Rule 2.25 **Form 2.16B(Scot)**

The Insolvency Act 1986

Statement of administrator's proposals

Pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.25 of the Insolvency (Scotland) Rules 1986

Name of Company	Company number
Voyage Decoration Limited	SC161596

(a) Insert full name(s) and address(es) of administrators

I/We (a) Alistair McAlinden
KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

Blair Carnegie Nimmo
KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

attach a copy of our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 4 April 2019

Signed

Joint Administrator

Dated 4 April 2019

Contact Details:
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form.

The contact information that you give will be visible to searchers of the public record

Alistair McAlinden
KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Tel +44 (0) 20 7311 1000

When you have completed and signed this form, please send it to the Registrar of Companies at:-
Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF
DXED235 Edinburgh 1 / LP- 4 Edinburgh 2

KPMG

Joint Administrators' proposals

Voyage Decoration Limited - in Administration

4 April 2019

Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 6).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, http://www.insolvency-kpmg.co.uk/case+KPMG+VJ32062231.html. We hope this is helpful to you.

Please also note that an important legal notice about this statement of proposals is attached (Appendix 7).

Contents

1 Executive summary

Background and events leading up to the Administration

- Voyage Decoration Limited (the "Company") was incorporated on 14 November 1995 as a wholesaler of textiles based in Glasgow.
- The Company built a strong reputation within the market and was considered a leading UK fabric and homeware brand, selling a full lifestyle range of products across independent retailers and major store groups.
- Business was seasonal, resulting in cash challenges during the summer months. Funding was secured through lending facilities from the Clydesdale Bank PLC ("the Bank") to help alleviate this seasonal cash flow pressure and manage working capital.
- Additional funding was secured in Spring 2018 from Amcomri Limited Partnership ("Amcomri") who also acquired a 50% share in the Company. Amcomri sought to help grow the business in the UK by introducing the Company to its wider retail network and by providing funding support.
- Whilst it was anticipated that the investment from Amcomri would result in financial stability, the Company's performance declined over the latter months of 2018. These trading difficulties put pressure on the Company's cash flows, which led to strained relationships with its suppliers and customers, resulting in a reduction in orders, thereby straining the financial cash flow position further.
- Following a further difficult period of trading during January and February 2019, the Director assessed that the Company was unable to pay its debts as they fell due and was not capable of trading through its difficulties.
- Following a short period of discussions, an offer for the business and assets was received from the Ashley Wilde Group Limited on 7 March 2019. The offer was for the business and majority of the Company's assets. Completing the sale as proposed would have rendered the Company insolvent and required it to enter into an insolvency process.
- The Director of the Company resolved on 7 March 2019 to appoint Administrators. On 8 March 2019, the Company (via KPMG), consulted with the secured lenders who wished to consider their options. The Director subsequently lodged the Notice of Intention to Appoint an Administrator in Court on 13 March 2019. On 15 March 2019, KPMG were instructed by the Company to conduct a short marketing process to try and maximise value for the Company's creditors. Unfortunately, no further offers were received.

Appointment

- As outlined above, the Director of the Company resolved on 7 March 2019 to appoint Administrators. The Director of the Company lodged a notice of intention to appoint an administrator on 13 March 2019.
- The notice of appointment was lodged at the Court of Session on 22 March 2019 and we were duly appointed (Section 2.5 - Appointment of Joint Administrators).

Strategy to date

- As detailed in the enclosed SIP 16 Memorandum (Appendix 5), KPMG on the Company's behalf undertook a marketing process in the period preceding insolvency. Following this, immediately after their appointment, the Joint Administrators concluded a sale to Ashley Wilde Designs Limited ("the Purchaser") of all of the business and certain assets of the

Company, including the intellectual property, goodwill, moveable assets and stock, for a total initial sale consideration of £697,000.

- Certain assets (primarily the Company's book debts) were not included in the transaction. We are currently liaising with the Bank and the Purchaser to realise these assets.

Dividend prospects

- There are two secured creditors, the Bank and Amcomri, with the Bank being the 1st ranking secured creditor. We anticipate there will be a shortfall against the Bank's principal lending and accordingly, it is unlikely there will be a dividend to the 2nd ranking secured charge holder, other than by virtue of any prescribed part.
- Based on current estimates, we anticipate that there may be a dividend by virtue of the prescribed part to unsecured creditors. The level of funds available to unsecured creditors will be dependent upon the eventual level of recoveries from the excluded assets and the stock (the quantum and timing of which remain uncertain), the quantum of creditor claims and the costs of the administration process.
- As part of the sale, all of the Company's employees transferred to the Purchaser who has therefore assumed responsibility for all potential preferential creditor claims in the Administration. Therefore, we do not anticipate any preferential creditor claims in the Administration.

Exit route from administration

- We currently consider it prudent to retain all of the options available to us, as listed in Section 8 to bring the administration to a conclusion in due course.

