

AM03

Notice of administrator's proposals



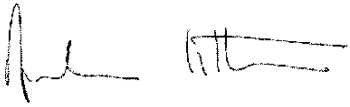
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1	Company details		→ Filling in this form Please complete in typescript or in bold black capitals.
Company number	1 1 9 4 5 1 0 8		
Company name in full	Invisible Creations Limited		
2	Administrator's name		
Full forename(s)	Andrew		
Surname	Little		
3	Administrator's address		
Building name/number	4th Floor		
Street	Cathedral Buildings		
Post town	Dean Street		
County/Region	Newcastle upon Tyne		
Postcode	N E 1 1 P G		
Country			
4	Administrator's name ^①		① Other administrator Use this section to tell us about another administrator.
Full forename(s)	Gillian Margaret		
Surname	Sayburn		
5	Administrator's address ^②		② Other administrator Use this section to tell us about another administrator.
Building name/number	4th Floor		
Street	Cathedral Buildings		
Post town	Dean Street		
County/Region	Newcastle upon Tyne		
Postcode	N E 1 1 P G		
Country			

AM03

Notice of Administrator's Proposals

6		Statement of proposals	
		<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	
7		Sign and date	
Administrator's Signature	Signature ✕  ✕		
Signature date	^d 1 ^d 3	^m 1 ^m 2	^y 2 ^y 0 ^y 2 ^y 1

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	Paul Kings
Company name	Begbies Traynor (Central) LLP
Address	4th Floor Cathedral Buildings
Post town	Dean Street
County/Region	Newcastle upon Tyne
Postcode	N E 1 1 P G
Country	
DX	
Telephone	0191 2699820



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- ☐ 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.



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Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



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

Invisible Creations Limited (In Administration)

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

Important Notice

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

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Invisible Creations Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 3 December 2021
"the administrators", "we", "our", "us"	Andrew Little of Begbies Traynor (Central) LLP, 4th Floor, Cathedral Buildings, Dean Street, Newcastle upon Tyne, NE1 1PG and Gillian Margaret Sayburn of Begbies Traynor (Central) LLP, 4th Floor, Cathedral Buildings, Dean Street, Newcastle upon Tyne, NE1 1PG
"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	Invisible Creations Limited	
Trading name(s):	Invisible Creations™	
Date of Incorporation:	13 April 2019	
Company registered number:	11945108	
Company registered office:	Eden Point, Three Acres Lane, SK8 6RL	
Former registered office:	Not applicable	
Trading address(es): (or attach a separate sheet if more than one)	Eden Point, Three Acres Lane, Cheadle Hulme, Cheadle, SK8 6RL	
Principal business activities:	Others - Not Reported	
Directors and details of shares held in the Company (if any):	Name	Shareholding
	Josephine Anne Ray	No shares held
	Yvonne Joan Castle	
	Paul Ramshaw Irvin	
Company Secretary and details of the shares held in Company (if any):	Name:	Shareholding
	No Company Secretary appointed	
Accountants:	RSM, 3 Hardman Street, Manchester, M3 3HF	
Share capital:	182 shares issued	
Shareholders:	Karbon Homes Limited	52
	Johnnie Johnson Housing Trust Limited	52
	Anchor Hanover Group	52
	Laura Wood	3
	Paul Pentelow	3
	Invisible Creations Limited	20

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	3 December 2021
Court:	The Business and Property Court at Newcastle upon Tyne Company and Insolvency List (ChD)
Court Case Number:	CR – 2021 – NCL - 000138
Person(s) making appointment / application:	The Directors, Eden Point, Three Acres Lane, SK8 6RL
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.
Type of Proceedings:	The proceedings will be COMI proceedings, as defined by the Insolvency (England and Wales) Rules 2016 (as amended)

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's initial inception resulted from the 2018 National Housing Federation's Innovation programme, "Creating Our Future". This manifested in the design of discrete (invisible) adaptive aides for use primarily in private residences. The Company developed products that were intended to be inclusive, attractive, innovative and have duality of purpose; products designed to aid mobility and better support people as they age to live longer and healthier lives in their own homes.

The ideas generated as part of the Innovation programme were deemed worthy of development and Anchor Hanover Group, Karbon Homes Limited and Johnnie Johnson Housing Trust Limited collectively looked to invest in the business as they saw the opportunities within the social housing sector for the products.

Anchor Hanover Group invested £450,000 cash as "start up" equity. Each of the three shareholders noted above subsequently provided working capital loans to the Company of £83,000 each. NorthStar Housing also provided support although they did not ultimately become shareholders. They invested £67,000 which is treated as loan funding.

The Company sought to market their products to housing associations in the first instance, concentrating on new home development, bathroom refurbishment programmes and general needs. However, as trading started in early 2020, the impact of the Coronavirus pandemic was significant as the refurbishment and construction programmes of the housing associations were dramatically curtailed during the various lockdowns in that year.

The Company initially registered 5 designs of products which they looked to source their manufacture (overseas) - Sourcing products during the pandemic also proved to be problematic, with substantial increases in raw materials, shipping and logistic costs.

As a result, sales levels were low and the Company failed to gain market traction. In the year to 31 December 2020 the Company achieved revenues of £45,000. The administrative expenses of the Company were significant and this resulted in losses before tax of £681,000.

This financial position was primarily supported by the funding noted above together with a £50,000 bounce back loan from National Westminster Bank.

The Company was working predominantly across the housing association and sectors with similar characteristics, seeking to develop multiple routes to market, both on a direct and indirect basis. It won numerous awards for the products. As Brand recognition increased, the Company generated several partnerships which looked to strengthen its routes to market and financial stability going forward.

One such partnership was the award of a UK Research and Innovation bid, "Homes for Living" led by E.On Energy. As part of a consortia with E.On and Newcastle University, delivering a combination of solutions supported by government funding, the Invisible Creations products were provided into individuals homes. The budgeted value of the project to the business was up to £1.7m over three years. The project also afforded the opportunity for Invisible Creations to provide additional product solutions, at incremental value, to the project as they came on stream.

With the relaxation of lockdowns, initiation of the Homes for Living project and the establishment of an Ecommerce website, the Company looked forward to 2021 with some positivity.

The reasons for the Company's insolvency

However, despite the positive outlook for 2021, the Company continued to suffer from the ongoing lack of traction within its target markets. The products were highly regarded and well-liked in the marketplace but the sales levels did not reflect the brand perception.

The Homes for Living project went live in June 2021 but the number of surveys and subsequent installations did not reach the anticipated levels. Between June and September only 50 surveys were instructed and only around 20 installations were completed. There appears to be an uptick in opportunities in recent weeks where volumes move more in line with budget.

The Company made changes to staffing and looked at ways of reducing costs in light of the low levels of sales. Consultants involved on the day to day activities of the business forgave payment of fees to aid cash flow for a number of months. They remain creditors of the Company at the date of administration.

Financially, turnover for the 9 months to September 2021 was £163,000 which resulted in a further net loss of £324,000.

As a result, the Company was experiencing some creditor pressure and the directors concluded that additional working capital funding would be required. The directors approached its shareholders and specifically the Anchor Hanover Group, to provide some additional working capital debt funding of circa £500,000, whilst exploring other options.

Due diligence was commissioned by Anchor Hanover Group but, ultimately, they were unwilling or unable to support the working capital request. The directors reviewed the other available options but as a result of the trading losses to date and the uncertainty of the projected income from the Company's revenue streams, there was no alternative funding opportunities available.

The Company was insolvent as it was unable to pay its debts as and when they fell due. The primary reason for the Company's insolvency, as already indicated above, was the failure to gain sufficient traction in the marketplace to generate the required turnover to support the costs incurred to establish the brand and basis of the business.

