

# AM03

## Notice of administrator's proposals



Companies House

For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 03262078

Company name in full Parquet House Limited

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

### 2 Administrator's name

Full forename(s) David

Surname Rubin

### 3 Administrator's address

Building name/number Pearl Assurance House

Street

Post town 319 Ballards Lane

County/Region London

Postcode N12 8LY

Country

### 4 Administrator's name ①

Full forename(s) Stephen

Surname Katz

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

### 5 Administrator's address ①

Building name/number Pearl Assurance House

Street

Post town 319 Ballards Lane

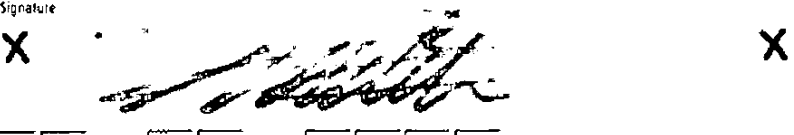
County/Region London

Postcode N12 8LY

Country

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

# AM03 Notice of Administrator's Proposals

6	Statement of proposals	
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	
7	Qualifying report and administrator's statement <sup>①</sup>	
	<input checked="" type="checkbox"/> I attach a copy of the qualifying report <input type="checkbox"/> I attach a statement of disposal	<sup>①</sup> As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)
8	Sign and date	
Administrator's Signature	Signature 	
Signature date	d 08 m 06 y 2028	

# 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	Katie Gregor
Company name	Begbies Traynor (London) LLP
Address	Pearl Assurance House 319 Ballards Lane
Post town	Finchley
County/Region	London
Postcode	N 1 2 8 L Y
Country	
DX	
Telephone	020 8343 5900



### 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

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This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)



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

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## Parquet House Limited T/A Walking on Wood (In Administration)

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

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## **Important Notice**

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

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# 1. INTERPRETATION

<b><u>Expression</u></b>	<b><u>Meaning</u></b>
"the Company"	Parquet House Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 25 April 2023
"the administrators", "we", "our", "us"	David Rubin and Stephen Katz both of Begbies Traynor (London) LLP, Pearl Assurance House, 319 Ballards Lane, Finchley, London, N12 8LY
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and  (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

## 2. STATUTORY INFORMATION

Name of Company	Parquet House Limited
Trading name(s):	Walking on Wood
Date of Incorporation:	11 October 1996
Company registered number:	03262078
Company registered office:	Pearl Assurance House, 319 Ballards Lane, London, N12 8LY
Former registered office:	9 Bonhill Street, London, EC2A 4DJ
Trading address(es):	490 Kings Road, London, SW10 0LF 11 Aintree Road, Perivale UB6 7LA 203 Old Oak Common Lane, London, W3 7DX 43 Earls Court Road, London, W8 6ED
Principal business activities:	Wholesale of Household Goods
Directors:	Bojang Meftah Yassaman Meftah
Company Secretary:	Yassaman Meftah
Auditors:	Begbies, 9 Bonhill Street, London, EC2A 4DJ
Share capital:	50,000 Ordinary shares of £1 each
Shareholders:	Bojang Meftah – 15,000 Ordinary Shares Dara Meftah – 10,000 Ordinary Shares Nikki Meftah – 10,000 Ordinary Shares Yassaman Meftah – 15,000 Ordinary Shares
Moratorium under Part A1 of the Act:	No such moratorium has been in force for the Company at any time within the period of two years ending with the day on which it entered administration.

## 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	25 April 2023
Court:	High Court of Justice (Business and Property Courts)
Court Case Number:	CR-2023-001588

Person(s) making appointment / application:

Bojang Meftah - Director of the Company

Acts of the administrators:

The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.

Type of Proceedings:

The proceedings will be COMI proceedings as defined by the Insolvency (England and Wales) Rules 2016 (as amended)

## STATUTORY PURPOSE OF ADMINISTRATION

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

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

## 4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

This Report should be read in conjunction with our SIP 16 Statement, attached herewith as Appendix 4. The SIP16 Statement provided creditors with a comprehensive account of the circumstances giving rise to the Company being placed into administration and the matters that were considered for pursuing a pre-packaged administration sale of the business and assets of the Company.

As referred to in the SIP 16 Statement, one of the main causes of the Company's financial predicament was the alleged fraudulent loss of company funds, in excess of £1 million, in the US venture. At the time of writing the SIP 16 Statement, it was envisaged that there would be a substantial recovery against the perpetrators of the fraud. At this current time, we have still not been provided with the paperwork to be able to carry out a



detailed review of this proposed claim. Realisations from this source should, therefore, be considered as uncertain. The uncertainty of any realisation has an impact on the sufficiency of realisable assets to enable the pursuit of Objective 3(b) of Schedule B1 to the Act. Accordingly, as Administrators, we are following the pursuit of Objective 3(c) of Schedule B1 to the Act, which is as set out at section 3 above.

## 5. STATEMENT OF AFFAIRS

The Directors were requested to prepare a Statement of Affairs pursuant to Paragraph 47 of Schedule B1 to the Act. However, as advised in the SIP 16 Statement, the CEO, Mr Bo Meftah is seriously ill. In view of his illness, the CEO is not in a position to prepare the document. Accordingly, we have sought the assistance of Jon Rothman of VSure IT, the Company's accountants and advisors to provide the relevant details and together we have completed the Statement of Affairs attached as Appendix 2.

## 6. THE ADMINISTRATION PERIOD

### Realisations of Assets

#### *Pre-packaged sale of the business and assets*

Shortly after our appointment as Joint Administrators on 25 April 2023, we completed a sale of the business and assets to On Wood Ltd ("WOW"). The Purchaser is a connected company as two of the Company's shareholders, Dara Meftah and Nikki Meftah, hold 40% of the shareholding are also directors and beneficial owners of the Purchaser.

Full details of the transaction are documented in the SIP16 Report attached at Appendix 4, however a breakdown of the assets sold and payment terms is repeated as follows:-

	£
Lease and rent deposits	£24,033.60
Office furniture and equipment	£4,665.00
Stock	£20,800.00
Vehicles	£12,500.00
Plant and Machinery	£45,840.00
Website, domain name and social media	£8,000.00
Work in progress	£43,666.00
Goodwill	£15,495.40
	<u>175,000.00</u>

The total sale consideration under the terms of the Asset Sale Agreement ("ASA") was £175,000, of which £50,000 was paid upon completion. The balance of deferred consideration is payable by way of 20 monthly instalments of £6,250 each. I am pleased to report that the amount of £50,000 was received upon completion and as at the date of this report, we have also received the first monthly instalment.

In addition to the cash element of the sale, the Purchaser will also be making payment of £110,863.15 to "ransom" creditors whom they consider to be key suppliers thought to be essential for the business to be able to continue to trade as a going concern, and to further ensure that customers who have paid deposits will be able to have their orders fulfilled.

Dara Meftah and Nikki Meftah have provided a joint and several personal guarantee in respect of the deferred consideration balance of £125,000.

As part of the sale, 4 employees were automatically transferred to the Purchaser pursuant to TUPE, with the sale therefore saving the jobs of the staff.

In accordance with the Statement of Insolvency Practice 13, we would comment that a sale to a connected party was necessary in this instance in order to maximise the asset realisations achievable for the Company's estate and produce the best outcome for creditors. As explained in the SIP 16 Statement, the sale of the business was widely marketed and whilst there were 17 individual enquiries and 14 NDA's circulated, 6 parties were sent the Information Memorandum and 4 parties corresponded further with the agents. Of these 4 parties, only one offer was received which was from the connected party.

Together with our agent, we were able to negotiate the offer from £165,000 to £175,000. Whilst the offer received was below the agent's anticipated lower willing buyer value, it was significantly above the forced sale value of the business, and a sale of the business as a going concern would ensure that all employees would transfer to the Purchaser, thus mitigating redundancy and other employment costs that would arise, as well as offering partial recovery of the rent deposits, payment of ransom creditors and avoiding claims of customers in respect of partly completed works and warranty issues.

In view of the above and in the absence of any better alternative offers, it was recommended by the agent that this offer be accepted and the pre packaged connected party sale was conducted in the best interests of the Company's creditors.

### ***Receipts and Payments***

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 25 April 2023 to 9 June 2023.

### **Receipts**

#### **Cash held on appointment**

The amount of £12,000 was held by Begbies Traynor prior to our appointment as Joint Administrators specifically for the purpose of defraying, in part, our pre-appointment costs.

#### **Third Party Funds**

The Director provided from personal funds the amount of £12,000 for the specific purpose of discharging the secured debt owed to TSB and will therefore be subrogated as the secured creditor.

### **Sale proceeds**

As set out further below, the Company's business and assets were sold to the Purchaser for the consideration of £175,000, of which, £50,000 was payable upon completion and the balance is payable in 20 monthly instalments of £6,250. During the period covered by this report, £56,250 has been paid, which is currently held in our agent's Client's account awaiting remittance to my firm's estate account, which is in the process of being opened with our bank. The remittance to date has been allocated pro-rata to the sale values of each of the assets as follows:-

	£
Lease and rent deposits	7,725.09
Office furniture and equipment	1,499.46
Stock	6,685.71
Vehicles	4,017.86
Plant and Machinery	14,734.29
Website, domain name and social media	2,571.43
Work in progress	14,035.50
Goodwill	4,980.66
	<u>56,250.00</u>

## **Payments**

There have been no payments made during the period under review.

## ***Work undertaken by the Administrators and their staff***

In addition to dealing with the above, we have also carried out a preliminary reviews of:-

### ***Debtors***

As at the date of Administration, the Company's aged debtors list totalled £73,005.56. However, the amount of £12,066 was deemed as non-recoverable, and the remaining debts are subject to retentions and remedial works which would have a detrimental effect on the realisable value of these debts. In order to enhance realisations in this regard, we have negotiated an arrangement with the Purchaser who will assist with the collection of the Company's debtors whilst also offering the remedial works required. They will be entitled to reimbursement of the costs involved and 35% of the balance. It is anticipated that this will result in realisations totalling circa £39,000.

### ***US Claim***

As discussed above, in 2013, the Company made a significant investment into a separate company based in New York with a showroom and sales staff to develop similarly bespoke solutions for US based customers. The US based investment relied on key management personnel who are alleged to have defrauded the business of an amount exceeding £1 million. Legal proceedings against the management are in progress but are as yet unresolved. As referred to above, we are continuing to gather the necessary information in order to assess the viability of this claim and the likelihood of recoveries. However, in view of the fact that all legal proceedings will be taking place in the US, and mostly outside our control, we are adopting a prudent view in respect of realisation and viewing realisations as being uncertain.

