

AM03

Notice of administrator's proposals



Companies House

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1 Company details

Company number 0 2 7 6 6 1 8 6

Company name in full NEC Graph - Fix Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Rebecca Jane

Surname Dacre

3 Administrator's address

Building name/number The Pinnacle

Street 160 Midsummer Boulevard

Post town Milton Keynes

County/Region

Postcode M K 9 1 F F

Country

4 Administrator's name ①

Full forename(s) Scott Christian

Surname Bevan

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 1st Floor

Street Two Chamberlain Square

Post town Birmingham

County/Region

Postcode B 3 3 A X

Country

② Other administrator

Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

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Statement of proposals

☒ I attach a copy of the statement of proposals**7**

Qualifying report and administrator's statement ^①

☒ I attach a copy of the qualifying report

I attach a statement of disposal

^① As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)

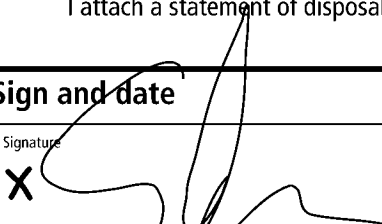
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Sign and date

Administrator's
Signature

Signature

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AM03

Notice of Administrator's Proposals



Presenter information

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

Contact name **Callum Kiernan**

Company name **Mazars LLP**

Address
1st Floor
Two Chamberlain Square

Post town **Birmingham**

County/Region

Postcode

B	3		3	A	X		
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Country

DX

Telephone **0121 232 9500**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

NEC Graph - Fix Limited - In Administration (**“the Company”**)

Administrators’ Statement of Proposals Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986

9 February 2022

This report has been prepared for the sole purpose of updating creditors pursuant to the Insolvency Act 1986. The report should not be referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

The Administrators’ act as agents of the Company without personal liability.

Scott Bevan and Rebecca Dacre
Mazars LLP
First Floor
Two Chamberlain Square
Birmingham
B3 3AX

In accordance with rule 3.35(e) of the Insolvency (England and Wales) Rules 2016, the proposals are deemed delivered to creditors on 11 February 2022.

NEC Graph - Fix Limited - In Administration

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Statement to Creditors

1 Introduction

- 1.1 This statement is addressed to the creditors of NEC Graph - Fix Limited and includes the Joint Administrators' proposals in accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986.
- 1.2 The statutory purpose of an Administration comprises three hierarchical objectives:
- a. rescuing the Company as a going concern
 - 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)
 - c. realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.3 The SIP 16 report at Appendix G sets out the period prior to my appointment. The Company shareholding is split 50:50 however due to a family dispute there was no ability to obtain new funding into the Company in its current form. The SIP report sets out the considerations and I would confirm that immediately following my appointment I reviewed the position and the conclusions previously made and it remained apparent that objective A could not be achieved as there was no reasonable prospect of rescuing the Company in its existing form as a going concern. The key issues being the level of indebtedness cause by the trading performance in the pandemic, the shareholder dispute, the lack of working capital meant that a restructuring or a solvent exit via a CVA remained unachievable.
- 1.4 As Objective A was not achievable I assessed whether objective B could be, achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).
- 1.5 I believe that objective B can be achieved. The pre-pack sale, which is further explained below, will achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration). Whilst it will no longer deliver a dividend to the unsecured creditors due to the recently altered HMRC's second-preferential claim, the level of preferential and unsecured creditors' claims have been significantly mitigated as a result of the pre-pack sale. This sale provided for the transfer of 22 members of staff by TUPE which has resulted in preventing Redundancy and Notice pay claims. The sale also includes the novation of assets under hire purchase, subject to agreement, which are in significant negative equity and allows for a further reduction in unsecured creditors claims. The Estimated Outcome Statement will set out the value of the anticipated asset realisations and these are significantly higher than the alternative of a liquidation.

2 Statutory information

- 2.1 I would advise you that I was appointed Administrator of the company jointly with Rebecca Dacre, on 2 February 2022. I am authorised to act as an Insolvency Practitioner in the UK by Insolvency Practitioners Association and Rebecca Dacre is authorised in the UK by the Institute of Chartered Accountants in England and Wales.
- 2.2 Identification details regarding the Company and the Administrators is attached at Appendix A.
- 2.3 The EU Regulation on Insolvency Proceedings (Regulation (EU) No 2015/848 of 20 May 2015) applies to this Administration and the proceedings are centre of main interests ("COMI") proceedings as the Company's COMI is in the United Kingdom.
- 2.4 Details of the Company's Director and secretary are as follows:

Director	Date appointed	Date resigned	Shares held
Tim James	11 October 2007	N/A	100
Secretary	Date appointed	Date resigned	Shares held
Tim James	30 August 2000	N/A	100

3 Circumstances giving rise to the Administrators' appointment

- 3.1 Company History
- 3.1.1 The Company was incorporated on 20 November 1992 by Lewis and Lee James with the name Display Makers (Hire) Limited before changing its name to NEC Graph – Fix Limited. Its purpose was providing printing services to its clients.
- 3.1.2 The Company trades from a rented site at; 8 Fryers Rd, Bloxwich, Walsall, WS2 7LZ.
- 3.1.3 The Company was a family run business to which Tim James was appointed as Company Secretary on 30 August 2000 before being appointed as a Director on 11 October 2007.
- 3.1.4 The Company is jointly owned by Tim James and Debbie James on a 50:50 basis. Due to a family dispute there was no ability to obtain further funding into the Company in its current form.
- 3.1.5 As the Company's financial statements the Company has traded profitably since establishment and up to the period ending December 2019. The Company made losses of c.£230,000 in the 17-month period ending May 2021 and these have been attributed to the COVID-19 Pandemic. The Company needs to continually upgrade its plant to stay current and the poor performance has also occurred with a significant reduction in the value of its equipment. Draft accounts for the period ending September 2021 show reduced cumulative loss of c.£26,000 for the 4-month period. The headline turnover figures for October and

November 2021 indicated further losses were likely to continue. The Company had not previously utilised any government support loans and had applied for a loan backed by the Covid Recovery Loan Scheme to obtain finance to inject working capital into the business however the Company had built up significant debt with HMRC over the period. The level of the loan would be insufficient to provide certainty as to the future trading of the Company.

3.1.6 Extracts from the Company's most recent accounts are set out below:

Period ended	Turnover (£)	Gross profit / (loss) (£)	Operating profit / (loss)	Retained profit / (loss)
31 May 2021 (Draft Financial Statements – not filed)	3,211,398	730,139	(159,214)	(230,637)
31 May 2020 (Unaudited Financial Statements - Filed)	5,108,368	1,673,730	159,037	25,396
31 December 18 (Unaudited Financial Statements - Filed)	2,926,356	1,027,174	45,670	25,460
31 December 17 (Unaudited Financial Statements - Filed)	2,795,553	1,151,979	156,188	112,711

3.2 Initial advice and meetings

3.2.1 Mazars LLP ("Mazars") were first introduced to the Director of NEC Graph - Fix Limited (the "Company") on 23 November 2021 at the request of Close Brothers Asset Finance ("Close"), the secured lenders of the Company. Mazars were engaged on the 26 November 2021 to assist the Company while forecasts were being prepared to support a covid recovery scheme loan.

3.2.2 At a subsequent meeting on 15 December 2021 the Company's financial position was discussed with the Director and the restructuring options available were considered. As further detailed in section 3.3 of the "SIP 16 Statement", all options were reviewed and were ruled out for various reasons.

3.2.3 Company Voluntary Arrangement – The CVA in itself would not have provided sufficient working capital into the business. The Crown arrears would have resulted in a prolonged arrangement and there were concerns about its acceptability to the shareholders. Further funding was not readily available and an arrangement did not address the dispute between the shareholders. Given the immediate cash and time constraints an arrangement was ultimately deemed unfeasible.

3.2.4 **Creditors' Voluntary Liquidation** – in the event of a wind-down, the plant and machinery, stock and tangible assets would be sold by an auction. These chattel assets are likely to

achieve a lower value than would have been achieved if a sale of the business and assets could be reached. A liquidation would also result in the redundancy of the 22 longstanding employees and claims in respect of notice and redundancy would crystallise and increase the level of unsecured creditors by c.£184,000.

3.2.5 Having assessed the alternatives Mazars LLP were then formally engaged by the Company on 22 December 2021 to undertake an accelerated disposal of the business, which was supported by the secured creditors, in preparation for a potential Administration appointment.

3.2.6 The engagement included;

- Assistance with the marketing exercise, with regard to the requirements of SIP16 in the event that a pre-pack sale took place;
- To provide advice relating to placing the Company into Administration;
- To appoint agents and solicitors as required in connection with a pre-pack sale; and
- To provide advice on the most appropriate disposal strategy for the business and assets to further the purpose of Administration.

3.2.7 Details of the work undertaken, the options explored and the conclusions drawn by the Directors, the outcome of the marketing exercise, and the details of the disposal are set out in the SIP16 Statement at Appendix G, and so are not replicated here.

3.2.8 Details of the pre-Administration costs under this engagement by Mazars are set out in section 16 of this report.

3.2.9 To assist Mazars with the sale process, Higgs LLP ("Higgs") were engaged to assist with legal matters in relation to the sales and appointment documentation, and Kumar & Company Limited ("the Agent") were engaged to prepare a detailed valuation of the business and assets, in respect of an in situ and ex situ scenario. Both professional advisors were engaged by Mazars in accordance with the engagement letter signed by the Director on 22 December 2021. Details of the pre-Administration costs incurred by these professional advisors and the work undertaken by them in furthering the Administration objective is also provided in Section 16 of this report.

4 The Pre-Pack Sale

4.1 The Company was placed into Administration by the Director on 2 February 2021. Shortly after the appointment the Administrators' completed a sale of the business and assets.

4.2 The pre-packaged sale was completed to TNJ Holdings Limited ("the Purchaser"), CRN: 11226600, 8 Fryers Road, Walsall, WS2 7LZ.

4.3 The Director and shareholder of the Company, Tim James, is also a Director and shareholder for the Purchaser.

4.4 The transaction for the sale of the business and assets was completed under a combined Sale and Purchase Agreement ("SPA").