5. STATEMENT OF AFFAIRS

The directors have not yet formally prepared a statement of affairs of the Company as at 3 December 2021. Attached at Appendix 2 is an estimated outcome based on the information available. It makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement.

Our comments on the estimated statement of affairs are as follows:

The asset values are based upon the sale consideration as at 3 December 2021 plus the minimum deferred consideration payable.

The company has no secured creditors therefore the assets are wholly available to the preferential, secondary preferential and unsecured creditors.

The claims of the employees relate only to arrears of pay for the period 1 to 3 December, accrued holiday pay, pay in lieu of notice and, where applicable, any redundancy pay due.

The Company engaged a number of consultants in management positions. These are specifically not employees and claims by the consultants have been treated as unsecured creditor claims.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 03/12/2021 to 8 December 2021.

The Company entered administration on the afternoon of 3 December 2021 and a sale was concluded immediately thereafter.

We received funds of £25,300 from the Company on 30 November 2021. This was banked in our client account and has now been transferred to our case account.

The gross proceeds from the sale, £12,000 has been received by Ward Hadaway, our solicitors. We have not yet received these funds.

Work undertaken by the Administrators and their staff

As noted above, immediately following appointment we concluded a sale to PROcare Shower and Bathroom Centre Limited ("PROcare").

We have, since the sale, worked with the purchaser, PROcare, and a number of the consultants engaged with the Company to facilitate the novation of the E.On supplier agreement which is likely to generate additional funds for creditors based on the turnover generated by PROcare for the sale of the Company's existing product lines.

We have recovered a number of items of computer hardware and are in the process of collecting in the remaining items.

Third party subcontractors performed installations that were carried out in respect of the Homes for Living project with E.On. These will be invoiced by the administrators for the period from 28 November 2021 to the date of administration. The costs of the installation will be paid as an expense of the administration.

The administrators have undertaken the initial report to creditors, the SIP6 report and the production of the proposals.

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.

7. ESTIMATED OUTCOME FOR CREDITORS

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

Secured creditor

There are no secured creditors.

Preferential creditors

Preferential claims of employees for arrears of wages, salary and holiday pay were estimated at £10,000. The sale of the business and assets specifically excluded the employees of the Company transferring to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006.

Secondary preferential creditors

Further to the changes to the Finance Act 2020, HM Revenue & Customs are now able to claim secondary preferential status for certain liabilities. Taxes owed by the business to HMRC comprising of VAT, PAYE Income Tax, Employee National Insurance Contributions, Student loan deductions and Construction Industry Scheme deductions fall under the secondary preferential status.

The secondary preferential claim of HM Revenue & Customs is estimated at £4,722.

Unsecured creditors

Claims of unsecured creditors were estimated at £629,991.

A former consultant of the Company was in the process of bringing a claim for underpayment of consultancy fees. The claim was with the Company's lawyers immediately prior to the administrators' appointment. The claim has been included at the value of £1 as the directors believe that the claim is without merit and it is also insured.

PROcare, the purchaser of the assets of the Company are also a creditor of the Company and have retention of title over stock held in their warehouse. We would anticipate the value of the stock retained to substantially extinguish the liability noted in the statement of affairs.

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

Secured creditor

As there is no secured creditor there will be no dividend payable.

Preferential creditors

We consider that there are likely to be sufficient funds for a dividend to be paid to preferential creditors.

Secondary preferential creditors

We consider that there are likely to be sufficient funds for a dividend to be paid to HM Revenue & Customs after payment in full of the preferential creditors.

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:

Where charge is created on or after 6th April 2020

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;

- Up to a maximum amount to be made available of £800,000

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

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

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

Unsecured creditors

Based upon realisations to date and estimated future realisations there may be sufficient funds available to enable a dividend to be paid to the unsecured creditors.

We will be monitoring, on a monthly basis, the sales of the Company's existing products by the purchaser. The sale agreement broadly provides for deferred consideration to be paid at a rate of 10% for sales up to £1 million and at 15% for sales over £1 million over the period of 12 months from the date of sale. The purchaser is looking to maximise sales and therefore the amount of deferred consideration that may be received could be significant.

Once we recognise that the deferred consideration will be sufficient to allow us to pay a dividend to the unsecured creditors we would look to move the company into Creditors Voluntary Liquidation to facilitate that distribution.

Effect of administration on limitation periods under the Limitation Act 1980

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

8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

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

For the reasons set out in this report, we presently consider that it is not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

The Company was running out of cash and in immediate danger of ceasing to trade. The directors had looked at all available options to generate additional working capital, including a request to the existing

shareholders. As a result of the failure to address this fundamental working capital problem, it is not possible to rescue the Company as a going concern.

By looking to sell the trade and assets of the business it is likely that the results for creditors will achieve the objective of paragraph 3(1)(b) as there would be enhanced realisations for creditors over and above a sale of assets from liquidation.

Details of proposals

We consider that this objective has already largely been achieved due to the sale of the trade and assets to PROcare Shower and Bathroom Centre Limited ("PROcare") immediately following our appointment on 3 December 2021. We consider that being able to make the sale and introducing the purchaser to E.On Energy and the Homes For Living project will achieve a better return to creditors generally as an alternative to an immediate cessation of trade and liquidation of the Company. This transaction has significantly enhanced the prospects for the preferential and secondary preferential creditors.

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to monitor and review the deferred consideration. Once we have concluded that a distribution to the unsecured creditors will be achievable we would look to move to creditors voluntary liquidation as soon as practicable. The principal matters to deal with in this respect are:

- ☐ Collection of outstanding book debts;
- ☐ Monitor the sales of the Company's products by PROcare which would provide the deferred consideration;
- ☐ Assist with the novation of any supplier agreement with E.On Energy, Homes for Living project

Following these events we propose to finalise distributions to the preferential and secondary preferential creditors.

Exit from Administration

Creditors' Voluntary Liquidation

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

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

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

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

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

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

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.

Dissolution

On present information, if the Company receives only the minimum guaranteed deferred consideration, we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to deliver a notice of moving from administration to dissolution to the Registrar of Companies. Upon the registration of such notice our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the Company.

Contingency Plan – extending the administration

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the quantum of the deferred consideration for any reason within the timeframe for calculation and payment. 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.

9. PRE-ADMINISTRATION COSTS

Appendix 3 provides details of the work "The Work" that we have carried out, the associated costs and our proposed remuneration. The Work was carried out pursuant to an initial agreement made between us and the Company entered into on 15 November 2021. Our initial fee was a fixed fee of £2,500 plus VAT and this was paid by the Company immediately on receipt of our invoice.

As the options were limited and it was concluded that an accelerated merger and acquisition process with a proposed administration appointment following the marketing period, a further engagement letter was issued. 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.

In the period before the Company entered administration, we carried out work consisting of advising the directors in respect of the options available to the Company. Detail of the work we were engaged to

undertake is detailed in Appendix 3. We were paid an initial fee of £2,500 plus VAT in respect of phase one and two of the Work.