### **General case administration and planning**

Generally, it is necessary to maintain records to demonstrate how the case has been administered and to ensure reasons for decisions that materially affect the case are adequately documented. Meetings with the case manager and team have accordingly been held regularly to assess the case status and ensure adherence to these requirements. Standard case reviews has also been conducted and documented periodically. The following work has also been undertaken:

- Opening a designated bank account and dealing with the movement and allocation of estate funds;
- Corresponding with the Company's pre-administration bankers to freeze all accounts to any future outgoing payments, and in order to facilitate a transfer of the balances in the accounts to the designated estate account;
- Completing various searches at Companies House to obtain statutory information on the Company; Submitting a VAT 769 notifying HM Revenue & Customs that the Company is now in Administration;
- Dealing with ongoing queries of the Company's directors in respect of various matters;
- General accounting, banking and cashing including the processing of payments, maintenance of estate cash book postings and carrying out regular bank account reconciliations; and
- Seeking information from the Company's directors regarding the extent of the Company's physical and electronic records, the whereabouts of these records and how they are stored, and making arrangements for the collection and/or backup of relevant records.

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

#### Compliance with the Insolvency Act, Rules and best practice

- Filing notice of the appointment of administrators with the Registrar of Companies;
- Serving notice of the appointment on the Company;
- Applying for the Joint Administrators' bonds, as required by the Insolvency Practitioners Regulations 2005 and reviewing the adequacy of the bond periodically;
- Writing to all known creditors as soon as reasonably practicable following appointment to provide notice of the appointment;
- Preparation and circulation of the detailed SIP16 disclosure report to creditors within seven days of completion of the sale;
- Publishing the necessary statutory advertisement in respect of the administration proceedings in the London Gazette;
- Preparation of the Joint Administrators' statutory Report and Statement of Proposals for the administration;
- Updating case checklists and statutory diaries where necessary; and
- Ongoing consideration of ethical practice codes.

This work does not provide a direct financial benefit to creditors, however, it is required in accordance with relevant insolvency legislation and best practice guidelines.

#### Dealing with all creditors' claims, correspondence and distributions

##### **Secured Creditor**

Liaising with TSB Bank PLC with regards to the amounts owed to them as at the date of Administration and gathering in this amount from third party funds advances specifically for this purpose.

##### **Trade and Expense Creditors**

Ongoing work has been required in lodging and acknowledging receipt of claims lodged in the estate and responding to the general queries and request for further information from creditors received via phone, email and post on a daily basis.

#### Other matters which includes seeking decisions of creditors via deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

Decision Procedures - Preparing documentation circulated with this report to convene decisions of the Company's creditors in order to seek approval of certain costs and expenses and fix the basis of the Joint Administrators' remuneration.

Pensions - Seeking information from the Company's officers on the company pension scheme and any contributions deducted from salaries that were not passed on to the scheme.

##### **Pre-packaged sale**

During the first week of the administration it was necessary to prioritise dealing with various post-sale and general practicalities and dealing with all other practical tasks associated with achieving a smooth transfer of this trading business. As such it was not possible to circulate these proposals at the same time as the letter notifying creditors and providing the SIP16.

##### **Sale to a connected party- requirement for a Qualifying Report**

Where a sale of the company's assets involves a substantial disposal to a connected party within the eight-week period after the appointment of an Administrator, the purchaser must obtain a qualifying report from an Evaluator.

A copy of this report was provided to us on 21 April 2023. The independent Evaluator is Alistair Bacon of AMB Law who is a solicitor with substantial experience and knowledge of asset sales in insolvency scenarios and the preparation of reports of this nature pursuant to the requirements of SIP16. The Joint Administrators can confirm that, having regard to the date on which the report was made, 21 April 2023, they are satisfied that Alistair Bacon has sufficient relevant knowledge and experience to make the report, and that the content of the report complies with 'The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021'.

A copy of the report is attached at Appendix 4. The report confirms that the Evaluator was satisfied that the consideration to be provided for the relevant assets and the grounds for the substantial disposal are reasonable in the circumstances.

## 7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment as detailed in the directors' statement of affairs ("SOA") attached at Appendix 2 are as follows:

### **Secured creditor**

TSB Bank PLC hold a fixed and floating debenture created on 23 May 2012 and delivered on 26 May 2012. As at the date of this report, the indebtedness owed to TSB Bank is £10,732. As reflected on the SOA, third party funds have been advanced by the director specifically to defray this liability and the director will be subrogated to the banks claim in this regard.

### **Preferential creditors**

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

### **Secondary preferential creditors**

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

The secondary preferential claim of HMRC is estimated at £118,674.36, within the draft Statement of Affairs. Based on current information, it is considered that there may be sufficient realisations to enable a distribution to be paid to HMRC in respect of its secondary preferential claim.

### **Unsecured creditors**

The claims of unsecured non preferential creditors were estimated at £654,742.66 within the draft Statement of Affairs.

Based on current information it is anticipated that realisations will be insufficient to enable a dividend to be paid to the unsecured non preferential creditors.

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

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the

amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £800,000

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

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

The administrators have not made a distribution of the prescribed part as the estimate of the Company's net property is less than the minimum prescribed and the administrators consider that the costs of making a distribution of the prescribed part to unsecured creditors would be disproportionate to the benefits.

#### **Creditors' decision**

Under Paragraph 51(1) of Schedule B1 to the Act, the Administrators are required to seek a decision of creditors on the approval of the Administrators' proposals. However, paragraph 52(1) of Schedule B1 to the Act states that where Administrators are working solely to achieve Objective c of the statutory purposes referred to above, i.e. the realisation of assets for the benefit of one or more secured creditors, paragraph 51(1) shall not apply.

Creditors of the Company, whose debts amount to at least 10% of the total debts of the Company may request for a decision to be sought under paragraph 52(2) of Schedule B1 must be delivered within 8 business days of the date on which this report is delivered to creditors. If the request is by a group of creditors, the following must be provided along with the request as set out under Rule 15.18(3)

- (a) A statement of the purpose of the proposed meeting and either:
  - (1) a statement of the requesting creditor's claim or contributory's value, together with
    - (i) a list of the creditors or contributories concurring with the request and of the amounts of their respective claims or values, and
    - (ii) confirmation of concurrence from each creditor or contributory concurring; or
  - (2) a statement of the requesting creditor's debt or contributory's value and that that alone is From each creditor concurring, written confirmation of his concurrence; and

Creditors should note that the costs of a requisitioned meeting are to be paid by those creditors requesting it and the Administrators are not empowered to call a meeting until the creditors have lodged sufficient funds with the Administrators as a deposit for the costs of the meeting. Such costs may be ordered to be paid as an expense of the Administration if the meeting so resolves.

#### **Effect of administration on limitation periods under the Limitation Act 1980**

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

the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

## **8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION**

### ***Purpose of the Administration***

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

Following receipt of the details of HMRC's secondary preferential claim in the proceedings, it is anticipated that there will only be sufficient realisations to enable a distribution to the subrogated secured charge holder and the secondary preferential creditors and therefore the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(c), namely, realising property to make a distribution to one or more secured or preferential creditors.

### ***Details of proposals***

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to collect deferred consideration in relation to the sale of the Company and in order to discharge our statutory duties. The principle matters to deal with in this respect are:

- Monitor the position of the Purchase and ensure that deferred element of the sale consideration is received in full and on time each month;
- Continue the collection of the debtors;
- If appropriate, pursue any claims that the Company may have against any person, firm or Company, whether in contract or otherwise;
- Agreeing the secondary preferential claims; and
- Following receipt of the deferred consideration and realisation of other assets, we propose to finalise a distribution to HMRC in respect of its secondary preferential claim.

It is proposed that:-

- The Joint Administrators will continue to manage the Company's affairs in accordance with the statutory purpose until such time as the administration ceases to have effect;
- The Joint Administrators may carry out all other acts that they consider to be incidental to the proposals above to assist in their achievement of the overriding purpose and the administration; and
- The Joint Administrators' liability in respect of any action of their appointment as Joint Administrators, shall be discharged in accordance with Paragraph 98 of Schedule B1, immediately upon appointment ceasing to have effect.

### ***Exit from Administration***

#### **Dissolution**

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

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

#### Contingency Plan – extending the administration

It may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

#### Contingency Plan – unforeseen surplus funds

In the event that realisations are made from the claim in the US and it transpires that there are indeed surplus funds enabling a distribution to the unsecured creditors, then unless the court makes an order permitting such a distribution on our application, we will issue revised proposals for consideration by creditors dealing with the most appropriate exit strategy from the administration in those circumstances.

## 9. PRE-ADMINISTRATION COSTS

Appendix 3 provides details of the work "The Work" that we have carried out, the associated costs and our proposed remuneration. The Work was carried out pursuant to an agreement made between us and the Company entered into on 17 March 2023 ("the Agreement"). The Agreement provides for the payment of our fees and the discharge of expenses incurred by us (collectively referred to as "the pre-administration costs") in carrying out the Work.

The Work was carried out before the Company entered administration because it was determined that a pre-packaged sale would achieve the best outcome for the Company's creditors for the reasons set out within the SIP16 report. Therefore, we consider that the Work has furthered the achievement of the objective of administration being pursued of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

In the period before the Company entered into Administration, we carried out work consisting of the following:-

- Holding an initial meeting with the Company's directors at our offices to review and discuss the Company's financial position and subsequent email correspondence;
- Requesting and reviewing various company records and detailed financial information in order to gain an understanding of the Company's current position;
- Reviewing the minutes of the board meetings detailing the considerations of the directors in the run up to a potential formal insolvency appointment;
- Instructing Williams and Partners Ltd ("WP") to advise on and undertake an appropriate accelerated marketing exercise pursuant to the requirements and marketing principles set out within SIP 16 with a view to generating interest from potential purchasers for a pre packaged administration sale;
- Reviewing and considering the terms of the initial offer put forward by the eventual purchaser with WP and agreeing the area for further negotiation in order to maximise achievable realisations;
- Instructing Howes Percival ("HP") to act in respect of the pre packaged sale in order that the requisite sale documentation be drawn up and engaging in ongoing correspondence pertaining to the documentation.
- Internal discussions with proposed case staff in order to formulate an appropriate strategy, and preparing a detailed strategy note in this regard;
- Liaising with TSB Bank PLC with regards to their Debenture and providing the requisite Notice; and
- Preparation of the requisite administration appointment documentation and lodging the Notice of Intention and Notice of Appointment with the Court.