- 4.5 The assets purchased by the Purchaser under the SPA included:
- the Goodwill;
 - the Plant and Machinery;
 - the Seller's Records;
 - the Stock;
 - the benefit (subject to the burden) of the Business Contracts; and
 - the Business Intellectual Property Rights.
- 4.6 The consideration paid is as follows:
- £50,000 on 2 February 2022;
 - £10,000 on 28 February 2022;
 - £10,000 on 28 March 2022;
 - £10,000 on 28 April 2022;
 - £10,000 on 28 May 2022; and
 - £10,000 on 28 June 2022.
- 4.7 In addition to the above, the Purchaser has agreed to undertake a revised Stock take within three months of the completion date and undertakes to pay the Administration 10% of the value of the Stock listed in the revised Stock list by 28 May 2022.
- 4.8 A personal guarantee has been obtained from the Director as regards to the consideration agreed.
- 4.9 Whilst the offer received is lower than that of the Agent's in-situ value, it was the only offer received and was still higher than that of a break-up basis.
- 4.10 It should also be noted that the offer accepted ensures the continued employment of the 22 employees, saving jobs whilst also significantly reducing both the level of preferential and unsecured claims. In addition, the Purchaser has agreed to novate the current assets that are subject to finance which will also reduce unsecured claims.
- 5 Assets to be Realised
- 5.1 Book Debts
- 5.1.1 The Company's book debts are subject to an invoice finance agreement with Close Brothers Limited ("Close"). The Company's debtor ledger as at the date of the Administration totals £393,000 with £241,000 due to Close.
- 5.1.2 Close have maintained control of the Company's ledger and are continuing to collect in the outstanding debts.
- 5.1.3 We anticipate that Close should be in a position to re-assign the debtor ledger after the repayment of the funds due to them. Should this occur we will continue to chase the outstanding debtors.
- 5.2 Leasehold Improvements

5.2.1 The Company's management information shows various improvements completed in the trading premises. It is not expected that any recovery will be made in this regard.

5.3 Shareholder Loan

5.3.1 We understand that an outstanding loan of £60,000 is due from the former director Mr L James. This will be investigated in more detail in the coming months and an update will be provided in the next Progress Report.

5.4 Stock

5.4.1 As further detailed above, no consideration has been paid for the Company's stock, however, the Purchaser has agreed to undertake a revised Stock take within three months of the completion date and undertakes to pay the Administration 10% of the value of the Stock listed in the revised Stock list by 28 May 2022

6 Investigations

6.1 The Joint Administrators are required to investigate the affairs of the Company and the conduct of the Directors in the period leading up to the Administration. An initial investigation into the Company's affairs is to be undertaken by the Joint Administrators in accordance with Statement of Insolvency Practice 2. The purpose of these investigations is to establish whether there are any potential asset recoveries or conduct which requires further investigation which may lead to any recoveries for the benefit of creditors.

6.2 The findings are reported to the Insolvency Service in accordance with the Company Directors' Disqualification Act 1986, and an appropriate report will be filed in due course.

6.3 Should creditors have any information which they consider may assist the Joint Administrators in carrying out their investigations, or be aware of any matters which they believe should be brought to the attention of the Administrators, please provide details in writing to this office. This request for information forms part of our usual investigation procedures and does not imply that there may be any cause of action lying against any person concerned in the Company's affairs.

7 Liabilities

7.1 Secured Creditors

7.1.1 A fixed and floating was registered against the Company in favour of Close. It was created on 22 January 2020 and was registered at Companies House on 30 January 2020. As further detailed at section 5.1, the Company's book debts are subject to an invoice finance agreement with Close. The Company's debtor ledger as at the date of the Administration totals £393,000 with £241,000 due to Close.

7.1.2 It is anticipated that Close will collect out the balance that they are owed and as such it is unlikely they will suffer any shortfall.

7.2 Preferential Creditors

- 7.2.1 Preferential claims arise from arrears of wages and accrued unpaid holiday pay due to employees who do not receive their full entitlements on redundancy.
- 7.2.2 There were a total of 22 employees, all of whom have transferred to the Purchaser with the sale of the business. This transfer constitutes a relevant transfer under the provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006. As a result of the pre-pack, there are no preferential claims in respect of from arrears of wages and accrued unpaid holiday.
- 7.2.3 The Administrators are aware that the Company's pension scheme is currently in arrears and as such there may be a portion of which is preferential. A Pensions specialist will be instructed to review the Scheme in due course.
- 7.3 Secondary Preferential Creditor – HM Revenue & Customs
 - 7.3.1 From 1 December 2020, certain debts owing to HM Revenue & Customs at the date of insolvency rank as a secondary preferential creditor. These debts include those listed below and are to be paid in priority to any prescribed part, any floating charge creditors and unsecured creditors.
 - 7.3.2 **PAYE and Employees NIC** - the debt due to the HM Revenue & Customs for PAYE and NIC totals £263,949. This figure also includes accrued balances for the final month's trading.
 - 7.3.3 **VAT** - the debt due to HM Revenue & Customs for VAT is £252,228. This figure also includes accrued balances for the final month's trading.
- 7.4 Unsecured Creditors
 - 7.4.1 According to the Company's records, the Company has c.128 creditors with an estimated total of c.£597,208 owed. This does not include the six finance companies that are expected to be novated to the Purchaser as further detailed in the Estimated Outcome Statement.
 - 7.4.2 Based on current expectations, it is unlikely that there will be sufficient asset realisations to allow a distribution to unsecured creditors
- 8 Prescribed Part
 - 8.1 In accordance with Section 176A of the Insolvency Act 1986, a proportion of the Company's net assets are to be set aside for the benefit of the Company's unsecured creditors where the Company has granted a floating charge after 15 September 2003. This is calculated as being 50% of the first £10,000 of net property and 20% of net property thereafter subject to a maximum fund of £600,000. Net property is defined as being the realisations from assets subject to the floating charge after costs and after settlement of the preferential creditors' claims.
 - 8.2 As the Company granted a floating charge to Close on 22 January 2020, a prescribed part fund would ordinarily apply in this matter. However, as it is anticipated that there will be no net property the Prescribed Part does not apply in this instance.

9 Statement of Affairs

- 9.1 In accordance with paragraph 47 of Schedule B1 of the Insolvency Act 1986, the Directors were requested to prepare a Statement of Affairs by 16 February 2022.
- 9.2 As the deadline for the preparation of the Statement of Affairs has not yet passed, a Statement of the Company's Affairs has not yet been received.
- 9.3 To assist creditors we have set out in the proposals detailed information on the Company's financial information prepared on the information available to the Administrators. Attached at Appendices B and C respectively is a summary of the Company's financial position as at 2 February 2022, together with a list of creditors and details of security held by them.
- 9.4 Sections 4, 5 and 7 of the Proposals set out a narrative explanation as regarding the financial position of the Company. Appendix G sets out the SIP16 Report which details the assets of the Company, the valuations and details of the sale that took place following the appointment of Administrators.

10 Receipts & Payments Account

- 10.1 Attached as Appendix D is a summary of my receipts and payments for the period from 2 February 2022 to 9 February 2022 which shows that we are currently holding funds of £Nil.
- 10.2 No receipts or payments have been made to date.

11 Estimated Outcome Statement

- 11.1 Attached as Appendix B is an Estimated Outcome Statement ("EOS") which illustrates the likely outcomes to creditors as noted at Section 7. Creditors will note that the EOS includes book value figures. These figures have been obtained from old data and the expectation is that these values should be less than is illustrated.

12 Duration

- 12.1 The appointment of the Joint Administrators shall cease to have effect at the end of the period of one year beginning with the date of their appointment. However, pursuant to paragraph 76 of Schedule B1 of the Insolvency Act, 1986 this may be extended by either:
- an application to Court for a specified period, or
 - by consent of the creditors for a specified period not exceeding one year.
- 12.2 It is unclear at present if an extension of the Administration is likely to be sought in this case, but creditors will be kept advised of developments.

13 Proposed Exit Route

- 13.1 Based on current projections, it is unlikely that there will be sufficient realisations to enable a dividend to unsecured creditors. As such, it is proposed that the Administrators exit the Administration via the dissolution route, by issuing their final report and filing a notice under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986.
- 13.2 In the event that realisations exceed expectations and a non-prescribed part unsecured dividend becomes available, the Administrators reserve the right to exit the Administration via a Creditors Voluntary Liquidation ("CVL") by filing a notice under Paragraph 83 of Schedule B1 of the Insolvency Act 1986.
- 13.3 If a CVL is the most appropriate exit route then it is proposed that the Administrators, Rebecca Jane Dacre and Scott Christian Bevan, (or if appropriate their successors) be appointed as Joint Liquidators. However, in accordance with paragraph 83(7) of Schedule B1 of The Insolvency Act 1986, and Rule 3.60 of the Insolvency (England and Wales) Rules 2016, creditors may nominate a different person to act as Liquidator provided that the nomination is made after the receipt of these proposals and before the deemed decision for their approval, which is 23 February 2022.

14 Approving the Proposals

- 14.1 A summary of the Joint Administrators Proposals is provided below:
- That the Joint Administrators continue to realise the assets yet to be realised, as outlined in section 5
 - That the Joint Administrators continue to investigate, and if appropriate, pursue any claims that an office holder and /or the Company may have under The Companies Act or Insolvency Act against any parties concerned with the affairs of the Company as disclosed in section 6
 - That the Joint Administrators conclude the Administration by filing a notice to dissolve the Company under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986. The company will be dissolved three months thereafter.
 - That, in the event that there are sufficient funds to pay a non-prescribed part unsecured dividend to creditors, the Joint Administrators will place the Company into Creditors' Voluntary Liquidation. Assuming no other nominations are received, the proposed Joint Liquidators are to be Rebecca Jane Dacre and Scott Christian Bevan
- 14.1 In accordance with paragraph 52(1)(b) of Schedule B1 of the Insolvency Act 1986, a decision of the creditors is not required in respect of the Proposals in this instance. This is because the company has insufficient property to enable a distribution to be made to unsecured creditors, other than any funds that may be available to be distributed in accordance with the Prescribed Part.
- 14.2 Creditors whose debts amount to at least 10% of the total debts of the company may requisition a decision in respect of the Proposals if they require such. The request must be

made on the Decision Request Form attached, within 8 business days of the date of delivery of these proposals. If a decision is requisitioned, those creditors supporting the request will be required to provide security for costs arising from the requisitioned decision.

- 14.3 If a decision is requisitioned, the creditors will have the opportunity to form a creditors' committee. The purpose of such a committee would be to assist the Joint Administrators in the discharge of their duties and responsibilities. If a decision in respect of the approval of the Proposals is not requisitioned within the prescribed timescale, the Proposals will be deemed to have been approved on 23 February 2022.

