agreement in this respect had been reached and agreed by the requisite parties.

This firm was formally engaged by the Board on 22 June 2020.

No advice was given to the individual directors regarding the impact of the insolvency of the Company on their personal financial affairs. Whilst not formally in office at the time, the Joint Administrators were still required to act in their dealings with the Company in accordance with the Insolvency Code of Ethics. Following our formal engagement by the Board on 22 June 2020, we have:

- *advised on the financial control and supervision of the business between the date of our engagement and date of the appointment of the Administrators;

- * advised the Directors that our role was not to advise them in their personal capacity and recommend they seek independent legal advice with regard to the process;

- *consulted with the secured creditor and connected creditors and also held discussions with potential purchasers of the business and assets including discussions relating to a 'pre-pack' transaction;

- * liaised with agents to procure independent professional valuations of the Company's assets and assist with a strategy on how best to realise those assets.

- * advised on and assisted with the marketing of the Company's business interests for sale as a going concern.

- * liaised with solicitors instructed to assist with the formalities of a sale of the business, goodwill and assets of the Company, the simultaneous settlement in relation to the share sale, the assignment of the Company's Lease and the appointment of Joint Administrators;

The Directors have confirmed that neither they, nor the Company have had any dealings with the Joint Administrators' firm in the three years preceding the Administration. The Company did, however, acquire the business and assets of Spraytech Group of Companies Ltd, which subsequently entered Members

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Voluntary Liquidation on 17 June 2019, as referred to further above. This acquisition took place prior to the current directors' involvement.

Creditors' should be made aware that the directors of the Company had a prior insolvency during the three year period prior to the Administration. Palace Group Ruxley Ltd entered into Liquidation on 21 February 2020. Richard Jeffrey Rones of Thornton Rones Ltd was the appointed Liquidator. Dominic Fiore resigned as a director of Palace Group Ruxley Ltd on 30 December 2019. John Durrant remains as a director.

Period between initial meeting with the Company, Appointment of Administrators and Completion of the Sale of the Business, Goodwill and Assets

The initial meeting with the Company was held on 3 June 2020, the appointment of Joint Administrators took place on 15 July 2020. During the period between the initial meeting with the Company and the appointment of Administrators an accelerated marketing strategy was implemented, further details of which are explained below. We also liaised with the solicitors for the original owners, PGHL and the prospective new owners with regards to their own internal negotiations pertaining to reaching a settlement in respect of the sale of the Company's shares.

Administrators Appointment

Ninos Koumettou and I were appointed as Joint Administrators on 15 July 2020. Our role has now changed and we are required to undertake the functions and responsibilities of Administrators, in accordance with statute, on behalf of the creditors as a whole.

As Joint Administrators, we are officers of the Court and have taken over the management of the Company from the Board. The purpose of the Administration is to achieve one of the Statutory objectives, namely to:-

- (a) rescue the Company as a going concern; or
- (b) achieve 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) realise property in order to make a distribution to one of more secured or preferential creditors.

More information about the objective we are seeking to achieve in respect of the Company is set out further below.

In order to help us achieve the objective, we have a wide range of powers, as set out in the insolvency legislation and we must perform our functions as quickly and efficiently as is reasonably practicable. We must also act in the interests of the creditors of the Company as a whole other than where objective c) is being pursued where we only need to ensure that we do not unnecessarily harm the interests of the creditors of the Company as a whole.

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Pre-appointment considerations

In addition to advising on the Company's options, our advice covered marketing the business and also involved negotiating and agreeing the contract to be completed immediately following the Joint Administrators' appointment. The fee agreed in respect of pre-appointment advice was based on a fixed fee of £10,000 plus VAT. Prior to our appointment the sum of £12,000 was received from the Company in respect of this fee.

The Company granted the following security:

<u>Type of Security</u>	<u>Name of charge-holder</u>	<u>Date of creation of security</u>
Debenture	Charalambous Charalambous, Anna Charalambous, Alex Charalambous & Andrew Charalambous	9 July 2019

The Company also operated an invoice finance facility with Smart Business Link who were not in a position to advance further finance and neither the Company nor its directors and shareholder were in a position to advance the necessary funding in order to inject funds into the business to allow a return to profitability.