In addition to the Work noted in Appendix 3, additional work was required to be carried out before the Company entered administration because 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 costs incurred prior to appointment are as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	11,784.50	2,356.90	14,151.40
Legal costs (Administration application and sale agreement)	Ward Hadaway	6,014.00	1,202.80	7,216.80
Legal costs – disbursements	Ward Hadaway	63.90	12.78	76.68
TOTAL PRE-ADMINISTRATION COSTS		17,862.40	3,572.48	21,444.88

As noted above, we have already been paid £2,500 plus VAT in respect of the pre appointment work. The pre-administration costs for which approval is sought are broken down as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	5,500.00	1,100.00	6,600.00
Legal costs (Administration application and sale agreement)	Ward Hadaway	5,500.00	1,100.00	6,600.00
Legal costs – disbursements	Ward Hadaway	63.90	12.78	76.68
TOTAL PRE-ADMINISTRATION COSTS		11,063.90	2,212.78	13,276.88

The pre-administration costs noted in the table above are unpaid and we are seeking that they be paid as an expense of the administration. Approval to discharge such costs ("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 document detailing the work carried out, the associated costs and the proposed remuneration is provided together with a pre-administration Time Costs Summary 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.

10. REMUNERATION AND EXPENSES

Remuneration

We have not at this time drawn any funds on account of our remuneration, nor on account of certain expenses as approval has not previously been sought. Best practice guidance provides that payments to an office holder should be fair and reasonable and reflect the work that has been, and will be, properly carried out. The following proposal represents what we believe is a fair and reasonable fee basis, based on the work which has been carried out to date and the work which is yet to be undertaken.

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

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

Appendix 3 sets out our firm's hourly charge out rates, our fees estimate and the time that we and our staff have spent in attending to matters arising in the administration since 03 December 2021. Details of how the Administrators are proposing to be remunerated together with details of the work that the Administrators consider that they will need to undertake to administer the administration are set out at Appendix 3.

Expenses

We propose that expenses 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 expenses 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.

11. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

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

As administrators of the Company we are required by best practice guidance to make enquiries of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the administration, or wish to bring to our attention any potential recoveries for the estate. If you would like to bring any such issues to our attention please do so in writing to the address detailed at Section 1 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

We have not been made aware of any sales of the Company's assets to connected parties.

Deemed delivery

These proposals will be deemed to have been delivered on 13 December 2021.

Use of personal information

Please note that in the course of discharging our statutory duties as 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.

Right to request further information

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses which have been incurred during the period of this progress report.

Right to make an application to court

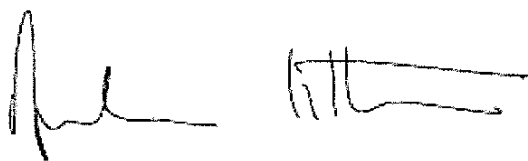
Pursuant to Rule 18.34 of the Rules, any secured creditor or any unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

12. CONCLUSION

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

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

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

A handwritten signature in black ink, appearing to read 'Andrew Little', with a stylized, elongated horizontal stroke at the end.

Andrew Little
Joint Administrator

Date: 9 December 2021

ACCOUNT OF RECEIPTS AND PAYMENTS

03 December 2021 to 09 December 2021

Invisible Creations Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 03/12/2021 To 09/12/2021 £	From 03/12/2021 To 09/12/2021 £
	ASSET REALISATIONS		
25,300.00	Cash at Bank	25,200.00	25,200.00
1.00	Commercial Records	NIL	NIL
16,000.00	Debtors	NIL	NIL
1,998.00	Domain Name / Website	NIL	NIL
999.00	Goodwill	NIL	NIL
10,000.00	Minimum Deferred Consideration	NIL	NIL
5,001.00	Property Rights/Patents	NIL	NIL
1.00	Social Media Accounts	NIL	NIL
2,000.00	Tangible fixed assets	NIL	NIL
		<u>25,200.00</u>	<u>25,200.00</u>
	PREFERENTIAL CREDITORS		
(2,500.00)	Employees re Arrears/Hol Pay	NIL	NIL
(7,500.00)	RPO re Arrears/Holiday Pay	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	SECONDARY PREFERENTIAL CREDITORS		
(4,958.00)	HMRC	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	UNSECURED CREDITORS		
(627,169.65)	Trade Creditors	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	DISTRIBUTIONS		
(182.00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<u>(581,009.65)</u>		<u>25,200.00</u>	<u>25,200.00</u>
	REPRESENTED BY		
	Client		25,200.00
			<u>25,200.00</u>

Note:

**ESTIMATED STATEMENT OF AFFAIRS AS AT 03
DECEMBER 2021**

STATEMENT OF AFFAIRS

Name of Company
Invisible Creations Limited

Company Number
11945108

In the
Business and Property Court in Newcastle

Court case number
000138

Statement as to the affairs of

Invisible Creations Limited

4th Floor

Cathedral Buildings

Dean Street

Newcastle upon Tyne

NE1 1PG

on the 3 December 2021, the date that the company entered administration.

Statement of Truth

I believe the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at 3 December 2021 the date that the company entered administration. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Full Name _____

Signed _____

Dated _____

Invisible Creations Limited
Company Registered Number: 11945108
Statement Of Affairs as at 3 December 2021

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
Assets subject to floating charge:		
Uncharged assets:		
Tangible fixed assets	1,508.00	2,000.00
Stock	37,719.00	
Debtors	57,219.00	16,000.00
Commercial Records		1.00
Social Media Accounts		1.00
Property Rights/Patents		5,001.00
Domain Name / Website	10,093.00	1,998.00
Goodwill		999.00
Cash at Bank	25,300.00	25,300.00
Minimum Deferred Consideration		10,000.00
Estimated total assets available for preferential creditors		61,300.00

Signature _____ Date _____

Invisible Creations Limited
Company Registered Number: 11945108
Statement Of Affairs as at 3 December 2021

A1 - Summary of Liabilities

		Estimated to Realise £
Estimated total assets available for preferential creditors (Carried from Page A)		61,300.00
Liabilities		
Preferential Creditors:-		
RPO re Arrears/Holiday Pay	7,500.00	
Employees re Arrears/Hol Pay	2,500.00	
		10,000.00
Estimated deficiency/surplus as regards preferential creditors		51,300.00
2nd Preferential Creditors:-		
HMRC	4,958.00	
		4,958.00
Estimated deficiency/surplus as regards 2nd preferential creditors		46,342.00
Debts secured by floating charges pre 15 September 2003		
Other Pre 15 September 2003 Floating Charge Creditors		NIL
		46,342.00
Estimated prescribed part of net property where applicable (to carry forward)		NIL
Estimated total assets available for floating charge holders		46,342.00
Debts secured by floating charges post 14 September 2003		
		NIL
Estimated deficiency/surplus of assets after floating charges		46,342.00
Estimated prescribed part of net property where applicable (brought down)		NIL
Total assets available to unsecured creditors		46,342.00
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade Creditors	627,169.65	
		627,169.65
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)		(580,827.65)
Estimated deficiency/surplus as regards creditors		(580,827.65)
Issued and called up capital		
Ordinary Shareholders	182.00	
		182.00
Estimated total deficiency/surplus as regards members		(581,009.65)

Signature _____ Date _____

Begbies Traynor (Central) LLP
Invisible Creations Limited
Company Registered Number: 11945108
B - Company Creditors