Joint Administrators' remuneration, outlays and disbursements

- Agreement to the basis and amount of our remuneration and outlays and the drawing of our Category 2 disbursements is subject to specific approval of the secured creditors. They are not agreed as part of our proposals.
- We propose that our remuneration be drawn on the basis of time properly given by us and the various grades of our staff and that disbursements for services provided by KPMG (defined Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy.
- Pre- appointment fees were incurred by both KPMG and our agents in preparation for the Administration and the subsequent pre-pack sale. The payment of unpaid pre-appointment costs as an expense of the administration is subject to the same approval as our remuneration.

Notice

- This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 8 together will all relevant statutory information included by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.

Alistair McAlinden
Joint Administrator

2 Background and events leading to the administration

2.1 Background information

The Company was incorporated 14 November 1995, and commenced trading in 1998 as a wholesaler of textiles.

In its c20 years of trading, the Company became a leading UK fabric and homeware brand, selling a full lifestyle range of products across independent retailers and major store groups. The Company operated from leasehold premises located in Cambuslang, Glasgow, employing c50 members of staff.

The founding shareholder and sole Director, Ian Dykes, successfully grew the Company's turnover from inception through innovative product design, strong customer relationships and by developing recognisable brands.

The Company grew its turnover to a peak of £13.35m in the year ending 31 March 2017, which generated gross profits of £4.62m (Gross margin: 35%) and, after overheads, an EBITDA of £0.21m. The Company employed c55 employees around this time.

2.2 Funding and financial position of the Company

The seasonal nature of the business, particularly during the summer, combined with supplier minimum order quantities and other working capital requirements, resulted in the Company traditionally experiencing seasonal cash flow pressures. Management carefully managed these pressures through its various banking facilities with the Bank, secured by way of a floating charge.

During the winter months of 2017/2018, the Company experienced trading difficulties due to a quieter and difficult period of business for certain of its key retail customers. These pressures led the Company to seek external investment in Spring 2018. Further funding was secured from Amcomri, a private equity fund, who was granted a second ranking floating charge security and who acquired 50% of the share capital at this time.

Amcomri sought to help the business grow through introducing the Company to its wider Retail sector network and by providing working capital support to alleviate cash flow pressures.

Despite investment and support, the Company's performance did not improve over the second half of 2018. Indeed, ongoing trading challenges meant the Company began to experience significant creditor and cash flow pressures. The Company found itself being placed on stop or on pro-forma supply terms by various key suppliers which caused delays in completing sales orders, exacerbating cash flow pressures further and contributing to reduced sales and losses.

The Company sought to mitigate these pressures through a number of measures, such as agreeing time to pay arrangements with its creditors, including with HM Revenue and Customs. It also sought to convert any excess slow moving stock to cash through discounted sales and implemented measures to reduce its overhead costs. Whilst these steps improved the cash and creditor position in the short-term, they had a further detrimental impact on the Company's overall profitability and overall financial position.

2.3 Events leading to the administration

Following a further period of difficult trading during January and February 2019, mainly due to challenges in securing stock from suppliers, the Director assessed that the Company was unable to pay its debts as they fell due as was not capable of trading through its difficulties. Accordingly, the Director sought advice from its solicitors Burness Paull LLP and KPMG in late February 2019 to help understand its options. The Company also began exploring a sale of the business and assets with a competitor, Ashley Wilde Group ("AWG"). KPMG were not engaged to provide any advice to the director personally who was advised to seek independent legal advice on duties and responsibilities as a director.

Following a short period of discussions, an offer for the business and assets was received from AWG on 7 March 2019. The offer was for the business and majority of the Company's assets. Completing the sale as proposed would have rendered the Company insolvent and required it to enter into an insolvency process.

On 7 March 2019, due to the accelerating deterioration of the Company's cash flow position, the director resolved to appoint Administrators. On 8 March 2019, the Company (via KPMG), *consulted with the secured lenders who wished to consider their options. The Director* subsequently lodged the Notice of Intention to Appoint an Administrator in Court on 13 March 2019. On 15 March 2019, KPMG were instructed by the Company to conduct a short marketing process, discussed in more detail below, to try and maximise value for the Company's creditors.

Unfortunately, the marketing process did not generate any other offers for the business and assets. Accordingly, the offer received from AWG, which offered a better return for the Company's creditors than alternative strategies, as detailed below, was progressed and accepted.

2.4 Pre-administration work

As outlined above, and discussed in more detail below (See Section 3.1: Strategy to date) through their association with KPMG LLP ("KPMG"), the Joint Administrators have previously been involved with the Company.

Each of the Administrators is a Partner or employee of KPMG, which was engaged by the Company in March 2019 to help market the Company for sale and/or investment. KPMG was also engaged to provide assistance with the preparation for meetings with stakeholders and to attend such meetings as required.

We are satisfied that the work carried out by KPMG before our appointment, including the pre-administration work summarised below, has not resulted in any relationships which create a conflict of interest or which threaten our independence.

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

At the time of our appointment, we disclosed details of the work carried out by KPMG, up to that time, to the Court.