15 Approving the Costs of the Administration

- 15.1 Where the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than, where appropriate, any funds that may be available to be distributed in accordance with the Prescribed Part) approval of the following is to be sought from the secured and preferential creditors of the Company:

- (i) Pre-Administration costs
- (ii) Basis of the Administrators' remuneration

- 15.2 While unsecured creditors are not required to approve such costs, they are required to be provided with details of the likely costs.

16 Pre-Administration Costs

- 16.1 The Proposals, SIP16 report and specifically Appendix E have detailed with work that has been undertaken in the furtherance of achieving the purpose of the Administration prior to the appointment of Administrators by Mazars, the solicitors, Higgs, and the Agents, Kumar & Co. The work undertaken and the costs incurred by Mazars and those firms were authorised and approved by the Director in the engagement letter and the board minutes. The solicitor and agent firms were engaged by Mazars with the authority and approval of the Director under the terms of the engagement letter signed on 22 December 2021.

- 16.2 These costs were incurred before the Company entered Administration but with a view to it doing so in order to further the achievement of the Administration objective through the successful marketing of the business and negotiation of the pre-pack transaction as further detailed in Appendix G.

- 16.3 The pre-administration costs total £43,369.33 plus VAT. A summary of the costs incurred is provided in the table below:

Firm	Fees (£)	Disbursements (£)
Mazars LLP	28,000.00	408.00

mazars

Higgs LLP - Solicitor	9,000.00	100.00
Kumar & Company Limited - Agent	5,831.83	29.50
Total	42,831.83	537.50

16.4 Mazars LLP

16.4.1 Mazars LLP were engaged by the Director on 22 December 2021 to assist them in relation to the Company's affairs and business prior to the appointment of the Administration in respect of:

- Assistance with the marketing exercise, with regard to the requirements of SIP16 in the event that a pre-pack sale took place;
- To provide advice relating to placing the Company into Administration;
- To appoint agents and solicitors as required in connection with a pre-pack sale; and
- To provide advice on the most appropriate disposal strategy for the business and assets to further the purpose of Administration.

16.4.2 The costs for this work have been incurred on a time-cost basis of £36,517.50 plus VAT and equate to 84.2 hours at a blended hourly rate of £433.70. However, the Administrators are capping the pre-appointment fees at £28,000 plus VAT. A detailed table of costs incurred and a description of the work undertaken in respect of these costs is attached at Appendix E. Details of relevant charge out rates can be found at Appendix F4.

16.4.3 The following disbursements have also been incurred (and not yet paid):

- £114 plus VAT in relation to the advertising of the acquisition opportunity on Deal Opportunities; and
- £294 plus VAT in relation to the advertising of the acquisition opportunity on IP-Bid; and
- £72.19 plus VAT in relation to mileage incurred by members of the Administrators' team in travelling to and from the Company's premises to attend meetings.

16.4.4 The costs of Mazars LLP were approved by the Director in an engagement letter dated 17 December 2021.

16.5 Higgs LLP

16.5.1 This firm of solicitors was chosen based on their experience of work in restructuring and insolvency matters.

16.5.2 Work carried out by Higgs has included: drafting the sale purchase agreement and associated documentation; liaising with the legal representatives of the purchasers; preparation of the relevant appointment documentation; liaising with the director and the secured creditors in

respect of the statutory appointment documentation, completing the Court filing and serving the appointment documentation on all relevant parties.

16.5.3 Higgs have incurred time costs of £9,000 plus VAT in carrying out this pre-Administration work. They have also incurred disbursements of £100 plus VAT.

16.5.4 Higgs cost have been reviewed by the Administrators and these are very reasonable for the work undertaken. No payments have been made to date to Higgs on account of these pre-Administration costs.

16.5.5 These costs were approved by the Director in the letter of engagement dated 17 December 2021.

16.6 **Kumar & Company Limited**

16.6.1 This firm of agents and valuers were chosen based on their experience of valuation and disposal of business assets in insolvency scenarios. They are independent of the Company and the Administrators. Work carried out by them has included the preparation of an inventory and valuations of tangible assets, attending site with interested parties, inspecting, and considering stock-in-trade, assisting with sale negotiations and recommendations on offers received.

16.6.2 These fees incurred total £5,831.83 plus VAT. They have also incurred disbursements of £29.50 plus VAT. Nothing has been paid to date on account of these pre-Administration costs

16.6.3 These costs were approved by the Director in the letter of engagement dated 17 December 2021.

16.7 Approval of the Pre-Administration Costs

16.8 None of these costs have been paid to date. Approval of the pre-administration costs is not part of the Proposals and agreement of the costs will be sought from the secured and preferential creditors in due course.

17 **Basis of Administrators' remuneration**

17.1 In accordance with rule 18.16 of the Insolvency (England and Wales) Rules 2016, the basis of my remuneration may be fixed:

- a as a percentage of the value of the property with which I have to deal; or
- b by reference to the time properly given by my staff and I in attending to matters arising the administration; or
- c as a set amount; or
- d as a combination of any one or more of the above.

17.2 As it is not currently anticipated that there will be a dividend return to unsecured creditors, it is expected that the approval of the basis and quantum of the Administrators' remuneration will fall to the secured and preferential creditors. However, no decision on remuneration is

being sought at this stage and no fees can be drawn until approval is obtained. It is anticipated that at such time, remuneration will be by reference to the time properly given by my staff and I in attending to matters arising the administration.

- 17.3 My firm's Rates and Expenses policy included within the Fees Pack (at Appendix F4) is subject to change, as charge out rates may increase over the period of the administration of the case, in common other professional firms. Details of any changes will be provided as part of my reporting throughout the life of the case. All staff that work on the case, including the cashiers, support and any secretarial staff charge their time directly to the assignment in 6 minute units.
- 17.4 Creditors can find additional information relating to an Administrator's fees in a copy of the publication "A creditors guide to Administrators' Fees" which is available to download from <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/> or alternatively will be provided free of charge upon written request to this office.
- 17.5 Costs already incurred
- 17.5.1 As work has already been undertaken and is ongoing prior to seeking fee approval, including dealing with the immediate post-appointment statutory matters, liaising with creditors, some costs have already been incurred and will continue to be incurred before fee approval is obtained.
- 17.6 Appendix F1 provides a summary of the Administrators' time costs to date for information purposes only. For the period from appointment to 9 February 2022, 26.3 hours have been spent dealing with the administration of this case, at a total cost of £9,425 representing an average hourly rate of £358.37.
- 17.7 A narrative summary of the work undertaken to date is also provided at Appendix F2, however, this narrative is restricted to the work done to date and details of the future work required (and costs associated with this) will be provided along with the Administrators' Fee Estimate in due course.

18 Expenses

- 18.1 Expenses are any 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. Disbursements are payments which are first met by the office holder, and then reimbursed to the office holder from the estate.
- 18.2 Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2).
- Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. Category 1 expenses can be paid without prior approval.
 - Category 2 expenses: These are payments to associates or which have an element of shared costs. Before being paid, category 2 expenses require approval in the same

manner as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement.

- 18.3 The Administrators are not seeking the approval of the payment of Category 2 expenses at this stage but provide a copy of their Rate and Expenses Policy at Appendix F4 for information only.
- 18.4 The EOS attached at Appendix B and the Expense Estimate attached at Appendix F3 provide details of the expenses I consider will be, or are likely to be incurred on this matter, together with an explanation as to why it is necessary to incur each expense. Including my remuneration, these are anticipated to total £124,269.
- 18.5 As can be seen in the Receipts and Payments Account at Appendix D, no expenses have been paid to-date.
- 18.6 I have reviewed the expenses incurred to date and I am satisfied that they are fair and reasonable and proportionate in the circumstances of the case.
- 18.7 Expenses incurred but not yet paid are as follows:

Category	Amount (£)
Pre-appointment costs (Detailed in Section 16)	43,369.33
Advertising the Administrators' appointment	103.50
Insurance Bond	630.00

19 Data protection

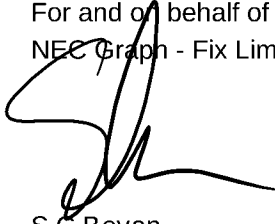
- 19.1 Where the Administrators hold or require personal data from you we will only do so in accordance with the Mazars LLP Insolvency Services Privacy Statement which can be accessed at: www.mazars.co.uk/Legal-and-privacy.

20 Future Reports

- 20.1 A progress report covering the first six months of the Administration will be circulated to creditors during August 2022.

Should you have any queries in relation to this matter, please do not hesitate to contact Callum Kiernan at this office.

Yours faithfully
For and on behalf of
NEC Graph - Fix Limited



S C Bevan
Joint Administrator

Dated 9 February 2022

Authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales and bound by the Insolvency Code of Ethics. Where personal data is required to be processed, this will be dealt with in accordance with the Mazars LLP Insolvency Services Privacy Statement which can be accessed at: www.mazars.co.uk/Legal-and-privacy.

The affairs, business and property of the Company are being managed by the Joint Administrators.
The Joint Administrators act as agents of the Company and without personal liability

NEC Graph - Fix Limited In Administration

Identification Details

Details relating to the Company

Company name	NEC Graph - Fix Limited
Company number	02766186
Registered office	c/o Azets First Floor, International House, 20 Hatherton Street, Walsall, WS4 2LA
Trading address	8 Fryers Rd, Bloxwich, Walsall, WS2 7LZ
Court	High Court of Justice, Business and Property Court in Birmingham
Court reference	CR2022BHM000043

Details relating to the Joint Administrators

Date of appointment	2 February 2022
Joint Administrators	S C Bevan and R J Dacre IP No(s) 9614 and 9572
Joint Administrators' functions	All acts required to be done by the joint administrators, may be done by either or both, acting jointly or alone
Joint Administrators' address	Mazars LLP, 1st Floor, Two Chamberlain Square, Birmingham, B3 3AX
Appointed by	the Director
Joint Administrator's contact telephone number	0121 232 9500

SUMMARY OF FINANCIAL POSITION / ESTIMATED OUTCOME STATEMENT

Creditors should note that the book values in the below Estimated Outcome Statement are based off old records and as such are higher than that in the 'Estimated to Realise' column. As such the 'Book Value' figures are there as a guide, however, we anticipate that up-to-date figures would be lower than that provided.