Key	Name	Address	£
CA0000	Anchor Hanover Group	The Heals Building, Suites A & B, 22-24 Torrington Place, London, WC1E 7HJ	83,333.00
CA0001	ATi2 UK Ltd	2 Roger Hey, Cheadle Hulme, Cheadle, Cheshire, SK8 5LN	1.00
CB0000	Brown Butler	Leigh House, 28-32 St Paul's Street, Leeds, LS1 2JT	960.00
CB0001	BSI	Accounts Receivable, PO Box 3000, Milton Keynes, MK1 9EL	248.40
CF0000	Fieldcall Ltd	Swan Court, Lampport, Northamptonshire, NN6 9EZ	3,402.00
CG0000	Grosvenor Healthcare Consulting	25 Grosvenor Way, Droitwich, WR9 7SR	1,200.00
CH0000	HM Revenue & Customs VAT/PAYE	HMRC - PAYE/VAT, ICHU, RM BP 3202, Benton Park View, Longbenton, NE98 1ZZ	4,958.00
CI0000	Inhouse OT	infoinhouseot@gmail.com	450.00
CI0001	Inspired Agency	The Victoria Building, Heaton Park View, Newcastle upon Tyne, NE6 5BF	20,826.78
CJ0000	Johnnie Johnson Housing	Astra House, Spinners Lane, Poynton, Cheshire, SK12 1GA	83,333.00
CK0000	Karbon Homes	Number 5, Gosforth Park Avenue, Gosforth Business Park, Newcastle upon Tyne, NE12 8EG	83,333.00
CL0000	North Star Housing	Endeavour House, St Marks Ct, Thornaby, Stockton-on-Tees, TS17 6QN	67,000.00
CM0000	Magma	16 Davy Court, Castle Mound Way, Rugby, CV23 0UZ	432.00
CM0001	Manchester & Co Limited	2 Low Wood, Wilsden, Bradford, BD15 0JS	15,598.35
CM0002	Metool Co. Ltd	Unit 6, Salmon Fields, Royton, Oldham, OL2 6JG	1,292.56
CN0000	North Product Design Ltd	Jactin House, 24 Hood Street Ancotes, Manchester, M4 6WX	510.00
CN0001	Natwest	email only: CPBLiquidations@natwest.com	50,000.00
CO0000	Octo Design Ltd	Toffee Factory, Lower Steenburg's Yard, Quayside, Ouseburn, Newcastle upon Tyne, NE1 2DF	6,230.63
CP0000	PROCare Shower & Bathroom Centre Ltd	Units 4-6 The Gateway, Enfield Street, Wigan, WN5 8DB	44,021.00
CR0000	Rural Offices LLP	Building 5, Carrwood Park, Selby Road, Leeds, LS15 4LG	239.40
CR0001	Royal College of Art	Kensington Gore, London, SW7 2EU	44,440.00
CR0002	RSM Uk Tax and Accounting Limited	9th Floor, 3 Hardman Street, Manchester, M3 3HF	12,026.40
CS0000	Safestore	Middle Engine Lane Retail Park, Wallsend, Newcastle Upon Tyne, NE28 9NT	1.00
CS0001	SGS (UK) Ltd	Units 41&43, Listerhills Park of S&C, Campus Road, Bradford, BD7 1HR	2,124.00
CS0002	Starbank Consulting	4 Northfield Road, South Shields, NE33 3HJ	3,600.00
CT0000	Tile Bridge	Tile Bridge Farm, Bell Lane, Bishopdyke Road, Cawood, YO8 3UB	70,720.38
CT0001	Todd & Cue Insur	Kingfisher House, Kingsway, Team Valley, Gateshead, NE11 0JQ	1.00

Signature _____

Begbies Traynor (Central) LLP
Invisible Creations Limited
Company Registered Number: 11945108
B - Company Creditors

Key	Name	Address	£
CW0000	Walker Morris	33 Wellington Street, Leeds, LS1 4DL	7,970.40
CW0001	Wharfe Valley Consulting Ltd	23 Riverside Crescent, Otley, LS21 2RS	23,875.35
29 Entries Totalling			632,127.65

Signature _____
Page 2 of 4

Begbies Traynor (Central) LLP
Invisible Creations Limited
Company Registered Number: 11945108
C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Shares	Called Up per share	Total Amt. Called Up
HA00	Anchor Hanover Group	The Heals Building, Suites A & B, 22-24 Torrington Place, London, WC1E 7HJ	Ordinary	1.00	52	1.00	52.00
HI00	Invisible Creations Limited	c/o Begbies Traynor (Central) LLP, 4th Floor, Cathedral Buildings, Dean Street, Newcastle upon Tyne, NE1 1PG	Ordinary	1.00	20	1.00	20.00
HJ00	Johnie Johnson Housing Trust Lim	Astra House, Spinners Lane, Poynton, Cheshire, SK12 1GA	Ordinary	1.00	52	1.00	52.00
HK00	Karbon Homes Limited	Number 5, Gosforth Park Avenue, Gosforth Business Park, Newcastle upon Tyne, NE12 8EG	Ordinary	1.00	52	1.00	52.00
HP00	Paul Pentelow	c/o Begbies Traynor (Central) LLP, 4th Floor, Cathedral Buildings, Dean Street, Newcastle upon Tyne, NE1 1PG	Ordinary	1.00	3	1.00	3.00
HW00	Laura Wood	c/o Begbies Traynor (Central) LLP, 4th Floor, Cathedral Buildings, Dean Street, Newcastle upon Tyne, NE1 1PG	Ordinary	1.00	3	1.00	3.00
6 Ordinary Entries Totalling					182		

Signature _____

ESTIMATED STATEMENT OF AFFAIRS

Notes to the Estimated Statement of Affairs.

1. The claims of the Department for Business, Energy and Industrial Strategy represent employees' estimated claims under The Employment Rights Act 1996 in respect of arrears of pay to a maximum of £800 per employee and holiday pay which are claimed preferentially, and pay in lieu of notice, redundancy pay and arrears of pay in excess of £800 which are non-preferential.
2. The claim of HM Revenue & Customs represents PAYE and NIC outstanding since November, 2021.
3. 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.
4. The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

REMUNERATION AND EXPENSES

Begbies Traynor (Central LLP) were engaged on 15 November 2021 to provide the following work for the Company:

Phase 1 – Options Review

We have been instructed to support the Board of the Company in assessing its options. The extent of the work which we will perform will be as follows:

- A review of the forecast cash flow of the Company for the period ending 31 December 2021 to establish the likely cash requirement and whether it is above existing funding arrangements – to be prepared by the Company;
- Review of the most recently available balance sheet (management accounts);
- Review of the financial agreements between the Company and any investors including any shareholder or investor agreements;
- Review with management the discussions that have already taken place with creditors (including landlords) to assess scope for further support from those creditors;
- Carry out a high-level review of the indicative estimated outcome to the creditors and shareholders of the Company on an insolvency of the business. This assessment will be based on the most recent available balance sheet of the Company and will address the change in HMRC creditor status as of 1 December 2020. It will not constitute a formal valuation of the business;
- To the extent it is available, summarise the ability and willingness of the current shareholders to meet any funding shortfall; and
- In light of the forecast cash requirement, the indicative estimated outcome statement and the existing discussions with creditors, consider the options available to the board, which will include but may not be limited to the following. In each of them we will consider the likely impact on the identified funding requirement.
 - Business as usual
 - An agreed compromise with one or more of the creditors
 - A formal compromise such as a CVA
 - A formal insolvency process such as Administration

Our work will not constitute detailed planning for any of these possible options but will provide an overview of the considerations for the Board. We will also comment on the ability of the Company to raise additional external funding in each of those scenarios.

- Make recommendations to the Board on matters arising from the above work.

Phase 2 – Accelerated Merger and Acquisitions Process

Initial Process

The extent of the work which we will perform will be as follows:

- Assist Management in its preparation of a short investment teaser document to be used when approaching potential purchasers;
- Assist in the preparation of a confidential Management Presentation to be provided, and where appropriate delivered to, interested parties. This will be prepared using information provided by the Company and sole responsibility for the accuracy and reliability of this document will remain with the Company. Prior to this document being sent to interested parties, we will

require you to sign a letter of representation confirming to us that the facts and opinions in the document are accurate and fair;

- Work with management to coordinate method, tactics and timetable for exploring the sale, refinancing and other options available and the most appropriate approach to financial investors, potential trade investors and lenders;
- Assist in the identification of potential trade parties for the purchase of the business using our internal databases, discussions with management and industry knowledge. We will not advertise the business for sale without the agreement of the directors. Any evaluation of the suitability of potential interested parties will be based only on an assessment of the amount that they are likely to be able to pay and the speed with which they could perform; and
- The decision for the Board to proceed with either a sale, investment or refinancing is entirely for it at its sole discretion. Appropriate legal advice should be sought.

