

TO ALL KNOWN CREDITORS

10 May 2021

Ref: R/SJW/PT/CD/GTRealisations

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Please ask for Mawgaen Farrell

Dear Sirs

GT Realisations Limited (in Administration, formerly known as Gas Tag Ltd) ('the Company')

High Court of Justice, Business and Property Courts in Manchester, Insolvency and Companies List (ChD), Number CR-2020-MAN-000875

I write, in accordance with Rules 18.2 and 18.3 of the Insolvency (England and Wales) Rules 2016, to provide creditors with a report on the progress of the Administration. This report covers the period from 14 October 2020 to 13 April 2021 ('the Period') and should be read in conjunction with our Statement of Proposals dated 8 December 2020 ('the Proposals'). Statutory information about the Company, the Administration and the office holders is provided in Appendix A.

Summary of progress

Presentation and approval of the Proposals

The Proposals outlined the background to the Company, its Administration and the Joint Administrators' proposed strategy for realising value for the creditors from the Company's assets. The Proposals were deemed to be approved on 18 December 2020.

As detailed in the Proposals, the Joint Administrators were of the view that the Company had insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part (and this remains our view).

Asset realisations since our Proposals

Business and assets sale

As previously reported, following a period of marketing, we concluded a sale of the business and certain assets to Plentific Limited. Total consideration was £1.15m, all of which was received on completion.

The apportionment of the consideration received across different asset classes is set out in the receipts and payments account at Appendix B.

Sale of the share capital of Millington Lord Limited

The Company owned 100% of the share capital of Millington Lord Limited, the intermediate holding company of two trading entities, Morgan Lambert Limited and Qualitas Compliance Limited (all three entities together, 'Millington Lord') which were not included in the above sale to Plentific Limited and operated entirely separately to the Company. These entities provide safety audits largely for social housing customers and were not subject to any insolvency proceedings as they were profitable and cash generative.

The Joint Administrators' focus was therefore to support the management team as they continued to trade these entities whilst, in parallel, running a sale process for their shares.

Following their appointment, the Joint Administrators commenced preparatory work for the sale process, working with the management team to prepare marketing material and a virtual data room and compiling a list of prospective interested parties.

A formal sale process commenced in early December 2020 and after a c. three week period of initial marketing, a number of credible offers were received. Following a short period of negotiation, a small number of these parties were invited to progress to a second phase of the sale process to meet with management and carry out due diligence with a view to submitting final offers.

After a further period of negotiation, a preferred party was selected, and we are pleased to report a sale of the entire issued share capital of Millington Lord was completed to Hickton Group Limited on 15 March 2021.

Total consideration was £1.1m, with £0.7m received upon completion of the sale, £0.3m to be paid in instalments in June 2021, August 2021 and September 2021 and a final payment of consideration of up to £0.1m dependent on the trading performance.

Other assets

Cash at bank

Cash at bank at the date of appointment was £350,187. Immediately on their appointment, the Joint Administrators sought to secure these funds by requesting the Company's pre-appointment bank accounts to be frozen. Shortly afterwards, the funds were transferred into the Company's Administration bank accounts.

We are not aware of any other assets held by the Company.

Other Matters

Trading

As noted above, following the appointment of the Joint Administrators, it was decided that a short period of trading concurrent with an accelerated sale of the business and assets of the Company represented the most appropriate strategy to maximise realisations for creditors. The trading strategy was to maintain the Gas Tag platform and continue to service existing customers to preserve value in the technology and customer contracts whilst the sale process was being carried out. The Company ceased to trade on 18 November 2020 following the completion of the sale of the business and trading assets to Plentific Limited.

We continue to finalise the costs associated with the Administration trading period, and will provide an update regarding total costs for the trading period in our next report.

Property

The Company's main office premises were located at 4 St Paul's Square, Liverpool. The Company vacated the premises on 2 December 2020, with the landlord and relevant local authorities notified. Prior to the appointment of the Joint Administrators, the Company had paid a rent deposit of £28,530 to the landlord.

The landlord has agreed to deduct the rent due for the Administration period from the rent deposit with the balance being retained to offset against other contractual claims arising under the lease.

Employees

As a result of the sale of the business to Plentific Limited, the remaining 17 employees were transferred to the purchaser under the provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006.

VAT and other taxation

The Company remains registered for VAT and we will continue to submit the necessary returns in order to secure repayment of any VAT due and will de-register in due course.