Assets Specifically Charged	Book Value £	Estimated to Realise £
Debtors		
Trade Debtors	393,000	353,700
Non Notified Debtors	16,000	16,000
Specific Provision	(16,000)	(16,000)
Collection Costs	Uncertain	Uncertain
Due to Close Asset Finance	(241,000)	(241,000)
	<u>152,000</u>	<u>112,700</u>
Plant & Machinery		
Plant Pool A	107,478	60,500
Aldermore	(67,588)	(67,588)
	<u>39,890</u>	<u>(7,088)</u>
Plant Pool B	54,034	39,500
Investec	(42,817)	(42,817)
	<u>11,217</u>	<u>(3,317)</u>
Plant Pool C	39,531	55,000
Lloyds	(43,794)	(43,794)
	<u>(4,263)</u>	<u>11,206</u>
Plant Pool D	567,032	320,000
Hewlett Packard	(504,578)	(504,578)
	<u>62,454</u>	<u>(184,578)</u>
Plant Pool E	219,289	125,000
Propel Finance	(207,626)	(207,626)
	<u>11,663</u>	<u>(82,626)</u>

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Software	10,000	10,000
Esko	(21,469)	(21,469)
	<u>(11,469)</u>	<u>(11,469)</u>
Assets not specifically charged		
Debtor Surplus b/d	152,000	112,700
Finance B/d	109,492	Nil
Leasehold Improvements	24,570	Nil
Fixtures & Fittings	113,490	Nil
Plant & Equipment	576,287	90,000
Goodwill	Nil	10,000
Stock	82,280	8,228
Shareholder loan	60,000	Uncertain
	<u>1,118,118</u>	<u>220,928</u>
Costs of Realisation		
Pre appointment Administrator		(28,408)
Pre appointment legal		(9,100)
Pre appointment agent		(5,861)
Administration		(75,000)
Legal		Uncertain
Agents		(1,500)
Pension Agent		(1,000)
Disbursements		(1,500)
CT		(1,900)
		<u>96,659</u>
Due to Preferential Creditors		
Employees' Pension	Uncertain	<u>Uncertain</u>
		96,659
Due to secondary preferential creditors		
HMRC	(515,942)	(515,942)
Available to Floating Charge Creditor		<u>(419,283)</u>
Prescribed Part		Nil
Unsecured Creditors		
HMRC	(115,000)	(115,000)
Trade Creditors	(544,030)	(597,208)
Employees	(225,000)	Nil
Landlord	Uncertain	Uncertain
Finance Shortfall	Nil	Nil
		<u>(1,131,491)</u>



SCHEDULE OF TRADE & EXPENSE CREDITORS

TRADE & EXPENSE CREDITORS	ADDRESS					£	DETAILS OF SECURITY HELD (NOT INCLUDING ROT)	DATE OF SECURITY	VALUE OF SECURITY
Absolute Industrial Recruitment Ltd	Citibase	Trinity Point	New Road	Halesowen	B63 3HY	2,010.31	None	N/A	N/A
Air Methods Ltd	Fredrick House	Anchor Lane	Bilston	WV14 9NE		2,009.75	None	N/A	N/A
Alliance Personnel Ltd	1 Caroline Point	62 Caroline Street	The Jewellery Quarter	Birmingham	B3 1UF	7,115.10	None	N/A	N/A
Alplas	Paycocke Road	Basildon	Essex	SS14 3NW		342.00	None	N/A	N/A
Amari Plastics Plc	Amari Plastics Plc	Wednesbury 1	Black Country New Road	West Midlands	WS10 7NZ	497.77	None	N/A	N/A
ANCHOR MAGNETS LTD	BANKSIDE WORKS	DARNALL ROAD	SHEFFIELD	S9 5AH		105.01	None	N/A	N/A
Anca Industrial Supplies Ltd	Unit D4B	Coombswood Business Park East	Coombswood Way	Halesowen	B62 8BH	346.50	None	N/A	N/A
ANTALIS LTD	SUITE 404	CHADWICK HOUSE	BIRCHWOOD PARK	WARRINGTON	WA3 6AE	31,689.69	None	N/A	N/A
ALL PRINT SUPPLIES LTD	79 - 80 BUCKINGHAM AVENUE	SLOUGH	BERKSHIRE	SL1 4PN		485.33	None	N/A	N/A
AXA PP HEALTHCARE	PHILLIPS HOUSE	CRESCENT ROAD	TUNBRIDGE WELLS	KENT	TN1 2PL	2,070.19	None	N/A	N/A
B & M Waste Services	30 Plume Street	Birmingham	B6 7RT			678.82	None	N/A	N/A
BEC (MIDLANDS) LTD	26 BILLS STREET	DARLASTON CENTRAL TRADING EST	DARLASTON	WEST MIDLANDS	WS10 8XB	457.08	None	N/A	N/A

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Birmingham Mailing Cases	Machin Road	Erdington	Birmingham	West Midlands	B23 6DR	506.40	None	N/A	N/A
Bit and Blade Ltd	Mill Pond House	Cotton Mill Hill	Holymoorside	Chesterfield	S42 7EJ	2,284.12	None	N/A	N/A
Blow Fish Media	Unit B2 Abbey Industrial Estate	Bodmin Road	Coventry	CV2 5DB		305.52	None	N/A	N/A
Blue Castle Business Services Ltd	Warwick House	Long Bennington Business Park	Long Bennington	Newark	NG23 5JR	761.78	None	N/A	N/A
BNP Leasing Solutions Limited	St James Court	St James parade	Bristol	BS1 3LH		3,628.29	None	N/A	N/A
4 COM NETWORK SERVICES LTD	LOEWY HOUSE	11 ENTERPRISE WAY	AVIATION PARK	CHRISTCHURCH	BH23 6EW	423.96	None	N/A	N/A
CANDA SYSTEMS LTD	ASHLAR HOUSE	115 WALSALL ROAD	ALDRIDGE	WEST MIDLANDS	WS9 0AX	321.60	None	N/A	N/A
CANDA SYSTEMS LTD (BACS)	ASHLAR HOUSE	115 WALSALL ROAD	ALDRIDGE	WEST MIDLANDS	WS9 0AX	2,888.04	None	N/A	N/A
Castle Packaging Ltd	Bott Lane	WALSALL	West Midlands	WS1 2JG		5,210.50	None	N/A	N/A
CAVA SECURITY SERVICES LTD	SECURITY HOUSE	5 EMPIRE COURT	ALBERT STREET	REDDITCH	B97 4DA	672.00	None	N/A	N/A
CENTRAL TAPES & ADHESIVES LTD	Unit TY2, Overgreen Farm	Church Lane, Wishaw	SUTTON COLDFIELD	B76 9QH		1,585.63	None	N/A	N/A
Climate Care Services Ltd	Unit 1	Crossfield Industrial Estate	Lichfield	WS13 6RJ		2,396.95	None	N/A	N/A
Colour Graphics	18 Maybrook Industrial Estate	Maybrook Road	Walsall	WS8 7DG		26,525.94	None	N/A	N/A
CREDITSAFE.COM (UK) LTD	C'O BRITANIA BUILDING	CAERPHILLY BUSINESS PARK	VAN ROAD	CAERPHILLY	CF38 3GG	514.80	None	N/A	N/A
Crosland Cutters Ltd	Nimmings Road	Halesowen	B62 9JE			3,594.00	None	N/A	N/A
C Tie	Unit 5 Axiom Business Park	41 Balcombe Road	Horley	Surrey	RH6 7HF	271.61	None	N/A	N/A
Cutting Edge	Archway Unit	Cheethams Mill	Park Street	Stalybridge, Cheshire	SK15 2BT	598.72	None	N/A	N/A
DAVIES TURNER AIR CARGO LTD	West Midlands Frieght Terminal	Station Road	Off Gorsey Lane	Coleshill, Birmingham	B46 1DT	404.59	None	N/A	N/A
David A Francis PhD FRCP	Spire Hospital Little Aston	Little Aston Hall Drive	Sutton Coldfield	West Midlands	B74 3UP	200.00	None	N/A	N/A

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Die Foil ltd	Unit 11 Chesterbank Business Park	River Lane	Saltney	Chester	CH4 8SL	403.20	None		
D T P Supplies Ltd	Peninne Business Park	Pilsworth Road	Heywood	OL10 2TL		4,158.40	None	N/A	N/A
Electronics for Imaging B.V	Tupolevlaan 65	1119 PA Schiphol-Rijk	The Netherlands			12,895.43	None	N/A	N/A
Engie Power limited	No1 Leeds	26 whitehall Road	LS12 1BE			4,745.75	None	N/A	N/A
Enterprise Adhesives & Chemicals Ltd	43 Hornsby Square	Southfields Industrial Estate	Basildon	Essex	SS15 6SD	5,949.72	None	N/A	N/A
FOAM TECHNIQUES LIMITED	39 BOOTH DRIVE	PARK FARM SOUTH	VAN ROAD	WELLINGBOROUGH	NN8 6GR	1,944.00	None	N/A	N/A
Foga Systems UK Limited	LKH Estate	Tickhill Road	Balby	Doncaster	DN4 8QG	106.33	None	N/A	N/A
Gallagher	Arthur J Gallagher	Marsland House	Marlsand Road	Sale	M33 3YB	1,964.18	None	N/A	N/A
Gardiner Graphics Group Ltd	Unit B	Oak Park Industrial Estate	Northarbour Road	Portsmouth	PO6 3TJ	5,329.20	None	N/A	N/A
Gazprom Energy	Bauhaus	5Th Floor 27 Quay Street	Manchester	M3 3GY		4,972.11	None	N/A	N/A
GB Brooks & Company	Units 8B & 8C Mackenzie Ind park	Bird Hall	Cheadle Heath	Stockport	SK3 0SB	816.00	None	N/A	N/A
Global Cardboard and Paper Recycling Ltd	Wolverhampton	WV14 9NQ				504.00	None		
GRAFITYP	GRAFITACK HOUSE	103 MARINER	TAMWORTH	STAFFS	B79 7UL	238.26	None	N/A	N/A
Greenham Trading Ltd	Greenham House	671 London Road	Isleworth	Middlesex	TW7 4EX	79.49	None	N/A	N/A
GUILLOTINE SOLUTIONS LTD	REDWOOD WORKSHOPS	RAUNDS ROAD	CHELVESTON	NORTHANTS	NN9 6AB	367.20	None	N/A	N/A
HARRISON PRODUCTS	Gateway House	High Street	Moreton in Marsh	Glous	GL56 0AY	12,390.75	None	N/A	N/A
Haven Power	Customer Operations	The Havens	Ransomes Europark	Ipswich	IP3 9SJ	5,412.93	None	N/A	N/A
HP Inc Ltd (Inks only)	1a Hermeslaan	Belgium	Diegem	1831		36,432.00	None	N/A	N/A
HSS Hire Walsall	25 WILLOW LANE	MITCHAM	SURREY	CR4 4TS		219.41	None	N/A	N/A
Hub Global Group Ltd	20-22 wenlock road	London	N17GU			1,494.49	None	N/A	N/A
Hunee Bee Copywriting	65 Gibbons Road	Sutton Coldfield	B75 5HB			250.00	None	N/A	N/A
Haines Wiping Products Ltd	BANK TERRACE	BARWELL	LEICESTER	LE9 8GG		43.79	None	N/A	N/A