Investment Process

- Following approval by the Company directors, circulate the teaser document to our financial investor list;
- If relevant, set up and populate (with management information) an 'online' data room for interested parties;
- Liaise with your legal advisors in the preparation of a confidentiality letter to be signed by potential purchasers;
- Monitor the reaction of potential purchasers to the Teaser and Management Presentation and assist the directors in responding to any specific concerns raised by interested parties;
- Assist the Company's management to prepare information for a potential purchaser, if relevant;
- Review offer letters received and assess the implications for the Company of any conditions expressed;
- Advise the Company on the advantages and disadvantages of any initial offers received/potential purchasers with regard to the Company's ability to repay its existing liabilities to those customers who have paid deposits but have not received any goods;
- Compile a short list of preferred purchasers for consideration by the Company;
- Arrange site visits and management meetings for preferred purchasers;
- Evaluate final offers received and advise the Company as above;
- Assist the Company in any price or contractual negotiations; and
- Advise the Company on any other matters coming to our attention during the period of our work.

Other Options

- Work with management to consider the restructuring options available not including external investment and, if necessary, assisting management with putting these into effect.

Stakeholder Management

- Provide management with an understanding of the approach typically adopted by funding providers given the Company's current circumstances, in particular highlighting their likely concerns and requirements to support the process;
- Advise management on their preparation for meetings with funding providers and other stakeholders and the information that should be presented to them;
- Attend meetings of management with other stakeholders or their advisers as requested by the Company; and
- Work with the Company to ensure that other existing funders are kept fully informed of the process, the level of interest, the outcome for creditors arising from offers made and any other issues of relevance to the acceptance of any offer made.

Any work required by the Board that is not covered in the above scope will be caught under a separately agreed engagement letter. There may also be some accounting and tax matters to consider and we are assuming that you can access this from your existing advisors.

It became apparent following the start of Phase one that there were few options available and we moved directly to Phase two, producing an Information Memorandum which was sent to our database of potential buyers and advertised on IP-Bid.com.

We issued Non Disclosure Letters and additional information to 23 potentially interested parties. Further discussions and negotiation took place with 4 parties. Ultimately 2 offers were received and the offer from PROcare Shower and Bathroom Centre Limited being considered acceptable.

We were formally engaged to file the paperwork to enter administration in an engagement letter dated 30 November 2021.

We were formally appointed on 3 December 2021.

Total time spent to 9 December 2021 on this assignment amounts to 22.0 hours at an average composite rate of £406.50 per hour resulting in total time costs to 09 December 2021 of £8,943.00.

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

- ❑ Begbies Traynor (Central) LLP's charging policy
- ❑ Pre-administration work, costs and proposed remuneration with Pre-Administration Time Costs Analysis is attached.
- ❑ Summary of work to be undertaken, payments and expenses
- ❑ Table of time spent and charge-out value
- ❑ The Administrators' fees estimate
- ❑ Details of the expenses that the Administrators consider will be, or are likely to be, incurred

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2021' which provides guidance on creditors' rights can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

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

PRE-ADMINISTRATION TIME COSTS SUMMARY

1 CASE OVERVIEW

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

1.2 Time costs information

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

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

1.3 Overview of work undertaken prior to appointment

Prior to appointment the proposed administrator spoke with the appointing directors to explain the administration process. Once the directors advised of their intentions to appoint, searches of the Company, shareholders and directors were undertaken. Conflict searches were also undertaken internally to ensure there was no conflict in the proposed administrators accepting the appointment. A case was set up and information provided to the solicitors acting for proposed administrators so the appointment documents could be prepared.

An accelerated sale process was discussed with the directors as noted above in the Work. An information memorandum was produced and a summary sale flyer was produced. This was sent by Eddisons to their database of contacts and advertised on IP-Bid.com. A number of enquiries were received and several discussions with interested parties ensued. A sale of the business was achieved immediately post appointment.

1.4 Complexity of work undertaken prior to appointment

The pre appointment work was limited and not complex.

1.5 Exceptional responsibilities

There were no exceptional responsibilities in relation to the pre-appointment work.

1.6 The proposed Administrators' effectiveness

The proposed administrators provided the information required in an efficient manner.

1.7 The views of the creditors

The major creditors and shareholders – the housing associations – were actively involved in the discussions pre-appointment.

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

An initial pre appointment fee of £2,500 plus VAT was taken and an estimate of the additional time likely to be spent looking at the proposed sale and dealing with purchasers was indicated to be in the order of £4,000. Actual time spent pre-appointment was £11,784.50. The administrators have requested £5,500 for pre-appointment time.

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

Category 2 Disbursements

There are no pre appointment Category 2 disbursements.

1.10 Other professionals employed & their costs

Prior to our appointment Ward Hadaway solicitors were instructed to advise us and prepare the paperwork required to place the Company into administration and draft a sale agreement.

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This policy applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the creditors' decision being made for the office holder to be remunerated on a time cost basis. Best practice guidance* requires that such information should be disclosed to those who are responsible for approving the basis of an office holder's remuneration. Within our fee estimate creditors can see how we propose to be remunerated.

In addition, this policy 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 guidance* indicates that such charges should be disclosed to those who are responsible for approving the basis of the office holder's remuneration, together with an explanation of how those charges are calculated.

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

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

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded in 6 minute units at the individual's hourly rate in force at that time which is detailed below.

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

Expenses are payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also include disbursements, which are expenses that are initially paid by the office holder's own firm, but which are subsequently reimbursed from the estate when funds are available.

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 expenses (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 expenses (approval required)* - Items of expenditure that are directly related to the case and either:
 - (i) 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; or
 - (ii) are items of expenditure which are payable to an associate of the office holder and/or their firm.

* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

Shared or allocated costs (pursuant to (i) above)

The following expenses include an element of shared or allocated cost and are charged to the case (subject to approval).

- ☐ Car mileage which is charged at the rate of 45 pence per mile

Payments anticipated to be made to associates (pursuant to (ii) above)

Services provided by other entities within the Begbies Traynor group

The following expenses which relate to services provided by entities within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval):

In addition to the services detailed above, it may become necessary to instruct Eddisons Commercial Limited to provide additional services, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

Grade of staff	Charge-out rate (£ per hour)
Director	£275
Associate	£180
Surveyor	£120
Graduate	£100
Administration	£80
Porters	£35

It may become necessary to instruct Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. Where relevant, administration fees may be charged. These costs are taken into consideration and included within the forecasted cost of insurance, above.

In accordance with standard insurance industry practice, EIS will receive payment of commission for the services it provides from the insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

EIS will invoice the insolvent estate for the premium(s) due on the insurer's behalf and receive payment from the estate. EIS will in turn, account to the insurer for the premium(s) payable after deducting any commission payable by the insurer.

Where EIS have initially been consulted on a policy, but the policy has not been taken out, EIS will charge an administration fee of £150.

General Office Overheads.

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

- ☐ Telephone and facsimile

* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

- ☐ Printing and photocopying
- ☐ Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

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

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

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

As detailed above, time is recorded in 6 minute units.

* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate

Time and Expenses Report - Summary

84IN401.ADV | ADV - Invisible Creations Limited - ADV | From 10/11/2021 To 03/12/2021

	Action Code	Partner	Director	Senior Manager	Manager	Senior Case Administrator	Case Administrator	Support & Cashiering	Other	Total Hours	Total Cost	Avg Rate
Banking	1BANK	0.0000	0.00	0.00	0.00	0.00	0.00	0.70	0.00	0.70	98.00	140.00
Administration	1ADMIN	1.6000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.60	792.00	495.00
Secured Creditors	1SECCR	0.0000	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.30	103.50	345.00
Restructuring - fieldwork/meetings	5FIELD	10.0000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	4,950.00	495.00
Sale of Business/Assets	1SALE	11.8000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.80	5,841.00	495.00
Total Hours		23.40	0.00	0.00	0.30	0.00	0.00	0.70	0.00	24.40		
Total Cost		11,583.00	0.00	0.00	103.50	0.00	0.00	98.00	0.00		11,784.50	
											Employee / Disb Costs	0.00
											Disb Fees Drawn	0.00
											Time Fees Drawn	2,500.00
											Outstanding Costs	9,284.50

SUMMARY OF TIME COSTS AND EXPENSES

This summary, which should be read in conjunction with the Time Costs Analysis for the period of the report attached, is intended to provide sufficient information to enable the body responsible for the approval of our fees to consider the level of our fees and expenses in the context of the case.

What work has been done since we were appointed, what work is still required, why was/will that work necessary and what/will has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details>. Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached.

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.

Time has been spent to date setting up the strategy, engaging with potential acquirors and the landlord to assist in this process and managing emails on the case both filing and responding to them.

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.

Time to date has been spent contacting all, the known stakeholders and updating our internal controls to ensure all matters have been dealt with. We have also spent time reviewing the insurance and health and safety requirements of the site, concluding an early sale of the assets and departure from site

would be in the best interests of creditors. Time has also been spent preparing the administrators' proposals.

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 investigations. 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.

We have a duty to examine the conduct of the Company and its directors in order to identify what assets may be available for realising, including any actions against directors or other parties which may lead to further recoveries into the estate. Such investigations may include analysis of the Company's bank statements, reviewing information provided by third parties and analysis of the Company's management accounting systems.

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

We have held initial discussions with the director.

Any financial benefit to creditors in carrying out the above work is unclear at present however creditors will receive updates on these matters in our progress reports.

Realisation of assets

Insolvency Practitioners are required to maximise realisations for the benefit of the Company's creditors. We concluded an immediate sale of the design rights, equipment and intellectual property alongside deferred consideration in respect of future sales of the Company's existing products.

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.

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

In this case we had 4 employees who have all claims for pay in lieu of notice, holiday pay and arrears of pay. At this stage we envisage that the primary preferential creditors will be paid in full.

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

Other matters which include, seeking decisions from creditors (via DCP and/or via Decision Procedures), tax, litigation, pensions and travel

During the course of administering the case, the Insolvency Practitioner will be required to seek decisions from creditors on various proposed resolutions, including the basis of our remuneration and whether a creditors committee is formed.

We are also required to submit VAT and Tax returns when appropriate in order to reclaim monies for the estate and pay over any taxes due to HMRC.

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

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.

Time Costs Analysis

An analysis of time costs is attached showing the time spent by each grade of staff on the different types of work involved in the case and giving the total costs and average hourly rate charged for each work type.

How much will the further work cost?

We have prepared a fee estimate which shows the estimated total cost of the work for this assignment. This is only an estimate based upon the time spent on similar historical cases and that the future work required, and therefore the cost of it, are dependent upon investigations and the ease with which the administrators are able to get in and realise the Company's assets. The time incurred to date is £7,534.90 we anticipate the future time will be £23,155.10

Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above, as well as expenses that we have already incurred, are set out in the estimate of anticipated expenses attached at appendix 3.

What is the anticipated payment for administering the case in full?

We estimate that the cost of administering the case will be in the region of £30,690 and consequently we are seeking approval for us to draw our remuneration up to that level. However, as you are aware, the remuneration that we can draw is limited to the amount that is realised for the assets, (less any costs incurred in realising those assets). At this stage in the administration, I can estimate that total remuneration drawn will be in the region of £30,690. Costs incurred over and above the level approved will be written off.

However, please note that should there be additional or unexpected asset realisations, we will look to draw our remuneration from those too, capped at the level that the creditors approve.

SIP9 Invisible Creations Limited - Administration - 84IN404-ADM Time Costs Analysis From 03/12/2021 To 09/12/2021

Staff Grade		Consultant Partners	Director	Sr. Mgr.	Mgr.	Asst Mgr.	Enr Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning	1.4									1.4	583.00	425.00
	Administration							0.2			0.2	35.00	175.00
	Total for General Case Administration and Planning:	1.4						0.2			1.6	728.00	455.00
Compliance with the Insolvency Act, Rules and best practice	Appointment	1.1						3.8			4.9	1,209.50	246.84
	Banking and Bonding						0.1				0.1	22.50	225.00
	Case Closure												0.00
	Statutory reporting and statement of affairs	11.8									11.8	5,841.00	495.00
	Total for Compliance with the Insolvency Act, Rules and best practice:	12.9					0.1	3.8			16.8	7,073.00	421.61
Investigations	CEDA and investigations												0.00
	Total for investigations:												0.00
Realisation of assets	Debt collection												0.00
	Property, business and asset sales												0.00
	Retention of Title/Third party assets												0.00
	Total for Realisation of assets:												0.00
Trading	Trading												0.00
	Total for Trading:												0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Secured												0.00
	Others							2.0			2.0	390.00	175.00
	Creditors committee												0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions:							2.0			2.0	390.00	175.00
Other matters which includes meetings, tax, litigation, pensions and travel	Seeking decisions of creditors												0.00
	Meetings	1.6									1.6	792.00	495.00
	Other												0.00
	Tax												0.00
	Litigation												0.00
	Total for Other matters:	1.6									1.6	792.00	495.00
	Total hours by staff grade:	15.9					0.1	6.0			22.0		
	Total time cost by staff grade £:	7,970.50					22.50	1,060.00				8,943.00	
	Average hourly rate £:	495.00	0.00	0.00	0.00	0.00	225.00	175.00	0.00	0.00			495.50
	Total fees drawn to date £:											0.00	

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THE ADMINISTRATORS' FEES ESTIMATE

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

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

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	26.00	7,460.00	286.92
Compliance with the Insolvency Act, Rules and best practice	33.00	12,100.00	366.67
Investigations	6.00	2,030.00	338.33
Realisation of assets	4.00	1,830.00	457.50
Dealing with all creditors' claims (including employees), correspondence and distributions	16.00	4,150.00	259.38
Other matters which include seeking decisions from creditors via Deemed Consent Procedures or Decision Procedures, tax, litigation, pensions and travel	11.00	3,120.00	283.64
Total hours	96.00		
Total time costs		30,690.00	
Overall average hourly rate £			319.69

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

As detailed in section 9, an initial fee of £2,500 (plus VAT) had been paid prior to the appointment of administrators. The surplus after taking our pre appointment costs and expenses will be used towards discharging our post appointment costs subject to creditor committee or creditor approval.