A review of the Company's cash flow revealed that as a result of the assistance received from the Corona Virus Job Retention Scheme, the Company held sufficient funds to trade in the immediate / short term, however, as a result of the reduction in trade generally there would be insufficient working capital available to allow the Company to trade in the medium term in order for a purchaser to be found.

The Company's directors, shareholder and connected parties confirmed that they were not able to provide the level of additional funding necessary to support the Company to continue to trade in the long term.

The options listed below, were therefore considered with the Company's managing director:

Continuing to trade outside insolvency

The Company had depleted its asset resources and the significant reduction in trade following the Covid-19 pandemic was severely impacting upon its ability to continue trading. The Company was insolvent and it was established that, whilst it may be able to trade in the short term, it could not continue to trade in the longer term with the level of historic debt which the Company had. In addition, the Company's shareholder was in dispute with the former owners regarding the balance due in relation to the sale of shares and was not in a position to provide any form of funding to the Company to enable it to continue. This also put the Company at further risk in view of the Debenture which had been granted as this had been provided by way of a guarantee for any shortfall suffered by the former owner in relation to the sale of the Company's shares.

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Distressed Sale of the Business and Assets as a Going Concern by Management

In view of the lack of working capital in the business, this course of action was not considered to be possible due to the time an extensive marketing campaign would take. This course of action would have been further complicated by the circumstances and issues in relation to the ownership of the Company and the ongoing dispute between the shareholder and original owners regarding the share sale agreement.

Administrative Receiver

There is no creditor holding a floating charge prior to the introduction of the Enterprise Act 2002 that would enable them to appoint as Administrative Receiver.

Company Voluntary Arrangement ("CVA")

The Company appeared to have the components for a viable business, with trade continuing, albeit on a reduced scale, throughout the Covid-19 pandemic. However, cash flow issues and a lack of funding for future trade meant that the Company would not have had sufficient means to propose a viable CVA.

Restructuring Plan

A restructuring plan was discussed with the Company, however this option was not considered viable for the Company on the basis that the Company's director advised that the business does not have the ability to generate funds to return to profitability whilst also servicing historic debt, even at a reduced level under a restructure.

Liquidation / Closure of Business

The possibility of placing the Company into Liquidation was considered, however, this course of action would not have resulted in a better outcome for creditors when compared with a potential sale of the business, goodwill and assets to a willing purchaser.

Liquidation would have reduced the value of any Goodwill attributable to the Company dramatically, if not lost entirely, which would have been a disadvantage to the Company's creditors as a whole.

In a liquidation scenario, only ex-situ / forced sale value would likely have been achieved, were the Company's tangible assets sold. Any ex-situ / forced sale was likely to be significantly less than if these assets were sold as an in-situ sale to a willing purchaser.

The Company also has book debts which were subject to the invoice finance facility with Smart Business Link. The ability to realise these debts would have been made significantly more difficult in a cessation of trade / liquidation scenario.

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Liquidation would have resulted in the Company's employees being made redundant which would, in turn, have led to preferential claims being made in relation to and unpaid wages & holiday pay as well as additional unsecured claims in relation to redundancy and notice pay.

It was therefore concluded that allowing the Company to cease trading and enter Liquidation would have a negative impact on the Company's creditors as a whole as Liquidation would have resulted in a significant reduction in asset realisations whilst creditor claims would have significantly increased.

Moratorium

Albeit that the option of a 20 business day moratorium was open to the Company, it is considered that the moratorium is most likely to be appropriate for entities that are typically resilient, but have accrued unpaid liabilities and are facing creditor pressure, but have sufficient cash to pay creditors day to day during the period of the moratorium. The Company did not without sourcing extra assistance from funds have cash available to it to allow cash flow to be serviced for a 20 business day period. Consequently, this option was discounted.