#### Agent's fees and disbursements

Williams and Partners Ltd were instructed to prepare a valuation report on the Company's assets, and to assist with the marketing and sale thereof. The work undertaken by WP in this regard includes the following:-

- Attending the Company's four premises in order to inspect and schedule the Company's assets;
- Preparing a detailed valuation report on the Company's assets;
- Preparation of marketing materials to comprise of a sales teaser, NDA's, information memorandum and web listings.
- Circulating details to the WP database;
- Dealing with initial enquiries from interested parties;
- Preparing, issuing and securing signed non disclosure agreements;
- Providing further information to interested parties as required;
- Reporting to the proposed administrators on the offers and providing a formal recommendation;
- Advising on appropriate apportionment of the sale consideration and
- Liaising with the proposed administrators and instructed solicitors up to completion of contracts.

WP's disbursements include adverts and mileage for travel.

#### Legal fees and disbursements

Howes Percival LLP were instructed to act in respect of the proposed pre pack sale and to provide legal advice on various issues in the pre appointment period. The work conducted by HP in this regard included the following:-

- Initial calls with the proposed administrators to discuss the instruction and requirements;
- Reviewing relevant documentation regarding the Company's assets and liaising with WP in this regard;
- Drafting the formal ASA;
- Advising on various legal issues pertaining to the sale; and
- Engaging in ongoing discussions with the solicitors acting for the Purchaser regarding contractual terms, reviewing proposed amendments and processing those amendments where required.

#### Professional fees

As discussed above, VSure IT have been assisting us with collating the necessary information required in order to ensure that sufficient information was available to achieve the sale, to carry out our statutory duties along with the preparation of the Directors' Statement of Affairs. There is an amount of £8,000 plus VAT owed to VSure IT in this regard.

The pre-administration costs are unpaid and we are seeking that they be paid as an expense of the administration. Approval to discharge such costs ("the unpaid pre-administration costs") as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, by seeking decisions of creditors. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, a document detailing the work carried out, the associated costs and the proposed remuneration is provided together with a pre-administration Time Costs Summary at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged.

Of the pre-administration costs, the sum of £12,000 inclusive of VAT was paid to Begbies Traynor on account in relation to our costs for the Work. The pre administration costs are broken down as follows:-

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	27,118.50	5,423.70	32,542.20
Court filing fees	Begbies Traynor	150.00	30.00	180.00
Legal fees	Howes Percival LLP	4,150.00	830.00	4,980.00
Agents fees	Williams & Partners Ltd	8,250.00	1,650.00	9,900.00
Agents disbursements	Williams & Partners Ltd	455.16	91.03	546.19
Professional fees	VSure IT	8,000.00	1,600.00	9,600.00
<b>TOTAL UNPAID PRE-ADMINISTRATION COSTS</b>		<b>48,123.66</b>	<b>9,624.73</b>	<b>57,748.39</b>

## 10. REMUNERATION AND EXPENSES

### **Remuneration**

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

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

We consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors. In these circumstances, if there is no creditors' committee, or the committee does not make a determination, it is for each secured creditor and the preferential creditors of the Company to determine the basis of our remuneration under Rule 18.18 of the Rules.

As set out earlier in the report, the claim of the secured creditor has been subrogated by the Director.

Appendix 3 sets out our firm's hourly charge out rates, our fees estimate and the time that we and our staff have spent in attending to matters arising in the administration since 25 April 2023.

### **Expenses**

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

### **Estimate of expenses**

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

### **Expenditure incurred to date**

Expenses incurred but unpaid at this stage include specific bond cost of £103 and Statutory advertising costs of £121.20.

## 11. OTHER INFORMATION TO ASSIST CREDITORS

### **Report on the conduct of directors**

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

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

### **Deemed delivery**

These proposals will be deemed to have been delivered on 13 June 2023.

### **Use of personal information**

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

### **Right to request further information**

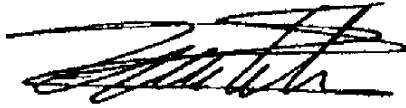
Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors,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

### **Right to make an application to court**

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

## 12. CONCLUSION

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

A handwritten signature in black ink, appearing to read 'Stephen Katz', with a stylized, overlapping flourish above the name.

**Stephen Katz**  
Joint Administrator

Date: 9 June 2023

**PARQUET HOUSE LIMITED T/A WALKING ON WOOD - IN ADMINISTRATION**  
**ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**  
**FOR THE PERIOD FROM 25 APRIL 2023 TO 9 JUNE 2023**

	<b><u>Estimated</u></b> <b><u>to realise</u></b> <b>£</b>	<b><u>PE</u></b> <b><u>09-Jun-23</u></b> <b>£</b>
<b><u>Receipts</u></b>		
Cash held on appointment	12,000	12,000.00
Third party funds	12,000	12,000.00
Sale proceeds:-	-	
<i>Lease and rent deposits</i>	24,034	7,725.09
<i>Office furniture and equipment</i>	-	1,499.46
<i>Stock</i>	64,466	6,685.71
<i>Work in progress</i>		14,035.50
<i>Vehicles</i>	-	4,017.86
<i>Plant and Machinery</i>	45,840	14,734.29
<i>Website, domain name and social media</i>		2,571.43
<i>Goodwill</i>		4,980.66
		<u>80,250.00</u>
<b><u>Payments</u></b>		
		Nil
<b><u>Balance in hand</u></b>		<u><u>80,250.00</u></u>
<b><u>Represented by:-</u></b>		
Funds held on account		12,000.00
Funds held in the agents client account		56,250.00
Directors funds held in client account		12,000.00
		<u><u>80,250.00</u></u>

**PARQUET HOUSE LIMITED T/A WALKING ON WOOD - IN ADMINISTRATION**

**ESTIMATED STATEMENT OF AFFAIRS AS AT 25 APRIL 2023**

	<b><u>Notes</u></b>	<b><u>Book Value £</u></b>	<b><u>Estimated To Realise £</u></b>
<b><u>ASSETS SUBJECT TO FLOATING CHARGE</u></b>			
Directors funds held in client account	1	12,000	12,000
Cash held on appointment		12,000	12,000
Lease improvements and rent deposits	2	85,628	24,034
Plant and machinery		82,274	45,840
Stock and work in progress	3	204,026	64,466
Associated Company Debtors	4	1,052,488	Uncertain
Debtors	5	<u>73,006</u>	<u>39,611</u>
<b><u>SURPLUS AVAILABLE TO PREFERENTIAL CREDITORS</u></b>			<u>197,951</u>
Employees' Preferential Claims			<u>Nil</u>
<b><u>SURPLUS AVAILABLE TO SECONDARY PREFERENTIAL CREDITORS</u></b>			<u>197,951</u>
HM Revenue & Customs - Secondary Preferential Claims			<u>(118,674)</u>
<b><u>SURPLUS AVAILABLE FOR FLOATING CHARGE CREDITORS</u></b>			<u>79,277</u>
Less: Lloyds TSB Bank PLC / directors		(10,732)	<u>(10,732)</u>
			<u>68,545</u>
<b><u>UNSECURED CREDITORS - as per list B attached</u></b>			
Trade and expense creditors		597,445	
HM Revenue & Customs		26,188	
Directors' Loans		<u>57,297</u>	
			<u>(680,930)</u>
<b><u>DEFICIENCY AS REGARDS UNSECURED CREDITORS</u></b>			<u>(612,385)</u>
<b><u>SHARE CAPITAL</u></b>			
Ordinary shares of £1 each fully paid			<u>(50,000)</u>
<b><u>DEFICIENCY AS REGARDS CONTRIBUTORIES</u></b>			<u>(662,385)</u>

**PARQUET HOUSE LIMITED T/A WALKING ON WOOD - IN ADMINISTRATION**  
**ESTIMATED STATEMENT OF AFFAIRS AS AT 25 APRIL 2023**

The Company's assets were professionally valued by Antony Berg LLB, Director of Williams and Partners Ltd of 11 Leys Business Centre, Chelmsford Road, High Ongar, Essex CM5 9NW. The Estimated to Realise figures are based on a willing purchaser.

- 1 The Administrators are holding the sum of £12,000 provided by the Director from personal funds specifically to repay TSB Bank security.
- 2 The Company operated from 4 leasehold premises, only one of which was in the Company's name and has since expired. The rent deposit in respect of the expired lease is therefore deemed to have no value as it is likely to be offset against dilapidations. The remaining leases were in the name of a connected company, however the rent deposits on these leases were paid by Parquet House Limited. The estimated to realise value is based on a sale to a connected willing purchaser.
- 3 The book value has been taken from the accounts in respect of the year ended 30 November 2022. Due to cashflow, the majority of stock orders have been paid against individual customer orders and therefore the stock relates predominantly to specific customer orders where stock has already been invoiced or a deposit has been paid. Due to the condition of the remaining stock that does not relate to customer orders, the value remains uncertain.
- 4 The Company made an investment into a US associated Company trading in New York USA. Unfortunately, the US Company has been the subject of a fraud by a former Director and a claim has been made in the US Court against the perpetrator of the fraud. The Estimated to Realise value is uncertain as this will depend on the outcome of the Court case.
- 5 The Company's aged debtors list totals £73,005.56 at the date of administration. However, the amount of £12,066 is not recoverable, and a bad debt provision of 35% has been applied to the Estimated to Realise figures to allow for bad or doubtful debts.

**General Notes**

Creditors claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from the claimed.

No provision has been made within this document for the costs and expenses of the Administration.