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

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

INVISIBLE CREATIONS LIMITED

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

No.	Type of expense	Description	Estimate £
1.	Advertisements	Of appointment, requisitioned meetings, dividends etc.	200.00
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	200.00
3.	Storage costs	An Insolvency Practitioner is required to retain relevant books and records of the insolvent entity in order to carry out his/her duties as office holder. In addition, following case closure the Insolvency Practitioner will retain his/her working papers to allow any queries or issues raised to be dealt with.	100.00
4.	Eddisons - agent's fees and disbursements	Agents assisting with the preparation of the Information Memorandum, receipt of the enquiries and their anticipated disbursements	1,250.00
5.	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements	3,000.00

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

SIP 16 STATEMENT

INVISIBLE CREATIONS LIMITED (In Administration) ("the Company")

INFORMATION ABOUT THE COMPANY AND THE PRE-PACKAGED SALE OF THE COMPANY'S ASSETS AND UNDERTAKING ON 3 DECEMBER 2021

Background Information

Our proposals for achieving the purpose of the administration 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's initial inception resulted from the 2018 National Housing Federation's Innovation programme, "Creating Our Future". This manifested in the design of discrete (invisible) adaptive aides for use primarily in private residences. The Company developed products that were intended to be inclusive, attractive, innovative and have duality of purpose; products designed to aid mobility and better support people as they age to live longer and healthier lives in their own homes.

The ideas generated as part of the Innovation programme were deemed worthy of development and Anchor Hanover Group, Karbon Homes Limited and Johnnie Johnson Housing Trust Limited collectively looked to invest in the business as they saw the opportunities within the social housing sector for the products.

Anchor Hanover Group invested £450,000 cash as "start up" equity. Each of the three shareholders noted above subsequently provided working capital loans to the Company of £83,000 each. NorthStar Housing also provided support although they did not ultimately become shareholders. They invested £67,000 which is treated as loan funding.

The Company sought to market their products to housing associations in the first instance, concentrating on new home development, bathroom refurbishment programmes and general needs. However, as trading started in early 2020, the impact of the Coronavirus pandemic was significant as the refurbishment and construction programmes of the housing associations were dramatically curtailed during the various lockdowns in that year.

The Company initially registered 5 designs of products which they looked to source their manufacture (overseas) - Sourcing products during the pandemic also proved to be problematic, with substantial increases in raw materials, shipping and logistic costs.

As a result, sales levels were low and the Company failed to gain market traction. In the year to 31 December 2020 the Company achieved revenues of £45,000. The administrative expenses of the Company were significant and this resulted in losses before tax of £681,000.

This financial position was primarily supported by the funding noted above together with a £50,000 bounce back loan from National Westminster Bank.

The Company was working predominantly across the housing association and sectors with similar characteristics, seeking to develop multiple routes to market, both on a direct and indirect basis. It won numerous awards for the products. As Brand recognition increased, the Company generated several partnerships which looked to strengthen its routes to market and financial stability going forward.

One such partnership was the award of a UK Research and Innovation bid, "Homes for Living" led by E.On Energy. As part of a consortia with E.On and Newcastle University, delivering a combination of solutions supported by government funding, the Invisible Creations products were provided into

individuals homes. The budgeted value of the project to the business was up to £1.7m over three years. The project also afforded the opportunity for Invisible Creations to provide additional product solutions, at incremental value, to the project as they came on stream.

With the relaxation of lockdowns, initiation of the Homes for Living project and the establishment of an Ecommerce website, the Company looked forward to 2021 with some positivity.

The reasons for the Company's insolvency

However, despite the positive outlook for 2021, the Company continued to suffer from the ongoing lack of traction within its target markets. The products were highly regarded and well-liked in the marketplace but the sales levels did not reflect the brand perception.

The Homes for Living project went live in June 2021 but the number of surveys and subsequent installations did not reach the anticipated levels. Between June and September only 50 surveys were instructed and only around 20 installations were completed. There appears to be an uptick in opportunities in recent weeks where volumes move more in line with budget.

The Company made changes to staffing and looked at ways of reducing costs in light of the low levels of sales. Consultants involved on the day to day activities of the business forgave payment of fees to aid cash flow for a number of months. They remain creditors of the Company at the date of administration.

Financially, turnover for the 9 months to September 2021 was £163,000 which resulted in a further net loss of £324,000.

As a result, the Company was experiencing some creditor pressure and the directors concluded that additional working capital funding would be required. The directors approached its shareholders and specifically the Anchor Hanover Group, to provide some additional working capital debt funding of circa £500,000, whilst exploring other options.

Due diligence was commissioned by Anchor Hanover Group but, ultimately, they were unwilling or unable to support the working capital request. The directors reviewed the other available options but as a result of the trading losses to date and the uncertainty of the projected income from the Company's revenue streams, there was no alternative funding opportunities available.

The Company was insolvent as it was unable to pay its debts as and when they fell due. The primary reason for the Company's insolvency, as already indicated above, was the failure to gain sufficient traction in the marketplace to generate the required turnover to support the costs incurred to establish the brand and basis of the business.

The reasons for the pre-packaged sale

The Company was quickly running out of funds. It was concluded that it would be likely that the increasing creditor pressure experienced would result in third party action against the Company. A number of creditors were pursuing payment / issuing letters before action. The Company was not in a position to order any new stock without additional working capital. There was, in addition, some ongoing litigation from a former consultant.

Without a sale of the business, the Company would have ceased to trade and no significant value would have been achieved for the creditors. There are limited physical assets and the intellectual property of the registered designs would be the only realisable value.

Due to the financial restrictions within the Company and the limited time available, it was concluded that an accelerated M & A process was the only option available to expose the business to the market to determine whether any value could be obtained.

Cessation of trade and sale of the assets at auction in liquidation would have produced minimal returns.

If any sale could allow the Homes for Living project to continue, and some value be extracted from that, that would generate more than a simple sale of the assets.

The statutory purpose of administration that was pursued

The Company had minimal financial resources and the lack of turnover together with the level of overheads meant that it was rapidly running out of liquid funds.

A sale of the trade and assets, if possible, would likely achieve the statutory purpose of achieving a better result for creditors as a whole than would be likely if the Company were wound up without first being in administration. It was concluded that this option would be best achieved by marketing the business for sale under an accelerated process.

There are no floating charge holders.

The shareholders are the most significant unsecured creditors. They were unable to continue to provide financial support for the Company but hoped that a continuation of the vision of Design for Dignity™ would be possible along with a return to the creditors generally if a sale could be achieved.

FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE

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

Mitch Brown, Director of Legal Services at Karbon Homes Limited, one of the shareholders, effected an introduction of Josephine Ray (a director) to Lynn Marshall at Begbies Traynor (Central) LLP's Newcastle office. Following the introduction, Andrew Little, a partner at that office had an initial discussion with Ms Ray on the 10 November 2021. Andrew Little then attended a virtual board meeting with the other directors on 11 November 2021.

What was the extent of Andrew Little and Gillian Margaret Sayburn, their associates and Begbies Traynor (Central) LLP's involvement with the Company before appointment?

As noted above, Begbies Traynor (Central) LLP were contacted by Josephine Ray who is a director and representative of Karbon Homes Limited, a shareholder of the Company on 10 November 2021.

Following the board meeting on the 11 November it was agreed that Andrew Little meet with Paul Irvin (Managing Director) and the two employee shareholders, Laura Wood and Paul Pentelow on 15 November 2021. Begbies Traynor (Central) LLP were then formally engaged to undertake an options review and, to run concurrently, an accelerated merger and acquisitions process.

The options review identified that the Company would be unable to continue to trade after the end of the month. An information memorandum would be prepared and issued to Begbies Traynor Group's firms database of potential buyers together with a number of potentially interested parties generated by the Company.