Pre-Packaged Administration Sale / Trading in Administration

The advantages and disadvantages of trading in Administration (with a view to a going concern sale) was considered with the Company's managing director.

Although it was likely that trading in Administration was likely to lead to the maximum exposure for the business and assets of the Company to potential interested parties, such exposure would also carry risks which could severely impact upon any recovery of goodwill and / or any sale as a going concern which could ultimately be achieved. This would, in turn, have impacted adversely upon asset recoveries and creditors' claims.

Consequently, it was deemed that there was limited potential for the Administrators to trade the business for the following reasons:

- The potential loss of employees due to the uncertainty of continuing employment.
- The potential for the Company's customers which, in the main, comprised insurance companies to transfer or source the service provided by the Company from elsewhere due to the uncertainty of maintaining the service which the Company provided.
- The lack of working capital available and no funding possible to allow medium-term trade to continue whilst the Company's business and assets could be exposed thoroughly in the market.
- The concern that the nature of Administration would damage the goodwill of the business and, in turn, the value for any potential buyer.

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- The ongoing running costs and potential for ransom payments to be made by suppliers/creditors which would have impacted further on the Company's cashflow.
- The uncertainty regarding the ownership of the business, the disputes between the original owner and PGHL with regards to monies due under the original share sale and the Debenture placed on the Company as a result of that sale. It was considered that if no agreement could be reached and PGHL itself was to enter some form of insolvency process, any remaining liability due to the secured creditor would fall to the Company to honour by way of the guarantee / Debenture which had been provided at the time of the original share sale.

After taking all these matters into consideration, it was considered that there was a strong likelihood the Company could suffer trading losses, which could have potentially been significant, which would have been detrimental to the Company's creditors as a whole.

No enquiries were made of potential funders as to the availability of funding for trading in Administration as it was concluded that this option would not provide the best outcome for the Company's creditors.

As proposed Administrators, together with the support of our professional valuers, we advised the Company that a pre-pack Administration was the most favourable option and would most likely lead to a better outcome for creditors than any other alternative.

The benefits of achieving a pre-pack sale were considered to be as follows:

Preservation of asset values – The Company's current management / staff would continue to trade the business. This was considered to be fundamental to the continuity of service to the Company's customers. A sale in this manner would enable the preservation of relationships and avoid any disruption to customers which would also, in turn, enhance the prospect of greater debt recovery.

Preservation of employment – The Company's staff would be transferred to the purchaser under the TUPE regulations, resulting in the mitigation of significant employee claims.

As Joint Administrator of the Company, a pre-pack sale would enable me to achieve the objective of the Administration, which was to achieve 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). I can also confirm that the anticipated outcome to be achieved as a result of the pre-pack sale is the best available outcome for creditors as a whole and which could reasonably be achieved in all the circumstances of the matter.

Valuation of the Company's business, goodwill and assets

Stuart Crombie of Rabbow & Co. LLP were instructed on 22 June 2020 to undertake a valuation of the Company's business, goodwill and assets. They confirmed their independence and hold adequate professional indemnity insurance. Stuart Crombie is an associate of the National Association of Valuers and Auctioneers.

Mr Crombie's valuation was received on 3 July 2020 and is detailed below:

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Asset Category	Valuation basis & amount (£)	
	e.g. In-situ	e.g. Ex-situ
<u>Fixed Charge Assets</u>		
Goodwill	133,860	50,000
<u>Floating Charge Assets</u>		
Office Furniture & Equipment	11,445	1,920
Plant & Equipment	54,915	17,155
Stock	Nil	Nil
Vehicles	Nil	Nil
Premises (Deposit)	75,000	Nil
Total	275,220	69,075

An in-situ / going concern valuation reflects the estimated amount for which the assets could be sold as a whole in their working place, as part of the business, to a willing purchaser. This is usually greater than the ex-situ basis due to the attributing of value to goodwill and future income streams.

The ex-situ / forced sale valuation reflects a sale whereby the assets are removed from the Company's premises and sold on a piecemeal basis in the event the Company ceases to trade and enters Liquidation.