**PARQUET HOUSE LIMITED T/A WALKING ON WOOD - IN ADMINISTRATION**

**ESTIMATED STATEMENT OF AFFAIRS AS AT 25 APRIL 2023**

**A - SECURED CREDITORS**

<u>NAME</u>		<u>AMOUNT</u>
		£
TSB Bank PLC	PO Box 6000, 125 Colmore Row, Birmingham, B3 3SF Created: 23 May 2012, Registered at Companies House: 26 May 2012	10,732.00

**B - SECONDARY PREFERENTIAL CREDITORS**

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
<u>Secondary Preferential Creditors</u>		£
HM Revenue & Customs (VAT)	Insolvency Claims Handling Unit (ICHU), Benton Park View, Longbenton, Newcastle, NE98 1ZZ	111,504.48
HM Revenue & Customs (PAYE)	HM Revenue and Customs, EIS Newcastle, BX9 1SR	4,481.40
HM Revenue & Customs (Employees NIC)	HM Revenue and Customs, EIS Newcastle, BX9 1SR	2,688.48
		<u>118,674.36</u>

**C - UNSECURED CREDITORS**

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
<u>Trade and Expense Creditors</u>		£
Arshad Chaudhary	77 The Avenue, London NW6 7NS	10,740.00
Bibielle	5-7 Elizabeth Business Park, Tigers Close, Wigston, Leicestershire, LE18 4AE	603.36
Begbies Chartered Accountants	9 Bonhill Street, London, EC2A 4DJ	24,000.00
C Faulkner	C Faulkner Electrical, 1 Post Office Lane, George Green, SL36AX	830.39
Castle Water - Kings Road	1 Boat Brae, Ratray, Blairgowrie, PH10 7BH	23.77
Castle Water - Acton	1 Boat Brae, Ratray, Blairgowrie, PH10 7BH	86.02
Castle Water - Earls Court	1 Boat Brae, Ratray, Blairgowrie, PH10 7BH	236.35
Clear Insurance Management	1 Great Tower Street, London, EC3R 5AA	6,507.80
Bank of Scotland	PO Box 23581, Edinburgh, EH1 1WH	858.97
Decorex - UBM Information Ltd	UBM (UK) Limited, Business Service Centre, 1st Floor, 11 Tower View, Kings Hill, West Malling, Kent, ME19 4UY	6,383.84
E.ON - Acton Unit 2	E.ON, PO Box 7750, Nottingham, NG1 6WR	262.97
FuelGenie	PO Box 6139, Wolverhampton, WV1 9RQ	492.02
Furniss & White (Foundries) Limited	North Anston Trading Estate, Sheffield, S25 4JL	333.56
Funding Circle Focal Point Lending Ltd	c/o Begbies Traynor, 31st Floor, 40 Bank Street, London, E14 5NR	311,897.22
JLL Residential	London Warwick Street, 30 Warwick Street, London, W1B 5NH	7,775.00
Juhano Viničius Cavaletti	27 Fernlea Road, Milcham, CR4 2HF	4,004.00
Laphom Media Ltd	5-7 Ozengeil Place, Eurokent Business Park, Ramsgate, Kent, CT12 6PB	474.00
Lloyds Bank PLC	PO Box 6000, 125 Colmore Row, Birmingham, B3 3SF	25,483.96
Lawless	Suite 626 The Plaza, 100, Old Hall Street, Liverpool L3 9QT	148,654.55
Media One Communications Ltd	6 Swan Court, Forder Way Hampton, Peterborough United Kingdom, PE7 8GX	300.00
Moss & Co	7 Aintree Road, Perivale, UB8 7LA	252.00
Mountview Estates PLC	Mountview House, 151 High Street, Southgate, London, N14 6EW	1,282.15
O2	O2 Head Office, 260 Bath Road, Slough, Berkshire, SL1 4DX	388.22
Packaging 2 Buy	Business Park, Frobisher Way, Hatfield, AL10 9TY	492.04
Powerday	Waste & Recycling Centre, Crossan House, Old Oak Sidings, London, NW10 6RJ	2,016.00
PSK Marketing Ltd	Unit 1 Underbank Way, Haslingden, Rossendale, BB4 5HR	1,562.43
Rates Acton Unit 1 & Unit 2	Ealing Council, Perceval House, 14/16 Uxbridge Road, Ealing W5 2HL	2,532.00
RSL (Slough) Ltd	9 Bell Weir Close, Staines-Upon-Thames, TW19 5HF	10,500.00
RWK Goodman	69 Carter Lane, London, EC4V 5EQ	22,189.26
TAS Software - a division of Sage (UK) Ltd	The Shard, 32 London Bridge Street, London, SE1 9SG	893.45
Top Service Ltd	Manor Road, Little Easton, Essex, CM6 2JR	105.30
UAB Deko Wood	Kauno g. 30-136, LT-03202, Vilnius, Lithuania	3,429.78
Universe	Upminster Court, 133 Hall Lane, Upminster, Essex, RM14 1AL	745.01
Value Products Ltd	Unit 2, Sharp Road, Poole, Dorset, BH12 4BG	113.88
Viking Office UK Limited	501 Beaumont Leys Lane, Leicester, LE4 2BN	491.70
VSure IT	186 Dalling Road, London, W6 0EU	404.45
		<u>587,445.45</u>

**Crown**

HM Revenue & Customs (Employers NIC)	HM Revenue and Customs, EIS Newcastle, BX9 1SR	3,572.25
HM Revenue & Customs (CT)	HM Revenue and Customs, CT Services, BX9 1AX	22,616.20
		<u>26,188.45</u>



C - UNSECURED CREDITORS

<u>NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
<u>Trade and Expense Creditors</u>		<u>£</u>
<u>Directors</u>		
Bojang Mefiah	Flat 3 Seriby Court, Addison Road, London, W14 8EF	57,297.21
		799,605.47

**PARQUET HOUSE LIMITED T/A WALKING ON WOOD - IN ADMINISTRATION**

**ESTIMATED STATEMENT OF AFFAIRS AS AT 25 APRIL 2023**

**D - MEMBERS**

<b><u>NAME</u></b>	<b><u>ADDRESS</u></b>	<b><u>Type</u></b>	<b><u>No of shares</u></b>
Bojang Meftah	Flat 3 Serlby Court, Addison Road, London, W14 8EF	Ordinary share	15,000.00
Dara Meftah	Flat 3 Serlby Court, Addison Road, London, W14 8EF	Ordinary share	10,000.00
Nikki Meftah	Flat 3 Serlby Court, Addison Road, London, W14 8EF	Ordinary share	10,000.00
Yassaman Meftah	Flat 3 Serlby Court, Addison Road, London W14 8EF	Ordinary share	15,000.00
			<u>50,000.00</u>

## REMUNERATION AND EXPENSES

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Total time spent to 9 June 2023 on this assignment amounts to 85:06 hours at an average composite rate of £411.86 per hour resulting in total time costs of £35,049.60.

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

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

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

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

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## **BEGBIES TRAYNOR CHARGING POLICY**

### **INTRODUCTION**

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

In addition, this policy applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance\* indicates that such charges should be disclosed to those who are responsible for approving the basis of the office holder's remuneration, together with an explanation of how those charges are calculated.

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

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

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

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

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

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 expenses (approval not required)* - Specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 expenses (approval required)* - Items of expenditure that are directly related to the case and either:
  - (i) include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party; or
  - (ii) are items of expenditure which are payable to an associate of the office holder and/or their firm.

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

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

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

- ☐ Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £100 (London £150) per meeting;
- ☐ Car mileage which is charged at the rate of 45 pence per mile.

General Office Overheads

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

- ☐ Telephone and facsimile
- ☐ Printing and photocopying
- ☐ Stationery

**BEGBIES TRAYNOR CHARGE-OUT RATES**

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

Grade of staff	Charge-out rate (£ per hour)
	1 January 2022 – until further notice
Consultant/Partner	690
Director	580
Senior Manager	500
Manager	475
Assistant Manager	385
Senior Administrator	340
Administrator	260
Trainee Administrator	190
Support	175

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

## **DETAILS OF THE WORK CARRIED OUT PRE ADMINISTRATION, THE ASSOCIATED COSTS AND THE PROPOSED REMUNERATION FOR THE WORK**

CASE NAME: Parquet House Limited T/A Walking on Wood

CASE TYPE: Administration

OFFICE HOLDERS: David Rubin and Stephen Katz

DATE OF APPOINTMENT: 25 April 2023

### **1 CASE OVERVIEW**

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

#### **1.2 Time costs information**

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

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

#### **1.3 Overview of work undertaken prior to appointment**

Details of the work carried out by the Joint Administrators and their staff prior to appointment are set out in section 9 of this report.

#### **1.4 Complexity of work undertaken prior to appointment**

Pre appointment work conducted was primarily related to the pre pack sales of the assets, as well as providing professional advice to the Company. Consequently, the time costs incurred during the pre-appointment period were predominantly at partners and senior manager level.

#### **1.5 Exceptional responsibilities**

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

#### **1.6 The views of the creditors**

The Company's largest creditor is in respect of a judgement claim. It was anticipated that legal action would have been initiated, should payment not be made in a timely fashion. Accordingly, discussions were entered into and this creditor confirmed their support for the process as it would result in a better result for creditors than in a winding up.

It would not have been appropriate to consult other creditors, such as suppliers, as this would have jeopardised the confidential nature of the marketing process and thereby the prospect of achieving a pre-packaged sale, which would maximise the recoveries from the Company's assets for the benefit of creditors.

#### **1.7 Approval of fees, and expenses incurred in the period prior to appointment**

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

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

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

There are no category 2 expenses proposed to be charges in the period prior to the appointment.

**1.9 Other professionals employed & their costs**

Details of the pre administration legal and agents fees incurred are provided in section 9 of this report.

**1.10 Staffing and management**

It was decided that two licensed Insolvency Practitioners, Stephen Katz and David Rubin would accept the appointment as Joint Administrators and that a Senior Manager, Samantha Cracknell and her team would assist with the day to day running of the administration.

**2 EXPLANATION OF OFFICE HOLDERS' CHARGING POLICY**

- 2.1** Begbies Traynor (London) LLP's policy for charging fees and expenses incurred by office holders is provided above. This includes the rates charged by the various grades of staff who may work on this case.

Staff Grade		Consultant/Partner	Snr Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time cost £	Average hourly rate £
Administration	Administration		6.2		7.8	4.5	0.9	19.40	6,140.50	316.52
	Case planning	0.4	1.3					1.70	926.00	544.71
Assets	Negotiation of sale of business +/- assets	2.3	1.1	1.5				4.90	2,647.00	540.20
Creditors	Other creditors									
	Secured - correspondence and meetings									
Other Matters	Meetings and correspondence with directors	24.5	1.0					25.50	17,405.00	682.55
	Travel									
Total hours by staff grade		27.2	9.6	1.5	7.8	4.5	0.9	51.5		
Total time cost by staff grade £		18,768.00	4,800.00	510.00	2,028.00	855.00	157.50		27,118.50	
Average hourly rate £		690.00	500.00	340.00	260.00	190.00	175.00			526.57
Total fees drawn to date £									0.00	



## **SUMMARY OF WORK TO BE UNDERTAKEN, PAYMENTS AND EXPENSES**

This summary, which should be read in conjunction with the Time Costs Analysis attached, is intended to provide sufficient information to enable the body responsible for the approval of our fees and the payment of certain expenses to make an informed judgement about the reasonableness of our request for approval of the same.

### **What work has been done since we were appointed, why was that work necessary and what has been the financial benefit (if any) to creditors?**

I would refer you section 6 of the report which sets out work undertaken by the Joint Administrators since our appointment.