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IMAGE 2 OUTPUT LTD	UNIT 19 - IO CENTRE	HEARLE WAY	HATFIELD BUSINESS PARK	HERTS	AL10 9EW	2,430.00	None		
Inkjet Monkey Ltd	Unit D15 HRS Business Park	Garretts Green Lane	Garretts Green	Birmingham	B33 0UE	323.76	None	N/A	N/A
INNOTECH DIGITAL & DISPLAY	QUANTUM HOUSE	INTERLINK WAY SOUTH	INTERLINK PARK	BARDON, LEICESTERSHIRE	LE67 1PG	33,069.85	None	N/A	N/A
IRWIN MITCHELL SOLICITORS LLP (SO)	CREDIT CONTROL	RIVERSIDE EAST	2 MILLSANDS	SHEFFIELD	S3 8DT	2,496.00	None	N/A	N/A
Industrial Tooling Corporation Ltd	Cyber House	1 Kepler	Lichfield Road Industrial Estate	Tamworth	B79 7XE	901.14	None	N/A	N/A
Inspired Thinking Group (ITG) Ltd	315 Fort Dunlop	Fort Parkway	Birmingham	B24 9FD		500.98	None	N/A	N/A
John Baxter and Sons Limited	Wheatfield Way	Hinckley Fields	Hinckley	Leicestershire	LE10 1YG	3,351.80	None	N/A	N/A
J & B Associates	4 Charles House	Deykin Road	Lichfield	Staffordshire	WS13 6UA	1,872.00	None	N/A	N/A
James Associates	8 Fryers Road	Walsall	West Midlands	WS2 7LZ		134.40	None	N/A	N/A
John Chandler	26 West Hill	East Grinstead	RH19 4EP			693.75	None	N/A	N/A
Jones Skips (Wolverhampton) Ltd	Chillington Works	Hickman Avenue	Wolverhampton	WV1 2HS		2,759.23	None	N/A	N/A
Keough LLP	The Parklands	Bolton	BL6 4SE			140.00	None	N/A	N/A
Kingsbury Pallets Ltd	Rush Lane	Dosthill	Tamworth	West Midlands	B77 1TL	3,637.56	None	N/A	N/A
Kontroltec Ltd	Unit 1 Horsefair Road	Waterton Industrial Estate	Bridgend	CF31 3YN		682.80	None	N/A	N/A
Lead Forensics	3000 Lakeside	North Harbour	Western Road	Portsmouth	PO6 3EN	360.00	None	N/A	N/A
Leicester Machine Movers Ltd	Grace Dieu Garage	1 Ashby Road	Thringstone	Leicestershire	LE67 8UH	1,320.00	None	N/A	N/A
Level Exhibitions	Unit 14	Alder Close	Eastbourne	East Sussex	BN23 6QF	1,479.00	None	N/A	N/A
LISTER COMMUNICATIONS LTD	BRUNEL WAY	STONEHOUSE	GLOUCESTER	GL10 3SX		1,254.70	None	N/A	N/A
MBS Fabrics Ltd	388 Dedworth Road	Windsor	Berks	SL4 4JR		691.20	None	N/A	N/A
MD Graphics & Signs	39 Peppercorn Way	Dunstable	Bedfordshire	LU6 1EL		1,352.00	None	N/A	N/A

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MIDLAND AIR CONDITIONING LTD	75 WALSALL ROAD	PERRY BARR	BIRMINGHAM	B42 1TX		252.00	None		
MINSTER CLEANING	HANLEY & JONES LTD T/AS	337 JOCKEY ROAD	BOLDMERE	SUTTON COLDFIELD	B73 5XD	1,922.80	None	N/A	N/A
MOSSY OFFICE LTD	Unit 9 County Park	Shrivenham Road	Swindon	Wiltshire	SN1 2NR	1,088.60	None	N/A	N/A
New 4 All Recruitment Ltd	16 Market Street	Hednesford	Staffordshire	WS12 1AF		16,083.72	None	N/A	N/A
NORTON INDUSTRIAL DOORS LTD	UNIT 1 WINDSOR IND ESTATE	RUPERT STREET	BIRMINGHAM	B7 4PR		1,652.40	None	N/A	N/A
Oriam Green (UK) Limited	5300 Lakeside	Cheadle Royal Business Park	Manchester	SK8 3GP		1,616.52	None	N/A	N/A
Pension Protection Fund	12 Dingwall Rd	Croydon	CR0 2NA			0.00	None	N/A	N/A
Paul Welch Design	75 William Spencer Avenue	Sapcote Lea	Leicestershire	LE9 4NF		2,730.00	None	N/A	N/A
PITNEY BOWES LTD	PO BOX 6570	HARLOW	ESSEX	CM20 2GZ		71.92	None	N/A	N/A
Planet Granite	Devitts Green Farm	Devitts Green Lane	Arley	Coventry	CV7 8GF	408.00	None	N/A	N/A
PRINCIPAL HYGIENE SYSTEMS	B4 HILTON TRADING ESTATE	HILTON ROAD	WOLVERHAMPTON	WV4 6DW		322.92	None	N/A	N/A
PRIMESIGHT LTD	THE MET BUILDING	22 PERCY STREET	LONDON	W1T 2BU		198.00	None	N/A	N/A
PYRAMID DISPLAY MATERIALS LTD	Unit 5, Westpoint Enterprise Park	Clarencs Avenue	Trafford Park	Manchester	M17 1QS	121,549.64	None	N/A	N/A
Puro Ventures Ltd T/a Speedy Freight	Unit 2	The Pavillions	Cranford Drive	Knutsford Business Park	WA16 8ZR	5,220.00	None	N/A	N/A
Quality Print Services	Unit 1 Langley Court	Burscough Ind Estate	Burscough	Lancashire	L40 8JR	1,172.64	None	N/A	N/A
Quick Distribution Ltd	106 Hagley Road	Stourbridge	West Midlands	DY8 1QU		23,562.00	None	N/A	N/A
R & A Stevens Ltd	86 Canhams Road	Great Cornard	Sudbury	CO10 0ES		1,765.20	None	N/A	N/A
Reedbut Group	Central	North House 3	Bond Avenue, Bletchley	Milton keynes	MK1 1JJ	19,323.84	None	N/A	N/A
Retail Merchant Services	Matrix House	North Fourth Street	Milton Keynes	MK9 1NJ		79.02	None	N/A	N/A
Ridge Concrete	The Stables	32 Meridale Road	Chapel Ash	Wolverhampton	WV3 9SB	984.00	None	N/A	N/A

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Ridge and Tyler (Print and Packaging) Services Ltd	Unit 2/3 Martin Court	Blenheim Industrial Estate	Nottingham	NG6 8US		2,415.60	None		
RS Components Ltd	Birchington Road	Corby	Northamptonshire	NN17 9RS		103.79	None	N/A	N/A
Saiston Sheet Metal Limited	66 - 69 The Warren	East Goscote	Leicestershire	LE7 3XA		11,942.40	None	N/A	N/A
S J PROPERTY DEVELOPMENTS LTD (SO)	LONG BIRCH FARM	PORT LANE	COVEN	WV9 5BE		384.60	None		
Smurfit Kappa Sheetfeeding	Windrush Park Road	Windrush Park	Witney	Oxfordshire	OX29 7EX	26,140.15	None	N/A	N/A
Solstar Enterprises Ltd	Unit 26/27 Leaside	Merrylees Industrial Estate	Desford	Leicestershire	LE9 9FS	2,120.52	None	N/A	N/A
SOYANG EUROPE LTD	Metcalf Drive	Calder House	Accrington	BB5 5TU		13,349.39	None	N/A	N/A
South Staffordshire Water Plc	Green Lane	Walsall	WS2 7PD			839.14	None	N/A	N/A
Stackawraps	Houldsworth Mill Business & Arts Centre	Houldsworth Street	Greater Manchester	SK5 6DA		1,800.00	None	N/A	N/A
Swanline Print Limited	Whitebridge Park	Whitebridge Way	Stone	Staffordshire	ST15 8LQ	261.00	None	N/A	N/A
Swanline Paper & Board Ltd	Whitebridge Park	Whitebridge Way	Stone	Staffordshire	ST15 8LQ	31,744.43	None	N/A	N/A
The Office	Mortimer Street	16 Mortimer Street	London	W1T 3JL		2,427.00	None	N/A	N/A
Technical Foam Services Ltd	57 Burkitt Road	Earlstrees Industrial Estate	Corby	Northants	NN17 4DT	753.60	None	N/A	N/A
Thinkprint (UK) Limited	Cameron Court	Winnington Hall	Northwich	Cheshire	CW8 4DU	320.76	None	N/A	N/A
Titan Recruitment	46 Bridge Street	Walsall	WS1 1JZ			4,903.24	None	N/A	N/A
Touch Systems Limited	7 The Pavilions	Cranmore Drive	Solihull	West Midlands	B90 4SB	1,077.10	None	N/A	N/A
Tudor Specialist Print Finishers Ltd	3 Lyon Close	Viking Road	Wigston	Leicester	LE18 2BJ	1,934.00	None	N/A	N/A
UK Mail Limited	Express House	464 Berkshire Avenue	Slough	SL1 4PL		4,264.93	None	N/A	N/A
UPS Ltd	UPS House	Forest Road	Feltham	Middlesex	TW13 7DY	774.35	None	N/A	N/A
Very Displays Limited	17 Boston Road	Gorse Hill Road	Leicester	LE4 1AW		1,010.79	None	N/A	N/A

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Walsall MBC	Waste Management Dept	North Walsall Depot	Norfolk Place	Walsall	WS2 7	21,956.00	None	N/A	N/A
WASTECARE	SILVER LINING INDUSTRIES LTD	RICHMOND HOUSE	GARFOTH	LEEDS	LS25 1NB	435.19	None	N/A	N/A
Water Plus	PO Box 12459	Harlow	Essex	CM20 9PJ		695.96	None	N/A	N/A
Waterlogic GB Ltd	Shaw Road	Wolverhampton	WV10 9LE			99.50	None	N/A	N/A
White Rose print	Wordsworth Cottage West	Rothbury Road	Longframlington	Northumberland	NE65 8HP	25.00	None	N/A	N/A
Winchester Ltd	Broadgauge Business Park	Bishops Lydeard	Taunton	Somerset	TA4 3RU	476.26	None	N/A	N/A
Waste Management Rentals Ltd	Unit A Asquith Court	Smiths Way Saxon Business Park	Bromsgrove	Worcestershire	B60 4FF	1,019.20	None	N/A	N/A
WOW Creative Design Ltd	Unit 11 Cornwall Business Centre	Cornwall Road	Wigston	Leicester	LE18 4XH	300.00	None	N/A	N/A
Zero Enterprises Ltd	5 MALLARD COURT	CREWE	CHESHIRE	CW1 6ZQ		2,377.21	None	N/A	N/A
Zero1 Exhibitions	Unit 4	Newfield Close	Walsall	West Midlands	WS2 4PB	185.28	None	N/A	N/A

There are no known employee or consumer creditors.