The Joint Administrators consider the basis of the valuation appropriate as this would enable them to consider offers with the objective of selling the business, goodwill and assets as a going concern, whilst also being able to understand what these assets were likely to realise in the event that sale negotiations deteriorated and a forced sale of the assets became necessary.

Marketing of the Business and Assets

The directors were asked to provide information on any parties, of which they were aware, who would be interested in purchasing the business and assets of the Company.

The directors were also asked to advise of any marketing conducted by the Company prior to approaching this firm for advice and we were advised that there had not been any prior marketing conducted by the Company.

We were advised of no interest apart from that received from associated company, AD Williams Enfield Ltd. It was understood that AD Williams Enfield Ltd was also the proposed to stand in the shoes of PGHL in respect of sums due and owing under the share sale agreement.

With effect from 22 June 2020 Rabbow & Co. LLP were instructed to assist Begbies Traynor (Central) LLP in commencing a marketing strategy.

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The Marketing Strategy

It was agreed that the marketing and media coverage would include marketing the business as widely as possible, which involved advertising on IP Bid, which is a specialist insolvency marketplace. This online platform facilitates the sale of insolvent and distressed businesses and assets on an independent basis.

Information to allow expressions of interest to be obtained was forwarded to Rabbow & Co LLP, with a view to it being circulated to their client base and contacts.

The marketing exercise was in place from 22 June 2020 until 6 July 2020. The Joint Administrators were satisfied that this length of marketing achieved the best available outcome for creditors as a whole in all the circumstances.

The reasons for the marketing and media strategy adopted were to gain the most possible interest in the time frame available.

It was hoped that the marketing strategy would lead to parties expressing an interest and offering to purchase the business and assets.

Nine expressions of interest were received, following which Non-Disclosure Agreements ("NDA's") were issued to all parties. Signed NDA's were received back from five of these parties. Our agents waited for certain further information pertaining to the Company which they subsequently received and forwarded to various parties on 2 July 2020. Our agents did not receive any offers for the business from any of these parties and where any response was received it was to withdraw interest. One of the parties specifically informed our agent that the business 'had a lot of problems to fix' while another stated that it was 'too far gone'. Our agent had previously anticipated that there would be difficulties in attracting interest from unconnected parties.

The only offer which was received was from AD Williams Enfield Ltd. This offer, which was for the sum of £150,000, was from a connected party, which is an associated party by virtue of the fact that Stuart Bacchus is a director of AD Williams Enfield Ltd and the Company's director has advised that Mr Bacchus is also a shareholder of Palace Group Holdings Limited which is the sole shareholder of the Company.

It was considered that the above marketing strategy achieved the best available outcome for creditors as a whole in all the circumstances.

Details of the assets sold, the purchase and the nature of the transaction

The purchaser and related parties

As set out above, a sale of the Company's business, goodwill and assets was completed on 15 July 2020, shortly following the appointment of the Joint Administrators, to AD Williams Enfield Limited ('ADWE'). Under the terms of the Asset Sale Agreement, ADWE became responsible for the business and assets with effect from 15 July 2020. The Company has not traded in Administration.

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AD Williams Worthing Limited, a company connected to ADWE by way of common directors, has provided a guarantee for any unpaid sums due from the purchasing company under the terms of the sale agreement. A Debenture incorporating a fixed and floating charge has also been granted to the Company by AD Williams Worthing Limited in this respect.

ADWE is a connected party pursuant to sections 249 and 435 of the Insolvency Act 1986 by virtue of the fact that Stuart Bacchus is a director of AD Williams Enfield Ltd and the Company's director has advised that Mr Bacchus is also a shareholder of Palace Group Holdings Limited which is the sole shareholder of the Company.

It is our understanding that the Company's directors Mr Durrant and Mr Fiore are not going to be involved in the business moving forward.

This transaction is between the insolvent company and the purchasing company but does form part of a wider transaction details of which are set out in the preceding paragraphs of this report.

The assets

The sale included the assets listed below and was completed by means of a sale and purchase agreement, which was prepared by our solicitors, The Wilkes Partnership LLP, on behalf of the Joint Administrators.