The Joint Administrators have instructed EY tax specialists to prepare corporation tax returns for the Company as required, with one return relating to the pre-appointment period completed during the Period in order to utilise the Company's trading losses to shelter tax payable in Millington Lord (which may have reduced the value realised for creditors from its sale).

Receipts and payments account

A summary of our receipts and payments for the Period is attached in Appendix B. It does not reflect estimated future realisations or costs.

Investigations

We have carried out an investigation into the Company's affairs prior to the Joint Administrators' appointment in accordance with Statement of Insolvency Practice Number 2 (Investigations by Office Holders) and the Company Directors Disqualification Act 1986, with the required confidential returns made to the Insolvency Service during the Period.

No further investigations into the Company's assets or affairs was deemed required.

Joint Administrators' remuneration

The statutory provisions relating to remuneration are set out in Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the website of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Administrators' Fees', referred to above.

Our remuneration was fixed on a time-cost basis by a resolution of the secured and preferential creditors on 4 March 2021.

During the Period, we have incurred time costs totalling of £721,513. Of this sum, £350,000 plus VAT has been paid.

At Appendix C to this report there is a detailed breakdown and narrative explanation of the time charged by category. Outlined below are the few categories of work carried out by the Joint Administrators and their staff where the actual time charged has exceeded the original estimate provided on 7 December 2020. At this stage, we do not intend to request creditors to approve an increased estimate and the explanations provided are for information only.

Administration and planning. The extra time relates to additional administrative tasks associated with finalising matters relating to the trading period, including reconciling trading costs.

Legal issues. This relates to Court proceedings where the Company is a neutral third party and the outcome of which should not impact upon the creditors. Whilst the Company is a neutral third party, the Administrators have been required to deal with more correspondence than was originally anticipated.

Property. Additional costs were incurred in agreeing with the landlord and their agent in respect of the Company's occupation and subsequent exit of its office premises, and unforeseen time involved in dealing with business rates.

Joint Administrators' expenses

During the period covered by this report, we have incurred expenses totalling £181,411.67 plus VAT. There is a breakdown of expenses incurred in this period and to date at Appendix D of this report.

Pre-administration costs

There were no pre-administration costs which the Joint Administrators wish to recover as part of the Administration.

Payments to Other Professionals

The Joint Administrators engaged the following professionals to assist in the Administration of the Company. They were chosen on the basis of their experience in similar assignments.

Name of firm	Nature of service	How contracted to be paid	Amount paid in Period (£)
Addleshaw Goddard LLP	Legal services	Time cost basis	50,096.00
Brabners LLP	Legal services	Time cost basis	300.00
Lonsdale & Marsh	Payroll services	Time cost basis	1,025.00
Total			51,421.00

Distributions to creditors

Secured creditors

A total of £2.7m was owed by the Company to its three secured creditors, Tagco BV (c.£2.6m), Adrian Webb (c.£57k), and Philip Goodwin (c.£32k). During the Period, we paid an initial distribution to the secured creditors of £1.0m.

We do not anticipate that secured creditors will be paid in full.

Preferential creditors

Preferential claims were estimated at £33,720. We currently expect preferential creditors to be paid in full. The timing of a distribution to preferential creditors cannot be determined at this stage as certain employee claims have not yet been finalised.

Unsecured creditors

Based on the Directors' statement of affairs of the Company, it is estimated that non-preferential unsecured claims could be in the region of £1.3m.

As explained in the Proposals, we do not expect that there will be sufficient funds for a distribution to unsecured creditors other than by virtue of the prescribed part (see below).

Prescribed part

The prescribed part is a proportion of floating charge realisations set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003.

As the Company's floating charges were created after 15 September 2003, the prescribed part applies to the Company.

The Joint Administrators currently estimate the value of the prescribed part to be £28k and therefore the dividend for unsecured creditors is unlikely to exceed 2p in the £.

Remaining work

The Administration will continue to be progressed in line with the Proposals. Future tasks will include, but may not be limited, to the following:

- collecting deferred consideration in respect of the Millington Lord sale;
- dealing with creditor enquiries;
- adjudication of preferential and unsecured claims;
- preparation and payment of distributions to the secured, preferential and unsecured creditors of the Company (as appropriate);

- preparation of corporation tax and VAT returns as required;
- continuing to meet statutory and reporting requirements of the Administration; and
- any other actions required to be undertaken by the Joint Administrators as to fulfil the purpose of the Administration

The End of the Administration

The Administration will automatically end 12 months after the Date of Appointment. The Administration can be extended by a period up to 12 months with the consent of creditors or longer by the Court if necessary.