RECEIPTS & PAYMENTS ACCOUNT

Statement of Affairs £	From 02/02/2022 To 09/02/2022 £	From 02/02/2022 To 09/02/2022 £
	NIL	NIL
REPRESENTED BY		NIL

PRE-ADMINISTRATION COSTS

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p><u>Meetings, Documentation Review and Discussions on process</u></p> <p>Work in this category has involved:</p> <ul style="list-style-type: none"> Discussions with Company Director regarding the marketing and prepack process. Reviewing Company information with internal staff. Reviewing documentation from Solicitors. Discussions with the Company's secured creditor in regards to the ongoing marketing process and the administration appointment. Discussions with Company Director regarding the creditor position. Internal strategy planning. <p>By carrying out this work, Mazars LLP was able to implement the strategy to ensure the outcome represented the best return to creditors.</p>	4.2	2,180.00	519.05
<p><u>Documentation preparation and issue</u></p> <p>Work in this category has involved:</p> <ul style="list-style-type: none"> Preparing file notes on Company's position and progress. Review of information obtained from the Director and Companies House. Correspondence with Solicitors regarding appointment documentation. Reviewing documentation from Solicitors regarding appointment. Discussions with Director regarding appointment and process. Internal discussions with case staff. Preparing and reviewing disclosure report. Liaising with Secured creditor regarding appointment. Filing. <p>This work was to ensure that there was financial benefit to creditors through ensuring that the proposed administration represented the best prospect and the objective of the administration could be achieved.</p>	19.8	7,572.50	382.45

<u>Consider objectives</u> This type of work involved: <ul style="list-style-type: none"> Consider objectives and liaise with secured creditor. This work was to ensure that the purpose of the administration could be achieved.	0.8	420.00	525.00
<u>Sale of Business/ Assets</u> This type of work involved: <ul style="list-style-type: none"> Discussions with Director regarding marketing information. Strategy planning for sale process. Advertisement placement. Preparation and reviewing marketing information for interested parties. Preparing and filing schedule of customers in relation to the sale of business. Correspondence with interested parties. Drafting flier to generate interest in the opportunity. Reviewing interested parties and possibility of sale. Obtaining Company information. Drafting and compiling information for memorandum. Reviewing Company information with internal staff. Discussions with Agent regarding valuations. Discussions with secured creditor regarding sale offer and process. Further review of interested parties correspondence. Sale contract discussions. Updating internal pack documentation. Discussions with Solicitors regarding sale. Further discussions with secured creditor regarding appointment documentation. Dealing with Evaluator process. Review of sale contract and other documentation. Discussions with solicitors regarding amendments and changes This work was to ensure a proper marketing process was undertaken with consideration of appropriate regulations surrounding administration sales and the evaluator process. The work was undertaken to ensure that the value could be achieved and the necessary legal documentation prepared. The financial benefit to creditors was in achieving the subsequent sale post appointment.	59.4	26,345.00	443.52
Overall	84.2	36,517.50	433.70

ADMINISTRATORS TIME COSTS TO DATE

A small amount of work has been undertaken on this case prior to seeking fee approval due to statutory deadlines. This has included, preparing initial statutory documentation and updating creditors' information. The following provides a breakdown of the Administrators' actual time costs incurred to date.

For the period 2 February 2022 to 9 February 2022			
Description of Work	Total Time (hours) (£)	Total Costs (£)	Blended Hourly Rate (£)
Administration & Planning	1.3	682.50	525.00
Taxation	Nil	Nil	N/A
Investigations	Nil	Nil	N/A
Realisation of Assets	4.8	2,207.50	459.90
Trading	Nil	Nil	N/A
Employees	Nil	Nil	N/A
Creditors	3.4	780.00	229.41
Reporting	6.4	2,720.00	425.00
Distributions	Nil	Nil	N/A
Cashiering	1.0	202.50	202.50
Statutory & Compliance	9.1	2,675.00	292.96
Totals	26.3	9,425.00	358.37

NARRATIVE SUMMARY OF WORK UNDERTAKEN

<p>Introduction</p> <p>The summary provides a proportionate overview of the work carried out in light of the specific circumstances of the case and includes details of the work that has been done during the period, why it was done and whether the work provides a financial benefit to creditors.</p> <p>This summary should be read together with the Joint Administrators' Time Costs at Appendix F1. The costs incurred in relation to each category are set out in the attached Time Cost.</p>
<p>Work carried out in the current period</p> <p><u>Administration and planning</u></p> <p>The Administrators have undertaken the following work:</p> <ul style="list-style-type: none"> • Case acceptance and ethical reviews. • Completing case strategy notes. • Holding strategy meetings. • Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system. <p>The majority of this work derived no financial benefit for creditors. However, appropriate case administration and planning ensures that the case is managed coherently and efficiently, with minimisation of costs and avoidance of duplication of work. A clear case strategy and strong internal processes aid to add value through the efficient management of the case. This work is also required in order to appropriately document and record how the case has been administered in accordance with regulatory requirements.</p>
<p><u>Realisation of Assets</u></p> <p>The work undertaken in respect of the realisation of the Company's assets is detailed in Section 4 & 5 of the Proposals.</p> <p>The following has been carried out:</p> <ul style="list-style-type: none"> • Arranging insurance cover over assets and ensuring their security. • Liaising with Agents regarding the Company's leased vehicles. <p>The work undertaken will add value for the benefit of creditors by enabling the realisation of funds in the estate. The costs associated with the recovery are considered appropriate in the circumstances. This work has been undertaken by senior staff due to their knowledge of the case.</p>
<p><u>Creditors</u></p> <p>There are approximately 145 unsecured creditor claims. In order to ensure that creditors are dealt with appropriately, the following work has been undertaken:</p> <ul style="list-style-type: none"> • Uplifting creditor information from the Company and uploading to our specialist insolvency software system. <p>The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors.</p>
<p><u>Reporting</u></p> <p>Reporting requirements during the period as prescribed by statute have included the following:</p> <ul style="list-style-type: none"> • Preparation of SIP6 statement. • Preparation of the Proposals

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure that the case has been administered in line with regulatory requirements.

Cashiering

- Cashiering work undertaken includes:
- Establishing set up of case details on our insolvency software system.
- Setting up bank accounts.

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure that the estate bank account is operated in accordance with guidance issued by my regulatory body.

Statutory and Compliance

The work undertaken as required by statute and our internal procedures involves:

- Preparation and lodgement of statutory appointment documents.
- Initial notices and advertisements following appointment.
- Case bordereau.

The majority of this work derived no financial benefit for creditors. However, this work is required in order to ensure that the case has been administered in accordance with regulatory requirements.

EXPENSE ESTIMATE

Type of Expenditure	Requirement for Expenditure	Initial Expense Estimate
		£
Category 1 Expenses		
Professional Advisors' Costs:		
Legal fees and disbursements	Higgs LLP have been instructed to provide legal services. It is uncertain whether they will be conducting any legal work following our appointment.	Uncertain
Agent's fees and disbursements	Kumar & Company have been instructed to assist with the Stock take and any potential ROT claims. Fees have been agreed on a time cost basis.	1,500
Pension Agent	Clumber Consultancy will be instructed to assist with the outstanding pensions obligations, including making a claim for unpaid contributions.	1,000
Other Expenses:		
Corporation tax	Corporation tax payable on taxable income during the post-appointment period.	1,900
Insurance of assets	The estimated costs for insurance over the assets under the Insolvency Scheme with [*JLT Specialty Limited / *Marsh Limited].	Uncertain
Office holders' disbursements:	Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds.	1,500
Total Category 1 Expenses		5,900
Category 2 Expenses		
These expenses require approval in the same manner as the office holder's remuneration		
Mileage	This expense represents the costs of the office holder/their staff in travelling.	Uncertain
Total Category 2 Expenses		Uncertain
Mazars LLP Remuneration		
Office holders' pre-appointment costs	The pre-administration costs total £43,369.33, plus VAT. Includes; Mazars costs of £28,408, Solicitor's and Agent's costs of £9,100 and £5,861.33 respectfully.	43,369

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Office holders' post-appointment costs	Management of the Company's affairs in order to achieve the objective of the Administration. Realising and distributing the Company's assets and performing those tasks required as dictated by statute, best practice and ethical requirements.	75,000
Total Mazars LLP Remuneration		103,408
Total Higgs LLP Pre-Appointment Costs		9,100
Total Kumar & Company Pre-Appointment Costs		5,861
Total		124,269

RATES AND EXPENSES POLICY

Charge-out rates

Details of the current charge-out rates of the personnel working on this case are set out below:

	Partner	Director	Associate Director / Manager	Senior Executive / Executive	Cashier	Support staff
Current charge out rate per hour effective from 1 September 2021 - Range (£)	600 - 736	525 - 598	325 - 529	150 - 299	125 - 325	125 - 161

Charge-out rates are reviewed annually on 1 September and in common with other professional firms, may increase over the period of the administration of a case. The rates are appropriate to the skills and experience of the team member and the work that they perform. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken.