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

### **What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?**

#### General case administration and planning

Future work under this heading will include:-

- Regular meetings between the office holders and case team in order to ensure appropriate case progression and future strategy in the context of the statutory purpose.
- Maintaining adequate records to demonstrate how the case is administered and continuing to document key decisions taken during the course of the appointment.
- Performing relevant compliance reviews, internal checklist updates and periodic case reviews.

Whilst this does not benefit creditors financially, it is necessary to ensure the efficient and compliant progression of this case and is required in accordance with statutory and best practice guidelines, and by our regulatory body.

#### Compliance with the Insolvency Act, Rules and best practice

Future work under this heading will include:-

- Preparation and circulation of 6 monthly progress reports;
- Periodic reviews of the Administrators' bond, as required by the Insolvency Practitioners Regulations 2005;
- General accounting, banking and cashiery including the processing of payments, maintenance of estate cash book postings and carrying out regular bank account reconciliations;
- Preparation of the final account and relevant forms required to close the administration and move the Company to dissolution at the appropriate time.

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

### Investigations

Within three months of our appointment, we are required to submit an online conduct report in accordance with the Company Directors Disqualification Act. In order to fulfil this duty, we will seek to recover the Company books and records, both hard copy and electronic, from the directors in order to carry out our investigations. Any person who is or has been a director, or is considered as a de facto or shadow director of the Company in the three years prior to the insolvency event are also asked to complete a questionnaire to assist with our investigations.

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

These investigations, which have not yet been conducted, may uncover possible actions which could be brought for the benefit of creditors. Any financial benefit to creditors in carrying out the above work is unclear at present however creditors will receive updates on these matters in our progress reports.

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

### Realisation of assets

Future work to be conducted in respect of the realisation of the Company's assets will include the following:-

#### *Deferred consideration*

During the course of the Administration, we will continue to monitor receipt of the deferred consideration, liaising with both the agent and the Purchaser with regards to remittance of funds. In addition to this, a provision has been made should we be required to call upon the personal guarantees provided in respect of non-payment.

#### *Debtors*

Future work will be required in reviewing the Company's records in order to accurately reconcile the Company's records with the debtors schedule provided in order to ascertain which debts are recoverable. As set out in section 6 of the report, a number of the debts are subject to retentions and remedial works and we have negotiated an arrangement with the Purchaser who will assist with the collection of the Company's debtors whilst also offering the remedial works required in order to enhance realisations. Accordingly, time will be spent by the Joint Administrators and our staff in liaising with On Wood Ltd and reconciling the accounts in order to ascertain the balance of funds payable.

#### *US Claim*

Future work will be required in liaising with the legal representatives in the US, reconciling the Company's records and discussing the legal basis of the claim with the legal representatives in order to assess the viability and whether pursuing this further would result in recoveries, thus enhancing realisations for creditors. Due to the complexities of the case, this will be dealt with at a senior level and is likely to incur additional time spent by the Joint Administrators and their senior manager in this matter.

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

**Secondary Preferential Creditor**

It is expected that realisations in the estate will be of a sufficient level to facilitate a distribution to HM Revenue & Customs ("HMRC") in respect of its secondary preferential claim. In this regard, the following work will be required:

- Adjudication and agreement of HMRC's final secondary preferential claim;
- Establishing the final sum available for distribution to HMRC under its secondary preferential claim;
- Formal declaration of the dividend and processing of relevant payment;
- Liaising with HMRC in respect of any additional information required or discrepancies with the Company's records

**Unsecured creditors**

Although it is anticipated that realisations will be insufficient to facilitate a distribution to the unsecured non-preferential creditors, work will be required in continuing to lodge claims on our internal case management system as and when received and in answering general telephone and email enquiries from creditors.

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

Decision Procedures - If necessary, convening decisions of the Company's creditors in order to seek an extension of the initial period of administration.

VAT - Completing and submitting VAT returns periodically in order to ensure that VAT on estate inputs is recovered in a timely fashion.

Corporation Tax- Completion and submission of relevant Corporation Tax returns for the administration period and obtaining requisite tax clearance to close the case from HM Revenue & Customs at the relevant time.

**How much will this further work cost?**

The 'further work' detailed above has always been anticipated, but at this point in the proceedings, it has not yet been carried out. As you know, this work is necessary in order that we may complete the administration as envisaged. Our fees estimate included later in this Appendix is made up of the time-costs incurred to date plus the anticipated time-costs to be incurred in conducting the further work. We do not currently anticipate that we will need to approach creditors for an increase following this request, unless circumstances greatly change.

**Expenses**

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

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

We estimate that the cost of administering the case will be in the region of £51,561, of which £35,049.60 has already been incurred. Consequently, we are seeking approval for us to draw our remuneration up to that level.

Staff Grade	Consultant/Partner	Snr Mngt	Snr Admin	Admin	Jnr Admin	Support	Analyst - Forensic	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	1.2				0.5			1.7	923.00	542.94
Administration		0.6	6.7	11.1	7.9			26.3	6,965.00	264.83
Total for General Case Administration and Planning:	1.2	0.6	6.7	11.1	8.4			28.0	7,888.00	281.71
Compliance with the Insolvency Act, Rules and best practice		2.1				1.2		2.1	1,050.00	500.00
Appointment										
Banking and Bonding										
Case Closure								1.2	210.00	175.00
Statutory reporting and statements of affairs	5.0	15.6	6.5					27.1	13,460.00	496.68
Total for Compliance with the Insolvency Act, Rules and best practice:	5.0	17.7	6.5			1.2		30.4	14,720.00	484.21
Investigations	0.2			0.5			8.6	9.3	2,783.60	299.31
GDPA and investigations	0.2			0.5			8.6	9.3	2,783.60	299.31
Total for investigations:	0.2			0.5				0.7	388.00	554.29
Debt collection		0.5						8.2	5,297.00	645.98
Property, business and asset sales		1.9								
Retention of Third/Party assets										
Total for Realisation of assets:	6.5	2.4						8.9	5,685.00	638.76
Secured										
Others	1.2	1.5						2.7	1,578.00	584.44
Creditors committee										
Total for dealing with all creditors claims (including employees), correspondence and distributions:	1.2	1.5						2.7	1,578.00	584.44
Seeking decisions of creditors		1.5	3.0					4.5	1,770.00	393.33
Meetings										
Other										
Fax	0.1			0.5				0.6	199.00	331.67
Litigation	0.4	0.3						0.7	426.00	608.57
Total for Other matters:	0.5	1.8	3.0	0.5			8.6	5.8	2,995.00	412.83
Total hours by staff grade:	14.6	24.0	16.2	12.1	8.4	1.2		85.1		
Total time cost by staff grade:	10,074.00	12,000.00	5,508.00	3,148.00	1,596.00	210.00	2,515.60		35,048.60	
Average hourly rate £:	690.00	500.00	340.00	260.00	190.00	175.00	292.51			411.86
Total fees drawn to date £:									0.00	

## PARQUET HOUSE LIMITED TRADING AS: WALKING ON WOOD

### THE ADMINISTRATORS' FEES ESTIMATE

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

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

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	37:54	12,687.00	337.02
Compliance with the Insolvency Act, Rules and best practice	29:18	12,817.00	436.71
Investigations	23:48	10,629.00	445.96
Realisation of assets	12:30	4,860.00	388.80
Dealing with all creditors' claims (including employees), correspondence and distributions	18:00	7,310.00	406.11
Other matters which include seeking decisions from creditors via Deemed Consent Procedures or Decision Procedures, tax, litigation, pensions and travel	8:18	3,258.00	392.53
<b>Total hours</b>	<b>129:48</b>		
<b>Total time costs</b>		<b>51,561.00</b>	
<b>Overall average hourly rate    £</b>			<b>401.19</b>

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

A more detailed explanation of the work that falls into the categories mentioned in the table above can be obtained from our website at <http://www.begbies-traynorgroup.com/work-details>. There is also a case specific explanation in the letter accompanying this fee estimate

#### Arriving at our fee estimate

The cost of the process at this early stage is uncertain, but the fee estimate that I have produced provides a general overview of the likely costs and is made up of the time costs recorded to date plus the estimated time costs if the future work to be taken.

The estimates are produced by looking at historical cases of a similar nature, (asset value, number of creditors, case type and staffing levels). The estimates are then made case specific by considering the depth of investigations needed, whether significant time will be spent on adjudicating claims etc.

As the case progresses it may become apparent that the initial fees estimate will be exceeded, for example if any unforeseen circumstances arise which result in additional and unexpected costs being incurred. If this scenario occurs, we will seek creditor approval of a further fees estimate, providing full details of the circumstance at the time.

A detailed summary of the work undertaken during the course of the administration to date is included at section 6 of this document. Details of the work remaining to be undertaken are set out within the time costs analysis above.

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

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

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

Dated: 9 June 2023

**PARQUET HOUSE LIMITED WALKING ON WOOD**

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

<b>No.</b>	<b>Type of expense</b>	<b>Description</b>	<b>Estimate £</b>
1.	Advertisements	Of appointment, requisitioned meetings, dividends etc.	327.24
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	103.00
3.	Court filing fees	Filing of the Notice of Intention and Notice of Appointment of Administrators.	150.00
4.	Storage costs	An Insolvency Practitioner is required to retain relevant books and records of the insolvent entity in order to carry out his/her duties as office holder. In addition, following case closure the Insolvency Practitioner will retain his/her working papers to allow any queries or issues raised to be dealt with.	2,000.00
5.	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements	10,000.00

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

## **APPENDIX**

### **SIP 16 Statement**

**PARQUET HOUSE LIMITED T/A WALKING ON WOOD (In Administration) ("the Company")**

**INFORMATION ABOUT THE COMPANY AND THE PRE-PACKAGED SALE OF THE COMPANY'S ASSETS AND UNDERTAKING ON 25 APRIL 2023.**

#### **Background Information**

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

The Company was established in 1996 by the current CEO, Bojang ("Bo") Meftah with a focus on the supply and installation of high-end wood floorings for retail customers, architects and property developers.

Since the commencement of trading, the business has established a reputation for supplying highly bespoke solutions, sourcing products from all over Europe combined with specialised fitters to guarantee exceptional finished product.

Sales are generated from two retail outlets in West London (Earl's Court & Kensington) and additionally through salesmen working specifically with developers and architects countrywide.

Additionally, the business operates two warehouses in North and Northwest London which apply various finishes to the products which are then stored ready for installation.

#### **The reasons for the Company's insolvency**

In 2013, the Company made a significant investment into a separate company based in New York with a showroom and sales staff to develop similarly bespoke solutions for US based customers. The US based investment relied on key management personnel who are alleged to have defrauded the business of an amount exceeding £1 million. Legal proceedings against the management are in progress but are as yet unresolved.