The Sale Consideration

The sale consideration was agreed at £150,000. The sale consideration has been allocated to the following asset categories:

Asset	Price Apportionment
Business Contracts	£1
Business Intellectual Property Rights	£1
Goodwill	£84,996
Office Furniture & Equipment	£10,000
Plant & Equipment	£55,000
Premises	£1
Sellers Records	£1
TOTAL	£150,000

The allocation above has been reached following consultation with our agents.

The Goodwill and Business Contracts element of the offer represents the value attributed to the reputation of the Company, which has been built up since its commencement of trade. It was considered that much, if not all, of the value of these assets would be lost were the Company to cease trading and enter Liquidation.

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The Company's books debts, subject to the facility with Smart Business Link were excluded from the sale and will continue to be collected in the usual manner.

There were 51 employees who were transferred as part of the sale.

As part of the agreed sale, the Lease on the Company's former trading premises was also assigned to ADWE. It was further agreed that any balance of rent deposit, after the deduction of any outstanding rent due to the landlord, would also be reimbursed to the Company by ADWE. The original rent deposit that was paid amounted to £75,000 of which we were advised that the sum of £62,000 would need to be deducted in relation to arrears on the account, leaving a net sum repayable to the Company of £13,000.

The sum of £28,000 was received on completion, comprising an initial payment of £15,000 due in relation to the sale of the Company's business, goodwill and assets, together with the sum of £13,000 due in respect of the net rent deposit as referred to above. A further amount of £2,000 plus VAT was also paid by the ADWE by way of an agreed contribution towards the legal costs incurred by the Joint Administrators in dealing with this matter.

The remaining balance, of £135,000 due under the terms of the Asset Sale Agreement is to be paid by way of nine equal instalments of £15,000, commencing one month following completion and each month thereafter.

The Joint Administrators also requested for Debenture to be provided so as to provide security for the deferred consideration which remain due under the Asset Sale Agreement. This was provided by an associated company, AD Williams Worthing Limited.

There are no conditions included within the sale agreement that could materially affect the consideration.

As set out above, the sale does form part of a wider transaction between the Charalambous family, Palace Group Holdings Limited, ADW and AD Williams Coach Works Limited. The effect of this is to provide for a settlement, in relation to the original sale of shares to PGHL, which has now been successfully concluded.

Connected Party Transactions

The sale was to a connected party (as defined by the Insolvency Act 1986) as stated above. It has been verified by independent agents that this represented the best offer received.

Pre-Pack Pool

As indicated above, the purchaser of the business and assets of the Company is a connected party. Connected party purchasers are encouraged to, but not required to, approach what is known as the pre-pack pool, an independently group of suitably qualified and experienced individuals, in order to obtain their opinion on the pre-pack transaction. The connected party purchaser has to pay the pre-pack pool for them to provide this opinion.

The purchaser was advised that they may wish to approach the pre-pack pool.

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However, the pre-pack pool was not approached by the connected party.

Viability Statement

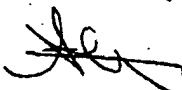
A viability review can be drawn up by a connected party wishing to make a pre-packaged purchase. The review should cover the greater of 12 months or the period over which any consideration is to be deferred, in order to demonstrate how the purchasing entity will survive for this period from the date of the proposed purchase.

As proposed Administrators, we requested that the connected party provide us with a copy of any viability statement prepared in this respect. However, no viability statement was prepared.

OTHER MATTERS

The effect of the Administration is to provide protection to the Company and prevent any creditor from taking action against it. During the period of the Administration, the Company cannot be wound up, no Administrative Receiver can be appointed, nor can any creditor enforce security, repossess goods, commence or continue legal action without the consent of the Joint Administrators or the permission of the Court.

The Joint Administrators will manage the affairs, business and property of the Company. The Joint Administrators are neither personally adopting any contracts which may have been entered into by the Company, nor are they personally liable in any way in respect of them.



Amie Johnson LLB (Hons) MIPA MABRP
Joint Administrator

21 July 2020

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