Specialist departments within our Firm, (Tax and VAT) may charge a number of hours if and when their expert advice is required. The rate ranges above incorporate these different rates.

Expenses

Expenses are any 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.

Disbursements are payments which are first met by the office holder, and then reimbursed to the office holder from the estate.

Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2).

- Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. Category 1 expenses can be paid without prior approval.
- Category 2 expenses: These are payments to associates or which have an element of shared costs. Before being paid, category 2 expenses require approval in the same manner as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement.

It is proposed that the following Category 2 expenses incurred in administering the case be charged:

- Mileage will be charged at relevant HM Revenue & Customs prevailing rates, currently 45p per mile.

The Joint Administrators reserve the right to increase the charges applicable to mileage in accordance with any increases in the prevailing rate set by HM Revenue & Customs. Any material amendments will be advised to creditors in the next statutory report.

SIP 16 STATEMENT

1. Initial introductions
 - 1.1. Simon Chandler and Rob Cresswell met with the Director of NEC Graph - Fix Limited (the "Company") on 23 November 2021 at the request of Close Brothers Asset Finance, the secured lenders of the Company. Mazars were engaged on the 26 November 2021 to assist the Company while forecasts were being prepared to support a covid recovery scheme loan.
 - 1.2. At a subsequent meeting on 15 December 2021 the Company's financial position was discussed with the Director and the options considered. Having assessed the alternatives the Directors requested that we assist with an Administration process with a view to marketing the business prior to the appointment. We were engaged on 22 December 2021 to commence the process.
2. Our changing role
 - 2.1. As mentioned above, Mazars was engaged on 22 December 2021 to assist with the marketing process in preparation for an Administration. Initially I acted as an advisor to the Company by providing information as to the options available and set out the various routes to achieve the best outcome to creditors. This included the potential disposal of the business and assets of the Company following an Administration. We provided details of the necessary steps to be taken including the need to ensure that a marketing process was undertaken and the need for professional valuations.
 - 2.2. Since my appointment as Administrator on 2 February 2022, my role has changed and I am now required to undertake the functions and responsibilities of an Administrator, in accordance with statute, on behalf of the creditors as a whole.
3. Pre-appointment matters
 - 3.1. The Company had traded profitably for the period ending December 2019. The Company made losses of c.£230,000 in the 17-month period ending May 2021 and these have been attributed to the Pandemic. Draft accounts for the period ending September 2021 show reduced cumulative loss of c.£26,000 for the 4-month period. The headline turnover figures for October and November 2021 indicated further losses were likely to continue. The Company had not previously utilised any government support loans and its application to the Covid Recovery Loan Scheme was to obtain finance to inject working capital into the business however the Company had built up significant debt with HMRC over the period. The level of the loan would be insufficient to provide certainty as to the future trading of the Company.
 - 3.2. Prior to the pandemic the Company was historically profitable, however began incurring losses during the last two years and was not able to demonstrate a short to medium term return to profit. The Company shareholding is split 50:50 and due to a family dispute there was no ability to obtain further funding into the Company in its current form.

3.3. Based on the discussions held with the Director, the following options were not deemed to be appropriate:

- Solvent Sale – The shares were not within the control of a single shareholder and a sale was not feasible.
- Trading out of difficulties – The forecasts indicated that this was not possible due to the losses sustained in the COVID pandemic and the lack of working capital.
- Additional Funding – The Company sought a loan as detailed but this would not have been successful due to the loan criteria. The Company shareholding meant an unwillingness to invest further funds.
- Company Voluntary Arrangement – The CVA in itself would not have provided sufficient working capital into the business. The Crown arrears would have resulted in a prolonged arrangement and there were concerns about its acceptability to the shareholders. Further funding was not readily available and an arrangement did not address the dispute between the shareholders. Given the immediate cash and time constraints an arrangement was ultimately deemed unfeasible.
- Administrative Receivership - The Company has one charge registered against it granted to Close Brothers Limited ("Close") on 22 January 2020. These charges are registered after 15 September 2003 and as such an Administrative Receivership was not an option in this instance.
- Compulsory Liquidation – This was considered but would result in the worst possible outcome to creditors.
- **Creditors' Voluntary Liquidation** – in the event of a wind-down, the plant and machinery, stock and vehicles would be sold by an auction. These chattel assets are likely to achieve a lower value than would have been achieved if a sale of the business and assets could be reached. A liquidation would also result in the redundancy of the 22 longstanding employees and claims in respect of notice and redundancy would crystallise and increase the level of unsecured creditors by c.£184,000.
- A Trading Administration whilst the business was marketed – The process of an Administration appointment and a period of trading in administration whilst looking to sell the assets was considered however ultimately it was considered to be unviable. There was no readily available funding available to the Company to be secured against its asset base to fund such a process. The forecasts indicated a period of loss making which would have diminished any sale achieved. The professional costs of overseeing the trading period were likely to add to those losses and diminish any return to the creditors.

3.4. Discussions then went on to focus on a sale of the business and assets of the Company, but with the sale to be completed by way of an Administration. This is commonly referred to as a "pre-pack sale". The benefit of such is to conduct the marketing prior to the administration in order to minimise the potential harmful impact on asset values and costs that would otherwise be incurred with overseeing a trading administration

3.5. In addition to the greater realisation of the chattel assets and stocks, a sale of the business and assets should support the debtor ledger and more readily achieve a surplus available to

creditors due to the reduction in any disruption and the ability of a purchaser to deal with any ongoing queries.

- 3.6. The business had not been purchased from another Insolvency Practitioner in the 24 months leading up to this Administration appointment.
- 3.7. The major creditor, HMRC, were considered and a potential TTP arrangement however similar to the CVA considerations above the TTP would not address the wider working capital pressures and lack of funding. The main trade suppliers were not contacted for their views on this matter due to the precarious nature of the Company's ability to trade. If forced to cease trading immediately it would jeopardise any potential sale and the wider purpose of the administration.

4. Administration objective

- 4.1. Pursuant to Paragraph 3(1) of Schedule B1 of the Insolvency Act 1986, the purpose of an Administration is to achieve one of the following objectives:
 - A. rescuing the Company as a going concern,
 - 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 going into administration), or
 - C. realising property in order to make a distribution to one or more secured or preferential creditors.
 - 4.2. As noted in the attached Proposals, the objective being sought is B.
 - 4.3. Given the arrears due to the Company's creditors, c.£1m, and that the Company has been loss making and there was no guarantee of short to medium term profitability, it was not considered possible to rescue the business as a going concern.
 - 4.4. As a result of the offer received, and pre-pack sale, the value achieved in relation to the business and its assets exceeds the value of our Agent's "worst-case" expectations under a break-up basis, as part of a winding-up process. Whilst it is not anticipated that there will be sufficient funds available to distribute to unsecured creditors, due to the anticipated level of HMRC's second-preferential claim, the level of preferential and unsecured creditors' claims has been reduced due to the transfer of 22 members of staff to the Purchaser. This has resulted in preventing c.£184,000 of TUPE costs. The offer also includes the novation of HP equity saving a further c.£508,372. Along with this, it is anticipated that the debtor realisations would be higher in a sale of the business rather than that of the Company going into Liquidation.
 - 4.5. As such, it is considered that the pre-pack sale enables the Administration to achieve objective "B".
- #### 5. Marketing of the business and assets
- 5.1. SIP 16 requires that any marketing undertaken prior to a "pre-pack" sale should conform to the following Marketing Essentials:
 - Broadcast
 - Justify the marketing strategy

- Independence
- Publicise rather than simply publish
- Connectivity
- Comply or explain

5.2. The approach to the marketing of the business was to try to maximise its exposure whilst protecting the value to a potential purchaser through a number of different marketing channels. We have explained these in more depth below in addition to setting out the requirements of the relevant regulations that apply in these cases. The following paragraphs detail as much as possible how we have conformed to these Essentials.

5.3. Broadcast

As the Director had not previously marketed the business prior to our appointment, the proposed Administrators used five different methods in order to broadcast that the business was for sale:

- The business was advertised for sale on www.IP-Bid.com on 6 January 2022;
- The business was advertised for sale on Dealopportunities.co.uk on 6 January 2022;
- The business was issued by our Agents, Kumar & Co., to their database of over 3,000 potential interested parties;
- The business opportunity was posted on the Mazars LLP website and shared on the prospective Administrator's LinkedIn on 12 January 2022;
- The Opportunity was sent to Mazars UK deal advisory team on 13 January 2022;

5.4. Justify the marketing strategy

The above marketing strategy and approach ensured that the business was marketed in a number of different places online as well as targeting interested parties by email. As the business is in financial distress, it was deemed appropriate that investors interested in this type of business should be approached.

5.5. Our marketing strategy involved the use of independent agents to obtain valuations of the Company's assets and advise on the marketing of the business.

5.6. This strategy ensured that the sale of the business was publicised, especially online, enabling the proposed Administrators to connect with as many potential interested parties as possible.

5.7. We received 43 expressions of interest in this matter who were all provided with a summary outline of the business.

5.8. Non-Disclosure agreements were issued to all of those parties and 17 were returned.

5.9. A sales memorandum was issued to all of the interested parties setting out; the assets of the business, its workforce, its trading premises and its past financial performance.

5.10. The sales memorandum was followed up with discussions with the interested parties. The outcome of those discussions ranged from requests for further information to formal withdrawals.

- 5.11. Requests for further information have been progressed as far as was possible in the time available.
- 5.12. An initial guide offer date was set for 18 January 2022, being 12 days after the commencement of marketing. The length of the marketing process was limited by the business' cashflow however the process has continued after that date.
- 5.13. Independence
The variation of advertising the business; from listing it on IP Bid and Deal Opportunities, to the Agent's marketing it on their own site along with marketing it internally within Mazars all ensure a level of independence.
- 5.14. Publicise rather than simply publish
As noted previously, three different methods were utilised in relation to marketing the business in order to focus on a variety of different types of potential purchasers:
- Internal flyer sent to Mazars team that deals with business acquisitions;
 - Advertised by our Agent targeting prospective purchasers that have brought distressed businesses in the past; and
 - Marketed on two online platforms specifically for the sale of distressed businesses, targeting a wide range of prospective purchaser including private equity funders and potential competitors.
- 5.15. Connectivity
The opportunity has been advertised on the following websites in order to promote the marketing of the business:
- <https://www.ip-bid.com/>
 - <https://www.dealopportunities.co.uk>
 - <https://www.mazars.co.uk/>
 - <https://www.linkedin.com/>
 - <https://www.kumarandco.co.uk/>
- 5.16. Comply or explain
Taking the above into account, the Joint Administrators feel that the best outcome has been achieved in the limited period available to market the business and assets. The Director felt they were unable to continue to trade the business given the creditor pressure and their hope to achieve the best possible outcome for the creditors as a whole.
6. Valuations of the business and assets
- 6.1. Rajiv Kumar, MRICS, of Kumar & Co Limited ("Kumar & Co") was instructed by Mazars LLP to provide a valuation of the business and assets. He is regulated and qualified by the Royal Institute of Chartered Surveyors whilst an independent valuer and he was known to both proposed Administrators given the specialist field in which the firm operates. Kumar & Co have provided confirmation that they are independent and that they carry professional indemnity insurance.
- 6.2. The basis of valuations are "Market Value as a whole in its working place" and "Market Value for removal 60 day disposal Period". For the purposes of the summaries below those

valuations are referred to as In-Situ and Ex-Situ value respectively. The valuations are prepared subject to RICS definitions as “the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeable, prudently and without compulsion.”