This failed investment left a financial hole in the UK Company's finances. Together with recent economic events and combined with the failing health of the CEO and the loss of a contract dispute for £148,000, the Company has become insolvent. This left the Director with no choice, having taken professional advice, but to place the business into administration and seek a buyer.

#### **The reasons for the pre-packaged sale**

It was apparent that a pre-packaged administration sale, where requisite marketing, bidding, negotiation and contract preparation is undertaken prior to a company entering administration, would ensure that the business could seamlessly transfer to a new operator without unsettling staff, key suppliers and customers, and that this approach would therefore generate an enhanced level of realisations when compared with the alternative options set out elsewhere in this report.

This approach would not only maximise asset values, but also provide protection to the Company's employees whose employment contracts would transfer to a purchaser automatically under Transfer of Undertakings (Protection of Employment) Regulations ("TUPE") in this scenario. Along with saving jobs,



a TUPE transfer would also be of benefit to the general body of the Company's creditors as potential claims within the insolvent estate for wage arrears, holiday pay, redundancy pay, pay in lieu of notice and other contractual claims crystallising upon redundancy, would also be avoided.

Additionally, ongoing works in progress would be transferred along with the risks and rewards of completion, avoiding the possibility of contracts terminating and customers making claims.

As a result of the above, it was determined that a pre-pack sale following an accelerated marketing process would be the optimum mechanism for maximising the net value of the Company's assets and thereby the potential extent of the return to creditors from the insolvency estate in comparison to the alternatives, which are set out later in this report.

### **The statutory purpose of administration that was pursued**

The three Administration statutory purposes (or required outcomes) are:

**(A)** - Rescuing the company as a going concern. (Note: this purpose is to rescue the company as opposed to rescuing the business undertaken by the company.)

**(B)** - Or, achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration).

**(C)** - Or, realising property to make a distribution to one or more secured or preferential creditors.

It was considered that Objective **(A)** was not possible, as the extent of liabilities of the Company meant that its liabilities could not be compromised, and it could not therefore be restored to solvency and rescued by means of a Company Voluntary Arrangement or indeed any other procedure.

Objective **(B)** was considered achievable as the Company had viable elements of its business that could be sold on a going concern basis, which would achieve a better result for creditors as a whole than in a liquidation.

Objective **(C)** was also considered to be achievable, as it is likely that there will be a dividend paid to the secondary preferential creditor.

In this instance, it was apparent that the Company's underlying business has remained profitable and it is the outside influences, specifically, the above mentioned judgement debt against the Company and the alleged fraud in the US which have resulted in the financial difficulties. For this reason, it was determined that the best return for creditors as a whole, would be to achieve a sale of the business as a going concern. Therefore, the most appropriate objective to pursue would be Objective B.

### **FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE**

#### **Who was the source of Beggies Traynor (London) LLP's initial introduction to the Company?**

My firm was first approached by the Company's advisor Jon Rothman of VSure IT who set up a meeting with the Director. An initial meeting with the Director was held on 15 March 2023 to discuss the matters and explore potential insolvency proceedings. The date of our formal engagement by the Company was 17 March 2023.

**What was the extent of David Rubin and Stephen Katz, their associates and Begbies Traynor (London) LLP's involvement with the Company before appointment?**

As detailed above, the proposed joint administrators were approached by the Director of the Company on 15 March 2023.

For the avoidance of doubt, neither myself, David Rubin or my firm, Begbies Traynor or Williams & Partners ("WP") had any prior involvement with the Company prior to 15 March 2023.

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

It is understood that the Company's business or its assets were not acquired from an insolvency practitioner in the 24 months prior to this pre-packaged sale.

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

I would refer you to WP's SIP 16 Advertising & Marketing Report dated 19 April 2023 which is attached at Appendix 1. This report provides details of the marketing of the business and assets of the Company undertaken prior to the pre-packaged sale, along with the interest shown and offers received.

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

Antony Berg of WP was instructed to prepare a valuation report. WP are specialist valuation and realisation agents dealing with insolvency cases such as this and therefore have the necessary skill, knowledge and experience to deal with the assets in this case. Following instruction, WP confirmed its independence in respect of this assignment and that it carried the adequate professional indemnity insurance.

Extracts from WP's valuation report dated 18 April 2023 are as follows:-

CONCLUSION:	FORCED SALE		WILLING BUYER	
	FROM	TO	FROM	TO
LEASES & RENT DEPOSITS	£ NIL	£ NIL	£24,033.60	
OFFICE FURNITURE & EQUIPMENT	£ NIL	£ 1,135.00	£ 4,430.00	£ 4,665.00
STOCK	£ NIL	£ 3,650.00	£ 18,200.00	£ 20,800.00
VEHICLES	£ 6,000.00	£ 8,000.00	£ 11,250.00	£ 12,500.00
PLANT & MACHINERY	£ 6,040.00	£ 14,945.00	£ 43,550.00	£ 45,840.00
WEBSITE, DOMAIN NAME & SOCIAL MEDIA	£ NIL	£ 2,000.00	£ 6,500.00	£ 8,000.00
WORK-IN-PROGRESS	£ NIL	£ NIL	£ 32,750.00	£ 43,666.00
GOODWILL	£ NIL	£ NIL	£ 45,000.00	£ 45,500.00
<b>TOTAL</b>	<b>£ 12,040.00</b>	<b>£ 29,730.00</b>	<b>£ 185,713.60</b>	<b>£ 208,004.60</b>

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

Dara Meftah and Nikki Meftah have provided a joint and several personal guarantee in respect of the deferred consideration balance of £125,000.

**What alternative courses of action were considered by David Rubin and Stephen Katz?**

Various insolvency procedures, being Administration, Company Voluntary Arrangement ("CVA") and Creditors' Voluntary Liquidation ("CVL") available to the Company were considered.

It was apparent that a CVA would not be viable because the significant Company debts combined with the potential fall out from suppliers who would be unlikely to supply the Company without upfront payment for raw materials, thus making it difficult for the Company to trade, would result in the Company being unable to make any meaningful contributions into such an arrangement.

A CVL process would require a pre-commencement notification to suppliers and other creditors and would result in the cessation of trading, thereby decimating the potential value of the Company's assets and resulting in only break-up values being achievable. A CVL would also have required the redundancy of all staff, crystallising additional claims within the estate. Furthermore, with no statutory moratorium, this process would also offer no protection from the prospect of enforcement action being initiated by creditors. Given the strength of the underlying flooring business, an administration process that would preserve its going concern value was clearly required and a CVL was dismissed accordingly.

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

Although utilising the moratorium to trade the business in administration with a marketing and sale process conducted simultaneously was considered, it was determined that the outcome would be less desirable than in a pre-pack scenario.

The pre-pack marketing approach set out in Appendix 1 was formulated to enable the opportunity to be brought to the attention of as many credible parties as possible, and as such there would have been no additional benefit to the Company's position becoming public knowledge.

Despite various statutory powers being available to administrators to compel existing suppliers to continue to supply a company during administration trading, some disruption to the trading operation would have been likely, thereby jeopardising the continuity of service to customers in respect of current and future bookings where the general stigma of administration status would also likely affect customer confidence.

The costs of administration trading, where the administrators would be responsible for all decisions and transactions for a business trading from both retail and ware house locations, would have been significantly higher than in a pre-pack scenario, and without administration trading offering any notable prospect of enhanced realisations over those achievable via a pre-pack sale, these additional costs would have had the effect of eroding the potential extent of the return to creditors from the insolvent estate.

In addition, Bo Meftah has recently been diagnosed with a severe medical condition requiring intensive treatment and his availability to assist the administrators in a trading period could not be relied upon.

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

None - the reason for favouring a pre-pack administration sale was based upon this route offering the best prospect of maximising the net realisations from a sale of the assets rather than the availability of working capital being prohibitive to the business trading in administration.

**What efforts were made to consult major creditors?**

The Company's largest creditor is respect of a judgement claim. It was anticipated that legal action would have been initiated, should payment not be made in a timely fashion. Accordingly, discussions were entered into and this creditor confirmed their support for the process as it would result in a better result for creditors than in a winding up.

It would not have been appropriate to consult other creditors, such as suppliers, as this would have jeopardised the confidential nature of the marketing process and thereby the prospect of achieving a pre-packaged sale, which would maximise the recoveries from the Company's assets for the benefit of creditors.

**What was the date of the transaction?**

The transaction completed on 25 April 2023.

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

The transaction was a sale and purchase of the business and certain assets of the Company, executed by way of an Asset Purchase Agreement ("APA") dated 25 April 2023.

The primary assets sold comprised of the benefit of the Leases and Rent deposits paid by the Company for the trading premises, vehicles, plant & machinery and stock, with any goodwill, IPR, the name and certain records also included, following consideration of the appropriate GDPR protocols.

The assets excluded from the sale included cash, book debts, the benefit of claims, real property and certain records.

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

The total sale consideration payable under the terms of the ASA is £285,863.15, broken down as follows:-

**A. £175,000 apportioned as follows:-**

	£
Lease and Rent Deposits	24,033.60
Office Furniture and Equipment	4,665.00
Stock	20,800.00
Vehicles	12,500.00
Plant and Machinery	45,840.00
Website, Domain Name and Social Media	8,000.00
Work-in Progress	43,666.00

**B. £110,863.15 payable by settlement of the following creditor claims by the Buyer:-**

	<b>£</b>
A London Flooring Company Ltd	5,784.00
Blanchon	5,483.82
Charles Kendall Freight	518.43
Christophe Goguy	4,000.00
Dec Tee Ltd	1,627.80
Dennbos B.V.	18,139.00
Devries	1,965.00
Flooring Sales Ltd	1,233.57
Forklifts Ltd	1,084.80
Herrebout Vermander NV SA	33,888.63
Holland Park Autos	3,396.37
Kalkwik	213.07
KHR Company Ltd	269.50
Lisa Fillipova	2,082.00
NELA-ONE	3,415.00
Stronghold	2,542.80
Symphony Coatings South East Ltd	916.96
Woodland Floors Ltd	23,588.74
Yorkshire Cleaning Fabrics Ltd	713.66

**Terms**

The sum of £50,000 was payable upon completion and this has been received. The balance of £125,000 is payable by 20 monthly instalments of £6,250 each, with the first payment commencing on 25 May 2023.

Security in respect of the deferred element of the sale consideration was provided by way of a joint and several personal guarantee.

As part of the sale, 4 employees were automatically transferred to the Purchaser pursuant to TUPE, with the sale therefore saving the jobs of the staff.