It is proposed that if at the end of the Administrations (13 October 2021) the Company has no property which might permit a distribution to its creditors, the Joint Administrators will send a notice to that effect to the registrar of companies. On registration of the notice, the Joint Administrators' appointment will come to an end. In accordance with the provisions of paragraph 84(6) of Schedule B1 to the Act, the Company will be deemed to be dissolved three months after the registration of the notice.

Next Report

We will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

Should you have any queries regarding this report, please contact Mawgaen Farrell at Mawgaen.Farrell@parthenon.ey.com.

Yours faithfully
for the Company



J P Sumpton
Joint Administrator

S J Woodward is licensed in the United Kingdom to act as an Insolvency Practitioner by The Institute of Chartered Accountants in England and Wales and J P Sumpton is licensed in the United Kingdom to act as Insolvency Practitioner by The Insolvency Practitioners Association

The affairs, business and property of the Company are being managed by the Joint Administrators, S J Woodward and J P Sumpton, who act as agents of the Company only and without personal liability.

The Joint Administrators may act as data controllers of personal data as defined by the UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Enc:

Appendix A – Information about the proceedings, the company and the office holders

Appendix B – Joint Administrators' receipts and payments accounts

Appendix C – Administrators' time costs

Appendix D – Summary of expenses incurred

Appendix A

Information about the proceedings, the Company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

Name of court:	High Court of Justice, Business and Property Courts in Manchester, Insolvency and Companies List (ChD)
Court reference:	CR-2020-MAN-000875 of 2020
Registered name of the Company:	Gas Tag Limited
Registered office address of the Company:	c/o Ernst & Young LLP, 2 St Peter's Square Manchester, M2 3EY
Registered number:	09437347
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A
Date of appointment of the Joint Administrators:	14 October 2020
Details of any changes of administrator:	None
Full names of the Joint Administrators:	Samuel James Woodward and Jonathan Peter Sumpton
Office holder number(s):	S J Woodward - 12030 J P Sumpton - 9201
Joint Administrators' address(es):	S J Woodward - Ernst & Young LLP, 2 St Peter's Square Manchester, M2 3EY J P Sumpton – Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR

GT Realisations Limited
(formerly known as Gas Tag Ltd) (in Administration)

Joint Administrators' Receipts and Payments

Statement of affairs estimated to realise (£)	Notes 1, 2, 3	Period to 13 April 2021 (£)
40,000.00		Fixed charge receipts
-		IP and Software
-		Millington Lord share sale
-		Bank interest
-		Business name and rights
-		Goodwill
-		Database
-		Transferred records
		1,835,040.38
		Fixed charge payments
		Secured creditors
		Administrators' fees
		Balance from trading account (see below)
		Legal fees
		Dataroom charges
		Bank charges - fixed
		1,475,625.64
350,480.24	4	Floating charge receipts
-		Cash at date of appointment
10,000.00		Rent deposit
-		Equipment
-		Stock
4,391.40		Book Debts
-		Sundry Income
-		Bank interest
-		Customer contracts
-		Systems
		378,464.62
		Floating charge payments
		Administrators' remuneration
		Balance from trading account (see below)
		Legal fees
		Postage
		Public notices
		Bank charges
		IT costs
		Irrecoverable VAT
		Dataroom costs
		142,647.18
		Balances in hand
		595,232.18
		Represented by:
		Cash at bank - fixed
		Cash at bank - floating
		VAT accounts
	5	Card payments control account
		1,904.82
		595,232.18

Notes

1 This receipts and payments account is shown net of VAT.

2 This receipts and payments account has been prepared on a cash basis and does not reflect debts not collected or liabilities not paid.

3 All funds are held on interest bearing accounts.

4 The difference in cash at date of appointment between the Statement of Affairs value and Receipts and Payments value is due to a direct debit payment that was being processed through the pre-appointment bank account on the date of appointment.

5 Card payments control account relates to trading costs paid by pre-paid card on behalf of the Company, awaiting allocation to the appropriate expense categories.

Statement of affairs estimated to realise (£)	Notes 6	Period to 13 April 2021 (£)
		Trading receipts
		-
		Trading payments
		Employee costs
		Rent
		Service charge
		Employers pension
		Subscription costs
		Professional fees - payroll
		Employee expenses
		Telephone
		Storage costs - gas tags
		23.00
		126,102.51
		Net trading surplus/deficit
		(126,102.51)
		Apportioned:
		Fixed charge
		Floating charge
		94,618.27
		31,484.24

Notes

6 The balance on the trading account has been apportioned between fixed and floating charges in accordance with the apportionment of the sale proceeds received.