6.3. The following valuations were provided:

Asset	In-Situ Value	Ex-Situ Value
	£	£
Plant & Machinery	80,000	37,500
Furniture and IT	5,000	2,000
Stock	12,308	2,462
Goodwill	50,000	10,000
Total	147,308	51,962

6.4. The assets included hire purchaser and finance agreements:

Asset	In-Situ Value	Ex-Situ Value
	£	£
Plant & Machinery	60,500	39,500
Due to Aldermore Finance	(67,558)	(67,558)
Plant & Machinery	39,500	20,000
Due to Investec	(42,817)	(42,817)
Plant & Machinery	55,000	30,000
Due to Lloyds Asset Finance	(43,794)	(43,794)
Plant & Machinery	320,000	215,000
Due to HP asset finance	(504,578)	(504,578)
Plant & Machinery	125,000	75,000
Due to Propel Finance	(207,625)	(207,625)
Software	10,000	Nil
Due to Esko	(21,469)	(21,469)
Total	(277,841)	(508,341)

6.5. It should be noted that the in-situ values are based on a going concern sale and is what the agents would expect in an Administration scenario, whilst the ex-situ values are what the agents would expect to realise in a forced sale scenario, representing the potential realisations in the event of an insolvent liquidation.

6.6. The in-situ value gave us an indication of what could be achieved in a competitive bidding situation where there were multiple going concern buyers. The ex-situ value allowed us to ensure assets would not be sold for less than their break-up value, after the estimated removal, auction and other costs.

6.7. The Company entered into an invoice finance agreement with Close. The outstanding debtor ledger totals £393,000. The amount due to Close is £241,000.

- 6.8. The full details of the offer are set out in the next section however the table below provides a comparison of the offer set against the headline Valuation figures before costs. The offer received was not apportioned however the Joint Administrators have attributed it as follows:

Assets	In-Situ Valuation	Ex-situ Valuation	Offer Received
Plant & Machinery	80,000	37,500	90,000
Furniture and IT	5,000	2,000	Nil
Stock*	12,308	2,462	8,228
Goodwill	50,000	10,000	10,000
Plant & Machinery subject to Finance	11,206	Nil	Nil
Total	£158,514	£51,962	£108,228

*The Stock offer is estimated prior to any adjustment for Retention of Title claims.

- 6.9. The Agents recommended that the Administrators accept the offer.
7. The transaction
- 7.1. The sale of the business and assets was completed on 2 February 2022.
- 7.2. TNJ Holdings Limited ("the Purchaser"), CRN: 11226600, 8 Fryers Road, Walsall, WS2 7LZ.
- 7.3. The Director and shareholder of the Company, Tim James, is also a Director and shareholder for the Purchaser.
- 7.4. We understand standard guarantees and fiduciary warranties will be a part of the agreement with Close.
- 7.5. The transaction for the sale of the business and assets was completed under a combined Sale and Purchase Agreement ("SPA").
- 7.6. The assets purchased by the Purchaser under the SPA included:
- the Goodwill;
 - the Plant and Machinery;
 - the Seller's Records;
 - the Stock;
 - the benefit (subject to the burden) of the Business Contracts; and
 - the Business Intellectual Property Rights.
- 7.7. The consideration paid is as follows:
- £50,000 on 2 February 2022;
 - £10,000 on 28 February 2022;
 - £10,000 on 28 March 2022;
 - £10,000 on 28 April 2022;
 - £10,000 on 28 May 2022; and
 - £10,000 on 28 June 2022.
- 7.8. In addition to the above, the Purchaser has agreed to undertake a revised Stock take within three months of the completion date and undertakes to pay the Administration 10% of the value of the Stock listed in the revised Stock list by 28 May 2022.

- 7.9. A personal guarantee has been obtained from the Director as regards to the consideration agreed.
- 7.10. Whilst the offer received is lower than that of the Agent's in-situ value, it was the only offer received and was still higher than that of a break-up basis.
- 7.11. It should also be noted that the offer accepted ensures the continued employment of the 22 employees, saving jobs whilst also significantly reducing both the level of preferential and unsecured claims. In addition, the Purchaser has agreed to novate the current assets that are subject to finance which will also reduce unsecured claims.
- 7.12. The Purchaser was advised about the benefits of obtaining a viability statement on 11 January 2022, however, no statement has been obtained by the Purchaser.
8. Connected Party Transactions
- 8.1. As a substantial disposal of assets was concluded to a connected party, the Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021 ('the Regulations') apply. These state that an administrator must not make a substantial disposal unless either one of the following two conditions is met:
- the approval of the Company's creditors for the making of the disposal has been obtained; or
 - a qualifying report in respect of the disposal has been obtained
- 8.2. In this instance a qualifying report was obtained by the Purchaser and a copy of the report is attached at Appendix H.
- 8.3. The report includes a statement confirming that the evaluator is satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.
- 8.4. It is my view that the report meets the conditions required to be a qualifying report, as required under the Regulations.

EVALUATOR'S REPORT ON THE PRE-PACKAGED SALE

Evaluators Report on proposed pre-packaged sale involving NEC Graph-Fix Ltd and Tim James TNJ Holdings Ltd, pursuant to the Administration (Restriction on Disposal to Connected Parties Regulations 2021 (the Regulations)).

Background.

1. The business and / or assets of NEC Graph-Fix Ltd are the subject of a substantial disposal pursuant to regulation 3 of the Regulations) to TNJ Holdings Ltd .
2. The Applicant is a connected party to NEC Graph-Fix Ltd as defined in paragraph 60A(3) of Schedule B1 of the Insolvency Act 1986 in that it he / she is a director, shadow director or company officer of NEC Graph-Fix Ltd .
3. The relevant property subject to the substantial disposal is stated to be:

Unencumbered company assets Goodwill Employee liability
4. The consideration for this substantial disposal is stated to be:

£90,000 for assets £10,000 for goodwill £120,000 employee liability £50,000 Payment on completion, the remainder over 5 months – PG on the deferred payments
5. In the absence of creditor approval of this substantial disposal, a connected party purchaser is required to obtain a qualifying report in accordance with section 6 of the Regulations, and this report has been commissioned for that purpose.

Qualifications of Evaluator.

1. I am satisfied that I am a qualified Evaluator within the meaning of regulation 10 of the Regulations. I possess the relevant knowledge and experience to provide this report, and I have been accepted as an approved Evaluator by Pre Pack Pool Ltd. Details of my personal and professional qualifications may be scrutinised at www.prepackpool.co.uk
2. I confirm that I satisfy the requirement for independence in relation to the substantial disposal as specified in regulation 12 of the Regulations. I have no personal, professional or other connection to any party connected to NEC Graph-Fix Ltd or TNJ Holdings Ltd and no relationship, bias or ethical conflict exists which prevents me from evaluating this application solely on its merits. I am not excluded from acting as an Evaluator by reason of regulation 13 of the Regulations.
3. The proposed administrator, where appointed, has raised no objection to my suitability as an Evaluator.

Professional Indemnity Insurance.

For the purposes of this report, I am acting as an Agent of Pre Pack Pool Ltd (the company), and I am covered by the company's Professional Indemnity Insurance as required by regulation 11 of the Regulations. Details of this Professional Indemnity Insurance policy as required by regulation 7(c) of the Regulations are as follows:-

Insurer: Markel International Insurance Company Ltd, 20 Fenchurch Street, London EC3M 3AZ.

Insured: Pre Pack Pool Ltd.

Policy number: CC1088A21RAA

Risks covered: Miscellaneous Professional Indemnity Breach of Professional Duty

Cover £2,000,000.00

Exclusions from cover: GDPR Exclusion, Cyber Exclusion, COVID-19 Exclusion

Previous Evaluation Reports.

The Applicant has stated that no previous Evaluation Reports have been obtained in relation to this substantial disposal, and I have no reason to believe that this statement is incorrect.

Evaluator's Opinion.

In accordance with regulation 7 of the Regulations, I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

Principal reasons for this opinion are as follows:-

The company was established in 1992 and provides services primarily in the events and exhibitions arena and has clearly suffered from the pandemic. This has been exacerbated by lack of support from the current finance houses, bad debt and an unfortunate unlawful withdrawal of funds amongst other issues. It appears that significant effort was put into avoiding administration but was ultimately unavoidable. The business does not, however, have a comprehensive and revised strategy but the cause of the administration was not, it appears, due to poor management or a flawed business model. The appointment of a finance director to oversee finances would be a valued addition, mitigating some of the issues that have been experienced. Given this information, I do not believe that a comprehensive new strategy is necessary and the cashflow and P&L forecast look sustainable. The offer itself appears reasonable given the value and type of the assets. I would therefore deem it reasonable to proceed with the pre-pack administration.

In forming my opinion I have relied upon the following information provided by the Applicant together with freely available information in the public domain:-

Pre Pack Pool application Additional information Current stock list and valuation Business marketing information Annual unaudited accounts May 2021 New co financial forecast Offer Newco business plan Steps taken to avoid administration Summary of events leading to administration Web searches, Companies House information

I have not carried out an audit of this information.

For the avoidance of doubt, I express no view on whether TNJ Holdings Ltd is, or will in the future remain a going concern, neither do I express an opinion on any decision by the proposed administrator to enter into a pre-packaged sale. These are matters for the proposed administrator to determine.

Evaluator.

Alec Sanderson For and on behalf of Pre Pack Pool Ltd.

Date 26-01-2022