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

No.

**Who was the purchaser?**

On Wood Ltd (Company no. 14753996).

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

Two of the Company's shareholders, Dara Mehta and Nikki Mehta, holding 40% of the shareholding are also directors and beneficial owners of the Purchaser.

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

As above, two of the Company's shareholders are also directors and beneficial owners of the Purchaser.

#### **The Evaluator's qualifying report**

Where a sale of a company's assets involves a substantial disposal to a connected party within the eight-week period after the appointment of an Administrator, the purchaser must obtain a qualifying report from an independent Evaluator.

A copy of this report was provided to us on 21 April 2023. The independent Evaluator is Alistair Bacon of AMB Law who is a solicitor with substantial experience and knowledge of asset sales in insolvency scenarios and the preparation of reports of this nature pursuant to the requirements of SIP16. The Joint Administrators can confirm that, having regard to the date on which the report was made, 21 April 2023, they are satisfied that Alistair Bacon has sufficient relevant knowledge and experience to make the report, and that the content of the report complies with 'The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021'.

A copy of the report is attached at Appendix 2. The report confirms that the Evaluator was satisfied that the consideration to be provided for the relevant assets and the grounds for the substantial disposal are reasonable in the circumstances.

#### **The purchaser's viability statement**

To date, this has not provided by the purchaser.

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

The director has informed the joint administrators that they have personally guaranteed 20% of the outstanding balance of the CBILS loan payable to Funding Circle.

This is not the financier of the new business.

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

This information has been provided earlier in the report.



**WILLIAMS & PARTNERS**  
INSOLVENCY AGENTS

11 Leys Business Centre,  
Chelmsford Road, High Ongar,  
Essex CM5 9NW  
T: 020 3195 1405  
Email: [info@wapi.co.uk](mailto:info@wapi.co.uk)  
[www.wapi.co.uk](http://www.wapi.co.uk)

**SIP 16 ADVERTISING & MARKETING REPORT FOR  
PARQUET HOUSE LTD  
("the Company")**

**19 April 2023**

Williams & Partners Ltd ("WP") was engaged by the nominated Administrators to advertise and market the assets and goodwill of the business for sale out of administration to ensure that best return for creditors as a whole.

Please find set out below an explanation of the advertising and marketing strategy adopted by WP in relation to the above Company.

**What marketing strategy was adopted?**

WP decided that the most suitable marketing strategy would be to market the sale of the business simultaneously on IP-Bid and Deal Opportunities which are both well-known websites for distressed businesses. We opted for these two websites as parties seeking to buy or invest in distressed businesses pre-register the industries that they have an interest in and a link is immediately emailed to them. We have found that this provides us with an immediate return in relation to the level of interest which is key for any distressed business sale and we have achieved successful outcomes for other distressed businesses that we have marketed on both IP-Bid and Deal Opportunities.

**What were the reasons for adopting this strategy?**

The Company manufactures and sells parquet flooring solutions and other wooden floor and staircase solutions for customers mostly in the UK and the US but has undertaken projects in other countries. The business manufactures from two separate sites in North and North West London and has two London showrooms in West London from which sales are undertaken.

In 2013, the Company made a significant investment in a separate company based in New York with a showroom and sales staff to develop similarly bespoke solutions for US based customers. The US based investment relied on key management personnel who are alleged to have defrauded the business of an amount exceeding £1 million and legal proceedings against the old management are still in progress.

This failed investment has left a financial hole in the UK Company's finances rendering the business insolvent which, combined with the failing health of the CEO and the loss of a contractual dispute for which the Company received a judgment against it for £148,000, has left him with no choice, having taken professional advice, but to place the business in administration and seek a buyer.



**WILLIAMS & PARTNERS**  
**INSOLVENCY AGENTS**

11 Leys Business Centre,  
Chelmsford Road, High Ongar,  
Essex CM5 9NW  
T: 020 3195 1405  
Email: [info@wapl.co.uk](mailto:info@wapl.co.uk)  
[www.wapl.co.uk](http://www.wapl.co.uk)

Consequently, the marketing strategy was adopted and these platforms chosen because, from previous experience, most individuals who express an interest have previously invested in or acquired distressed businesses, understand that they will only be able to undertake a limited amount of due diligence, are able to make decisions and fund acquisitions very quickly and accept that there is an associated risk with acquiring a distressed business out of administration as a buyer will not be offered any guarantees, warranties or indemnities.

By adopting this strategy it was our opinion that we would be casting a wide enough net over likely parties both within and outside the industry that might be interested in purchasing the assets and goodwill as a going concern out of administration. Alternatively, if the strategy of selling the business as a going concern failed, then the marketing might otherwise result in an offer or offers for the various restaurant leases and the brand name on a break-up basis, which would still prove beneficial to creditors.

**For what period was the business marketed and why was this period chosen?**

WP placed an advert on both sites on 27<sup>th</sup> March 2023 with a view to receiving offers by midday on 19 April 2023 and a sale by close of business on 21<sup>st</sup> April 2023 on the basis that with this would provide enough time for interested parties to undertake at least some due diligence. The adverts were placed and the dates chosen as it was further noted that the Company's bankers had a charge over the business (although they are not owed any money) and the timeframe also provided enough time to ensure that they bank could give their approval to the appointment.

The dates were chosen to keep the marketing process open as long as possible to ensure that WP could liaise with as many interested parties as possible. We note that both the original advert and the Information Memorandum both enable WP to close bidding early, as well as to accept bids after the closing date.

**What was the outcome of the marketing?**

The advert on IP-Bid generated 11 enquiries.

The advert on Deal Opportunities was emailed to a total of 17,079 recipients, which generated 193 page views, 43 unique clicks and 6 enquiries albeit that one of those was from an individual who did not consent to their details being provided to us.

1 party sent a partially completed NDA back to us without stating where they saw the advert. However, as the advert on Deal Opportunities includes the NDA as an attachment, we assume that this person may have been the party that did not consent for their details to be provided via the site.





**WILLIAMS & PARTNERS**  
INSOLVENCY AGENTS

11 Leys Business Centre,  
Chelmsford Road, High Ongar,  
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Against the 17 individual enquiries which were received 14 NDAs were sent out. We opted not to send an NDA to one party who responds to every job posted but whom we have never been able to contact.

Only 6 correctly completed and signed NDAs were returned and each of those parties was sent the IM. The party that sent back the partially completed NDA was contacted and asked to send back a fully completed NDA but nothing further was heard from them.

Additionally, the Director's son expressed an interest in making an offer but he was not required to sign an NDA or have the IM sent to them.

Where NDAs were not returned, a follow up email was sent in an attempt to engage the individual party but these attempts were mostly unsuccessful, save for one party who returned a signed NDAs (included in the above figures).

Where NDAs were returned and IM sent, each interested party received a follow up phone call. Where a party could not be reached, a follow up email and phone call was undertaken in an effort to engage those parties in substantive negotiations.

Overall we only had further contact with 4 parties and note the following:

- 1) The first party, stated that whilst they thought the business might fit in with their ceramics business, having visited the showroom, they came to the realisation that the business was far too bespoke for them and, therefore, not enough of a fit to consider making an offer.
- 2) The second party stated that the opportunity had come too early for them to incorporate the business within their plans.
- 3) The third party stated that whilst they would have looked at investing in the business they would only do so if the existing management team was looking to remain involved with the business on a longer terms basis, as they did not have the manpower necessary to run the business on a day to day basis. As the Director was going to retiring due to ill health, this was not an opportunity they could invest in.
- 4) The final party was the Director's son who elected to make an offer.

**Outcomes & Offers:**

We have received an offer only from one party, the Director's son, for a total cash sum of £175,000 with an initial deposit of £50,000 followed by 20 payments of £6,250, subject to a Personal Guarantee.



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In addition, the Buyer will pay £110,000 to ransom creditors (creditors necessary to ensure that the business can continue on a going concern basis and to further ensure that customers who have paid deposits will be able to have their orders fulfilled).

Additionally, staff will be TUPE'd over and other contractors will be retained.

**What is your recommendation and why this was the best outcome for the creditors as a whole?**

On the basis that we have only received one offer, it is our recommendation that the offer put forward by On Wood Ltd be accepted for the following reasons:

- a) Whilst the offer is below our lower willing buyer value, it is significantly above the forced sale value of the business and, in our view is reasonable, with the buyer increasing their initial offer from £165,000 to the current offer of £175,000.
- b) The offer will also result in certain 'ransom' creditors receiving an additional £110,000
- c) The offer will not result in any redundancies as all staff will remain employed as well as retaining the services of all/most contractors.
- d) The offer is not subject to any delay as 3 of the leases are already in the name of the prospective Buyer. In respect of the 4<sup>th</sup> premises, the prospective buyer will take responsibility for liaising with the landlord to arrange for the lease to be assigned (or a new lease to be granted) without liability on the part of the Company as they fully expect the landlord to accept Walking On Wood Ltd as a tenant. Consequently, there is no need for a Licence to Trade/Licence to Occupy which would potentially be a breach of the lease.
- e) The offer provides for an immediate and significant lump sum with the deferred balance secured by way of PG.

Should you require any further information, please do not hesitate to contact me.

Regards

**Antony Berg LLB,**  
Director,  
Williams & Partners Ltd,  
Valuation and Insolvency Agents

**NAVA**

Registered in England No: 06642212. Registered Office: Sterling House, 9 East Road, Harlow, Essex CM20 2BJ

**Strictly Private & Confidential**

This report is addressed to the Connected Person (as defined) for the purposes of complying with The Administration (Restrictions on Disposals etc to Connected Persons) Regulations 2021 and should not be disclosed to nor may it be relied upon by any third party. Otherwise than required by law, no part of this report may be reproduced without the express permission of the Evaluator.