Appendix C

GT Realisations Limited (formerly known as Gas Tag Ltd) (in Administration)

Joint Administrators' time costs during the Period from 14 October 2020 to 13 April 2021, with a comparison to the time cost estimate dated 7 December 2020

	Per Fee Estimate			Actual in this report period			Total actual to date		
	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)
Administration & Planning	92.6	40,424	437	106.3	47,354	445	106.3	47,354	445
Creditors	119.7	46,592	389	69.4	23,203	334	69.4	23,203	334
Employees	92.5	45,295	490	94.3	42,250	448	94.3	42,250	448
General	-	-	-	-	-	-	-	-	-
Immediate Tasks	7.0	6,085	869	7.0	6,085	869	7.0	6,085	869
Investigation & CDDA	70.0	41,013	586	65.4	37,923	580	65.4	37,923	580
Job Acceptance & Strategy	3.8	3,378	889	3.0	1,875	625	3.0	1,875	625
Legal Issues	17.1	12,762	746	31.6	24,792	785	31.6	24,792	785
Millington Lord sale process	532.9	266,297	500	507.1	238,217	470	507.1	238,217	470
Other Assets	17.0	11,180	658	8.5	5,933	698	8.5	5,933	698
Other Matters	1.6	697	436	0.6	312	520	0.6	312	520
Property	3.3	1,716	520	3.3	2,106	638	3.3	2,106	638
Reporting	71.0	30,321	427	5.0	4,275	855	5.0	4,275	855
Sale of Business	301.6	178,033	590	300.6	174,728	581	300.6	174,728	581
Statutory Duties	154.0	70,050	455	134.2	65,887	491	134.2	65,887	491
Trading	67.2	35,984	535	63.2	33,904	536	63.2	33,904	536
VAT & Taxation	34.9	16,842	483	32.6	12,670	389	32.6	12,670	389
Total	1,586.2	806,667	509	1,432.1	721,513	504	1,432.1	721,513	504

Outlined in the table below is supporting narrative explanation of the work undertaken during the Period. This information is detailed on a category by category basis, aligned to the reporting of time costs in the table above.

This supporting information should be read in conjunction with all sections of this report.

Category of work	Description of work completed in the Period
Administration and planning	<ul style="list-style-type: none"> ▶ Case management of statutory tasks and compliance. This has included ensuring statutory compliance diaries are completed to reflect work done on the appropriate date. ▶ Treasury and accounting functions including: processing payments for services appropriately; processing receipts from asset realisations appropriately; ensuring bank accounts have been reconciled regularly; and, ensuring appropriate allocation of costs and realisations between fixed and floating bank accounts. ▶ Time cost reports have been produced for the purposes of the Proposals and progress report.
Creditors	<ul style="list-style-type: none"> ▶ All of the creditors on the Company's records have been written to with information regarding the Administration. ▶ Appropriate recognition and filing of claims has been completed throughout the Period. ▶ Continued correspondence with creditors has progressed through the Period, including responding to various queries, updates on claim status and general interest in process.
Employee Matters	<ul style="list-style-type: none"> ▶ We addressed staff immediately upon appointment and made initial redundancies as outlined in the body of this report. ▶ During the Period there has been continued liaison with ERA Solutions Limited and provision of necessary information for them to be able assist employees in making their claims for redundancy, arrears of pay and holidays. ▶ Relevant information was provided to the Redundancy Payment Service so that employees receive payment that is due to them as a result of their redundancy. ▶ Weekly payroll has been processed for retained employees. ▶ We have had correspondence with pension providers, including providing necessary statutory forms to allow for any outstanding pension contributions to be claimed from the Redundancy Payment Service.