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

Please note that negotiations with the purchaser in relation to the pre-packaged sale were conducted by Andrew Little and Gillian Margaret Sayburn prior to their formal appointment as administrators and not by the directors of the Company. It was made clear to the directors that once Andrew Little and Gillian Margaret Sayburn were appointed as administrators that their responsibilities would be to act in the best interests of the Company's creditors. This would mean that they could no longer provide advice to the Company and that their duties to the Company would cease. They would be required to take custody or control of the Company's property and assets and to manage the affairs, business and property of the Company in accordance with the approved proposals of the administrators.

Was the business or were the assets of the Company acquired from an insolvency practitioner in the 24 months prior to this pre-packaged sale?

The Company was incorporated in 2019 and commenced trading in early 2020. The business was not acquired from any insolvency process but was started as a result of the National Housing Federation's Innovation programme – "Creating Our Future".

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

The Company had identified that it had a working capital requirement that could not be met by its existing facilities.

The directors had pursued external investment and additional investment by the existing shareholder – Anchor Hanover Group.

The directors also had discussions with three businesses operating in the social housing or synergistic sectors with a view to them providing either additional investment capital or taking over the business as a going concern. None of the discussions resulted in a sale, investment or offer to provide working capital.

Anchor Hanover Group instructed BDO to undertake financial due diligence in October 2021 to support the request for the requested additional working capital injection of £500,000. Ultimately Anchor Hanover Group were not willing to provide this.

Directly as a result of the funds not becoming available, the directors approached Begbies Traynor (Central) LLP, as noted above. A limited disclosure information memorandum ("IM") was produced and disseminated by Eddisons (part of the Begbies Traynor Group) to its database of potential purchasers / investors. Additionally it was advertised on IP-Bid.com which presently has 6,913 registered interested parties. The IM was advertised on IP-Bid.com on Friday 19 November 2021.

All referrals from IP-Bid.com were directed directly to Andrew Little who contacted the interested party to offer further information, subject to the receipt of a non-disclosure agreement ("NDA").

The directors also provided a list of names and companies who they believed may be interested in the Company. The IM was emailed directly to them with an introduction by Andrew Little stating that they were being approached directly following discussions with Company management offering them the opportunity to discuss the business, again subject to the receipt of a signed NDA. Emails were sent between 19 and 23 November following instruction by the directors.

The IM stated that expressions of interest were to be received by 26 November 2021. This short timeframe was needed as the Company could afford to pay the salaries due at the end of November but could not continue beyond that time and therefore any sale would need to take place quickly. There was no possibility that trading could continue if the Company had been placed in administration before a sale was to take place as there were insufficient funds available.

At the meeting between Andrew Little and Paul Irvin, Laura Wood and Paul Pentelow on 15 November it was noted that the Company's by now main product supplier PROcare Shower and Bathroom Centre Limited (PROcare) had invested significant time and resource assisting the Company develop and distribute its products. A decision was made to approach them directly to disclose the current financial position and to see if there was any way that they would be able to help. Paul Irvin and Laura Wood contacted them on the 15 November 2021.

PROcare were interested to see if there was anything they could do to assist as they had invested time and effort to include the Company's products in their range and believed in the ethos. However, they confirmed that they were not willing to invest in the Company as currently constituted. They were also conscious that the shareholders of the Company were customers of theirs and that they did not wish to

damage their own business by any actions they might take.

Anchor Hanover Group, who now do not have any Board representation, were contacted by Andrew Little to inform them that as a result of the Company's failure to secure additional working capital it was likely that a closure was imminent.

Anchor Hanover Group, along with the other shareholders agreed that if a sale could be made to preserve some of the value of the business then that would be positive. None of the current shareholders was able to provide any additional investment.

NDA's were issued to 20 potentially interested parties. A number of these immediately confirmed that they were not interested following the receipt of further information. Andrew Little had telephone discussions with 5 potential buyers who wanted to further understand the opportunity available. Ultimately only 2 parties made an offer.

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

No formal valuation of the business was obtained.

The Company traded "agilely" with no formal base or premises. The stock was held in PROcare's warehouse. This stock had not been paid for and PROcare retained retention of title in respect of it.

The physical assets of the Company amounted to 2 Surface Pro computers and 6 other laptop computers together with a small number of product samples stored in a small rental unit (Safestore).

The Company had registered 2 trademarks "Invisible Creations" and "Design for dignity by Invisible Creations" and had registered 5 designs with the British Design Registry.

If a sale had not been possible the directors and administrators believed that the value of the physical assets would be minimal.

No funds were available to undertake a valuation of the intellectual property.

The Homes for Living project was not a formal contract, rather a supplier agreement and a tripartite agreement between the Company, E.On Energy Solutions and Newcastle University to provide home solutions to residents in the Midlands alongside E.On's existing activity offering free and partially funded energy efficiency measures. There is no guaranteed revenue under the agreement.

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

The Company has provided no security to its creditors.

What alternative courses of action were considered by Andrew Little and Gillian Margaret Sayburn?

Due to the limited financial resources and lack of forward revenues, there were no alternative courses of action available to the administrators. If a sale could not be concluded for value, the company would enter creditors voluntary liquidation.

There would not be sufficient funds generated from trading to propose a CVA as the working capital requirement of the business (based on management projections showing turnover growth to £1.25m in FY2022 from the current YTD trading position of £163k) would still generate losses in the order of £45k.

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

There was insufficient funds to trade the business during any administration appointment. The

Company had a cash balance of £25,300 and debtors in the order of £20,000 at the end of November 2021.

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

As noted previously, the Company had approached its current shareholders for additional working capital in the period immediately prior to the administration. There were no funds available.

The Company had no significant assets on which funds could be advanced.

What efforts were made to consult major creditors?

The Company's major creditors were the shareholders – Anchor Hanover Group, Karbon Homes Limited and Johnnie Johnson Housing Trust Limited. The former had been approached in October 2021 to provide additional working capital which was not forthcoming following due diligence. The latter two have Board representation and were fully aware of the financial position of the Company. None of these creditors were able to offer any additional financial support to the Company.

What was the date of the transaction?

The transaction concluded on 3 December 2021.

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

The administrators sold such right and title they had in the following:

- the Commercial Records,
- the Goodwill,
- the Social Media Accounts,
- the Intellectual Property (the trade marks and registered designs),
- the Equipment (6 computers and sample stock),
- the Domain Name (www.invisiblecreations.co.uk)

There were no assets excluded from the sale. There was no stock to sell as this was subject to reservation of title.

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

The initial consideration for the sale was £10,000, apportioned as follows:

- £1 for the Commercial Records
- £999 plus the Deferred Consideration for the Goodwill
- £1 for the Social Media Accounts
- £5,001 for the Intellectual Property
- £2,000 for the Equipment
- £1,998 for the Domain Name

The sale included provision for deferred consideration based on future sales of the Company's existing products. The deferred consideration period is 12 months and a minimum of £10,000 is guaranteed. It is based on turnover and 10% is payable for turnover up to £1m and 15% in respect of sales over that amount. Turnover will be reported monthly and the deferred consideration is due to be paid by 3 January 2023.

No security or guarantee has been taken in respect of the deferred consideration.

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

transaction

No

Who was the purchaser?

PROcare Shower and Bathroom Centre Limited

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

The joint administrators are not aware of any connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates.

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

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

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

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

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

As noted above, the sale includes a deferred consideration element that provides the real value to the transaction as the physical asset values were so minimal.

The purchaser has indicated that it is keen to continue, if possible, with the Homes for Living project. If this is possible this should provide significant sales and therefore deferred consideration. The Company's projections assumed sales through this channel of over £700,000 in FY 2022. These sales are not guaranteed nor is the continuation of the supply agreement.