*The Administration (Restrictions on Disposal etc to Connected Persons) Regulations 2021*

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**QUALIFYING REPORT**  
*Relating to Parquet House Limited*

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46 New Broad Street  
London EC2M 1JH  
Tel : 020 3651 5646  
[office@amblaw.co.uk](mailto:office@amblaw.co.uk)

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## 1 INTRODUCTION

- 1.1 *The Administration (Restrictions on Disposal etc to Connected Persons) Regulations 2021* came into force on 30 April 2021 and imposed certain requirements in relation to the proposed disposal, hiring out or sale of a company's property ("disposal") by an administrator where such disposal is to a connected person within eight weeks of the administrator's appointment.
- 1.2 For the purposes of the Regulations, 'connected person' is defined in paragraph 60A(3) of Schedule B1 to the Act as being a person connected with the company or an associate of such a person or any company controlled by such a person. In short a connected person will usually be an officer or employee of the company or another company of which such officer or employee is also an officer or employee.
- 1.3 An administrator cannot, within eight weeks of the administration, effect a disposal of any substantial property of the company without either obtaining the prior approval of the company's creditors or ensuring that the proposed purchaser has first obtained a qualifying report under the Regulations.
- 1.4 This report is, accordingly, a 'qualifying report' within the meaning of regulation 3(1) of the Regulations.
- 1.5 In preparing this report I have relied upon the information provided to me by On Wood Limited, the Valuers and, where applicable, the Administrators. I have taken all valuations and assumptions at face value and have not independently verified either. As required by the Regulations, this report has been prepared at the instruction of the Purchaser (being the connected person) to whom it is addressed and it has been prepared solely for the purposes of complying with the Regulations. This report may not be relied upon by any third party other than the Purchaser but it may be given to the Administrators for the purposes of regulation 6(1)(a)(iii) of the Regulations.

## 2 INTERPRETATION

- 2.1 In this qualifying report, unless the context otherwise requires, the following words and expressions shall bear the following meanings:

**"Act"** means the *Insolvency Act 1986*.

**"Administrators"** means Stephen Katz and David Rubin both of Begbies Traynor who are proposed as the putative administrators in the event that the Company enters into administration.

**"Company"** means Parquet House Limited (Co No: 03262078) whose registered office is at Begbies, 9 Bonhill Street, London, EC2A 4DJ.

**"Purchaser"** means On Wood Limited (Co No: 14753996) whose registered office is at 128 City Road London EC1V 2NX.

**"Evaluator"** means Alistair Martin Bacon of AMB Law Limited, 46 New Broad Street, London EC2M 1JH.

**"Regulations"** means *The Administration (Restrictions on Disposal etc to Connected Persons) Regulations 2021*.

**"Valuers"** means Williams & Partners of 11 Leys Business Centre, Chelmsford High Road, High Ongar CM5 9NW.

- 2.2 Regulations 7, 12 and 13 of the Regulations stipulate certain prescribed information that must be included within a qualifying report and this information is contained at Schedule 1 below.

### **3 BACKGROUND**

- 3.1 The Company was established in 1996 to supply and instal high end wood floorings for retail customers, architects and property developers. The business operates from a couple of showrooms in west London which are supported by two commercial/warehouse operations, also in London.
- 3.2 In 2013 the Company expanded its business through investment in a New York business with a view to breaking into the US market. The Company appears to have been the victim of a significant fraud in respect of its US operation which has left a large financial hole in the Company's finances.
- 3.3 The Company is currently insolvent within the meaning in section 123 of the Act and is shortly expected to go into administration. The directors of the Company have been advised by the Administrators and their firm, Begbies Traynor, in respect of the various options that might be available to the Company with a view to seeking the best possible outcome for the Company and its creditors.

#### Valuation

- 3.4 It is common practice in the valuation of a company's business to seek to calculate a present value of the company's future income stream over a period of time and this is often achieved by applying a multiple of years to the company's EBITDA or net profit. Such an approach in respect of an insolvent company is invariably not possible as it will inevitably return a negative value if the future business is loss-making.
- 3.5 Accordingly, the Company has instructed the Valuers to consider the financial impact of the various alternative strategies available and to compare the possible outcomes of either disposing of some or all of the Company's business and assets as a going concern or of selling them on a forced sale basis.
- 3.6 The Valuers' valuation report contains a detailed analysis of the Company's business and valuations of its assets on *ex situ* and *in situ* bases. Whilst I have reviewed the report, I believe that its content remains confidential to the Company and the Administrators and I will not therefore disclose any of its content here.

#### Marketing

- 3.7 The Valuers have also conducted a marketing exercise with an invitation to treat having been sent to in excess of 17,000 potential bidders as well as being advertised on the Deal Opportunities website and on IP-Bid.com.
- 3.8 The Valuers received 17 initial expressions of interest which led to six parties signing Non-Disclosure Agreements. The Valuers entered into correspondence with four potential bidders but, ultimately, only a single bid was received being that of the Purchaser.

#### Connected Person

- 3.9 Mr Dara Meftah and Ms Nikki Meftah are siblings and are the children of Mr Bo Meftah, who is a director of the Company. Dara and Nikki Meftah are both directors of the Purchaser which is the proposed purchaser of the business and assets of the Company. By dint of the familial relationship between the parties, the Purchaser either is or could be perceived to be a connected person within the meaning of section 60A

of the Act and, accordingly, the parties consider it either necessary or prudent to obtain this qualifying report in accordance with regulation 3 of the Regulations.

#### **4 PROPOSED DISPOSAL**

4.1 In short, the proposed transaction to which this qualifying reports relates is as follows:

- (a) The Purchaser will buy all the business and trading assets of the Company with a view to continuing to trade the business as a going concern.
- (b) The consideration payable will be £285,000 which will be made up of:
  - (i) A cash payment of £175,000 which will be paid as to £50,000 on completion followed by twenty monthly instalments of £6,250; together with
  - (ii) The assumption of liability for £110,000 of certain essential creditors.

4.2 I understand that:

- (a) the sale agreement will contain the usual protections for creditors and personal guarantees from the Purchaser's directors as security for the deferred element of the consideration; and
- (b) the Company's employees will all transfer to the Purchaser by virtue of TUPE.

#### Advantages of the Proposed Transaction

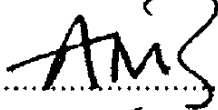
- 4.3 One advantage of the proposed transaction is that it allows for the Company's business to continue trading as a going concern which will substantially reduce and disruption to the business of its customers and suppliers and its business connections as a whole.
- 4.4 A further benefit of the business continuing as a going concern is that it will offer some protection to the Company's employees whose employment contracts will transfer to the Purchaser under TUPE. This will also have a benefit to the Company's creditors as claims for wage arrears, holiday pay, redundancy, pay in lieu of notice etc will be avoided.

#### Disadvantages of the Proposed Transaction

- 4.5 There are clearly downsides to any proposed sale of a business that proceeds without a full marketing process. There may be a perception that there is little or no opportunity properly to test the market and it is only a matter of a valuers' expert opinion that the proposed disposal actually represents the best outcome for creditors. It is clear, however, that the Valuers have carried out a fairly extensive marketing process with a nil take up so this is not really a concern in this case.
- 4.6 Similarly, in any 'pre-pack' process there is little opportunity for creditors to test the assertions made as they are invariably presented with a *fait accompli*.
- 4.7 In addition to the lack of certainty as to the price to be paid by the Purchaser, there is a general lack of transparency which may cause concern to some creditors given the connection or perceived connection between the Company and the Purchaser and the Purchaser's being a connected person. I have seen no evidence to cause me concern in this regard.

## 5 CONCLUSION

- 5.1 The Valuers have set out a comparison of the alternatives which are the recommended disposal of the business and assets in accordance with clause 4.2 above or a piecemeal disposal of those assets on a forced sale basis.
- 5.2 I have considered the Valuers' strong recommendations in favour of the proposed transaction and their valuations from which it seems clear that the proposed disposal outlined above will give the best outcome for creditors.
- 5.3 I am particularly persuaded by a number of factors including:
- (a) The cash price to be paid by the Purchaser is commensurate with the Valuers' going concern valuation and well in excess of the forced sale value;
  - (b) There are no alternative offers for the business or the assets;
  - (c) £110,000 of creditors will be removed from the Company's ledger which is a benefit for other creditors; and
  - (d) All the employees of the Company will be able to keep their jobs.
- 5.4 For the reasons set out above, 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.**



.....  
**Alistair Bacon LLB, LLM, Solicitor**  
**Evaluator**  
**21<sup>st</sup> April 2023**



## SCHEDULE 1 : REQUIRED CONTENT

### 1 THE EVALUATOR

1.1 Reg 7(a) I, Alistair Bacon, am an evaluator within the meaning set out in Part 3 of the Regulations.

1.2 Reg 7(b) I qualified as a solicitor in 1992 and as a licensed insolvency practitioner in 2000 (although I no longer maintain an insolvency licence as I do not take insolvency appointments). I was educated at Marlborough College, University of Westminster (LLB (Hons)), University College London (LLM) and the College of Law, Guildford. I passed the *Joint Insolvency Examination Board* exams in 1999.

I have worked in insolvency and restructuring since qualifying as a solicitor and have nearly thirty years' experience advising officeholders, banks, debtors, creditors, landlords and others. Some of the matters on which I have previously advised include Daewoo UK, Harland & Wolff, Saab GB, Barcéio Hotels, Titan Outdoor and, more recently, Thomas Cook and *El Mexicana*.

I have been involved in a great many pre-packs and insolvency sales and have experience of acting for all sides including the officeholder, the purchaser and other parties.

1.3 Reg 7(c) I am covered by my firm's (AMB Law Limited) professional indemnity insurance the details of which are as follows:

Insurer : Travelers Insurance Company Limited  
Broker : Arthur J Gallagher Insurance Brokers Limited  
Policy No : UC SOL 3959727  
Limit : £5,000,000  
Risks : "... civil liability to the extent that it arises from Private Legal Practice in connection with the Insured Firm's Practice ..."  
Exclusions : None

1.4 Reg 12 In accordance with regulation 12 of the Regulations, neither I nor my firm nor any associate of me or my firm,

- (a) is in any way connected with or an associate of the Company or the Connected Person;
- (b) has any conflict of interest in relation to the subject matter of this report;
- (c) has given any professional advice either to the Company or the Purchaser or any other party whatsoever in relation to the insolvency, rescue or restructuring of the Company; and
- (d) does not fall into any of the restricted categories set out in regulation 13 of the Regulations.

### 2 THE DISPOSAL

2.1 Reg 7(d) The relevant property to which this report relates is covered in more detail in paragraph 4.1(a).

- 2.2     **Reg 7(e)** I am not aware that the Connected Person has commissioned any prior qualifying report and I have been informed by the Connected Person that no such report exists. Accordingly, regulation 8 of the Regulations does not apply.
- 2.3     **Reg 7(f)** The consideration to be received by the Company in respect of the proposed disposal is the sum of £285,000 which will be paid as set out in paragraph 4.1(b).
- 2.4     **Reg 7(g)** The Connected Person (as defined in paragraph 60A(3) of Schedule B1 to the Act) is the Purchaser. I have carried identity checks on the Connected Person and no adverse or concerning issues are raised. The Connected Person's connection with the Company arises by virtue of the familial relationship of its directors to the CEO of the Company.

-o0o-