Category of work	Description of work completed in the Period
Immediate tasks	<ul style="list-style-type: none"> ▶ Preparation and execution of immediate strategy to ensure operational continuity where required. ▶ Secured books, records, data and intellectual property of the Company ensuring necessary IT suppliers had been contacted to ensure the continuation of service to IT platforms and servers as necessary to preserve data. ▶ Completion of other work streams requiring immediate attention following appointment in order to effectively execute the strategy outlined in the Proposals.
Investigations and CDDA	<ul style="list-style-type: none"> ▶ We made the required online submission on the conduct of directors in the period prior to administration under the Company Directors Disqualification Act 1986 (CDDA) in accordance with statute.
Job Acceptance & Strategy	<ul style="list-style-type: none"> ▶ Planned the strategy to be undertaken during the administration based on the best outcome for creditors through consultation with management and understanding the business.
Legal Issues	<ul style="list-style-type: none"> ▶ Liaised with appointed legal advisors where necessary with regard to a variety of ongoing issues, including matters relating to the sale processes of the ML Group and the Company's business and trading assets and ongoing litigation matters in which the Company is third respondent.
Other Assets	<ul style="list-style-type: none"> ▶ Dealing with assets not captured within other categories, including shares in subsidiaries.
Other Matters	<ul style="list-style-type: none"> ▶ Other matters not included within the other categories detailed here, including communications with stakeholders and third parties (e.g. the Information Commissioners' Office regarding a pre-appointment complaint).
Property	<ul style="list-style-type: none"> ▶ Liaised with the landlord of the Company's leased office premises to organise an orderly exit from the property. ▶ Correspondence offering surrender of lease and regarding rent deposit. ▶ Calculating the outstanding business rates and council tax costs associated with the occupied properties to organise for payment to be made. ▶ Liaised with local authorities to apply for business rate exemptions where applicable.
Reporting	<ul style="list-style-type: none"> ▶ Maintained regular contact with the secured lender and providing updates based on agreed timeframes on the realisations to date and costs incurred in making the realisations. ▶ Preparation of the Proposals and six-month progress report for the Company.
Sale of Business	<ul style="list-style-type: none"> ▶ A sales and marketing process was undertaken to execute sales of the business and trading assets of the Company and its shareholding in the solvent subsidiary group, the ML Group. This subsequently resulted in the successful sales outlined in the body of this report.
Statutory Duties	<ul style="list-style-type: none"> ▶ Filed appropriate documentation with Companies House notifying the Joint Administrators' appointment. ▶ Statutory advertising of appointment of administrators, notification of appointment to creditors and members. ▶ Notified the directors of the requirement to prepare the SoA in relation to the Company and file the necessary forms with the Registrar of Companies. ▶ Filing of Proposals as well as ensuring all ancillary documents are appropriately prepared and filed in line with the statutory requirements.
Trading	<ul style="list-style-type: none"> ▶ Producing and monitoring the estimated outcome statement post-appointment to manage trading costs. ▶ Engaged with suppliers that were identified as critical for the purposes of the administration. Issued undertakings for supply so that these services could continue. ▶ Arranged payments relating to these undertakings and released undertakings when necessary.
VAT & Taxation	<ul style="list-style-type: none"> ▶ Assessment of the VAT and tax treatment of transactions and agreements entered into during the administration. ▶ Ensuring appropriate tax is charged on sale transactions. ▶ Preparing corporation tax and VAT returns, with input from EY VAT and tax specialists, for the Company.

Appendix D

GT Realisations Limited (formerly known as Gas Tag Ltd) (in Administration)

Summary of Joint Administrators' expenses incurred

	Per expenses estimate dated 7 December 2020	Paid in the period to 13 April 2021 (£)	Outstanding (£)	Total (£)
Payments made from the estate which are not disbursements (see notes 1 and 2 at the end of this table)				
Insurance	1,300.00	-	1,300.00	1,300.00
Storage	538.50	23.00	515.50	538.50
Public notices	189.00	94.50	94.50	189.00
Business rates	3,000.00	-	3,000.00	3,000.00
Legal costs	131,000.00	50,396.00	80,604.00	131,000.00
IT costs	31.59	31.59	-	31.59
Dataroom costs	1,000.00	2,165.00	-	2,165.00
External copying, printing and postage	-	654.95	-	654.95
Payroll costs	1,700.00	1,386.25	313.75	1,700.00
Employee costs	115,406.58	107,304.76	8,101.82	115,406.58
Subscription costs	10,000.00	6,749.68	3,250.32	10,000.00
Telecoms	400.00	254.08	145.92	400.00
Bank charges	220.00	62.30	157.70	220.00
Rent, service charge and utilities	12,202.00	12,289.56	-	12,289.56
Category 1 expenses (see Note 2)				
Specific penalty bond	210.00	-	210.00	210.00
Internal bulk copying, printing and postage	200.00	-	360.06	360.06
Category 2 expenses (note 2)				
Mileage	50.00	-	50.00	50.00
Total	277,447.67	£181,411.67	£98,103.57	£279,515.24

Notes

- SIP 9 defines disbursements as a type of expense which is first met by the office holder and then reimbursed to the office holder by the estate.
- Expenses fall into two categories: Category 1 and Category 2.
 - Category 1 expenses are payments to independent third parties where there is specific expenditure directly referable to the appointment
 - Category 2 expenses are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.