2.5 Appointment of Joint Administrators

The Directors of the Company resolved on 7 March 2019 to appoint Administrators. A notice of intention to appoint Administrators was filed in Court on 13 March 2019.

The notice of appointment was lodged at the Court of Session on 22 March 2019 and we were duly appointed.

3 Strategy and progress of the administration to date

3.1 Strategy to date

Strategy

Prior to our appointment, as outlined in the SIP 16 Memorandum at Appendix 5, we assessed the financial and operational position of the Company to determine the appropriate strategy which would maximise the relations for the benefit of the creditors.

A review of possible courses of action was undertaken, and comparisons were made to assess the likely outcome for creditors under the various options. It was clear than an immediate sale of the entire business and principal assets of the Company was the best option to generate maximum recoveries for creditors.

Details of the other options assessed by the Joint Administrators are set out in the SIP 16 memorandum.

Sale of business

KPMG, on the Company's behalf, undertook a marketing process commencing on 15 March 2019. As noted above, AWG had submitted an offer the business and the majority of assets on 7 March 2019. This offer was explored further alongside with the marketing process. Whilst a number of parties actively engaged in the process, after provision of further information and the diligence process, no offers, with the exception of the AWG offer, were received.

The offer submitted by AWG presented a better return for the Company's creditors than a break-up or post administration trading strategy.

The total sale consideration of £697,000 was received at completion of the transaction. The final consideration was subject to a post completion stock count. As detailed at 3.2, the consideration is expected to be adjusted downwards to reflect the results of the stock count. We are in the process of finalising this process with the Purchaser.

The Company has also granted the Purchaser a licence to occupy both of the Company's leasehold properties for a short period whilst the Purchaser explores continued occupation with the Landlord.

Upon completion of the sale, all 50 of the Company's employees transferred to the Purchaser.

For the avoidance of doubt, the sale excluded certain asset categories, principally trade debtors, and we are taking the steps noted below to realise these assets.

Please refer to the SIP 16 memorandum for further information on the sale of business (*Appendix 5*).

3.2 Asset realisations

Realisations from the date of our appointment to 3 April 2019 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations to date are provided below.

Sale of business and certain assets

As detailed in Section 3.1, the Company's entire business and certain assets were sold for a total consideration of £697,000 on 22 March 2019. These monies are in the process of being transferred from the Joint Administrators solicitors, in to the Company's Administration bank account.

Leasehold property

The Company traded from two leasehold properties in Glasgow. The Purchaser has been granted a licence to occupy both of these properties whilst the Purchaser explores continued occupation with the Landlord.

Trade Debtors

At the date of our appointment, trade debtors were estimated to be in the region of c.£1.5m. The debtor's ledger was financed by the Bank via an Invoice Finance facility. The Bank had advanced payments of c£1.0m at the date of our appointment. Under the terms of the facility, and until the Bank is repaid in full, all debtor realisations will be paid to the Bank in satisfaction of the debts due by the Company at appointment.

Under the terms of the sale agreement, the Purchaser will assist in the collection of the debtor' ledger, subject to agreed commission rates. We will help oversee the debtor recovery process to ensure maximum recovery to the Bank and the Administration.

It is too early in the Administration process to estimate the expected level of debtor realisations. We will provide an update on progress in our next report to creditors.

Stock

As detailed above, the Purchaser acquired all finished goods, work in progress, and raw materials for a consideration based on agreed stock prices across five different stock categories, quantities of which were to be agreed post completion via a stock count. A stock count was completed by 28 March 2019.

We are in the process of agreeing the stock count adjustment to the total consideration with the Purchaser. We estimate the adjustment will be minimal and an update will be provided in our next report.

The offer accepted from the Purchaser for the stock was significantly higher than the valuation provided by our asset valuer (see SIP16 Memorandum at Appendix 5 for more information).

Plant and machinery and moveable assets

As detailed at Section 3.1, the Company's plant and machinery and moveable assets (including its fixtures and fittings) were sold to the Purchaser. The consideration allocated to these assets was £167,000. The sale included certain assets that were subject to asset finance and we are presently liaising with the finance providers to understand the amounts that are outstanding to them. We estimate this may be up to c£60,000. As part of the sale agreement, the Purchaser's offer of £697,000 included £60,000 to cover the sums due to the finance provider. We expect to settle these amounts in due course.

The offer accepted from the Purchaser for the moveable assets was significantly higher than the valuation provided by our asset valuer (see SIP16 Memorandum for more information).

Cash at bank

There were no funds in hand at the date of Appointment.

Business intellectual property and goodwill

The Purchaser acquired the goodwill and the business intellectual property comprising websites, domain names and other intangible assets for £90,000.

The offer accepted from the Purchaser was slightly lower than the valuation provided by our IP valuer. However, assessing the offer against the valuations of the asset classes collectively, the Purchaser's offer generated significant premium versus the sum of the valuations. Accordingly, we were satisfied that the Purchaser's offer will provide a substantially better outcome than the alternatives (see SIP16 Memorandum for more information).

Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by writing to Aminah Din at KPMG LLP, 319 St Vincent Street, Glasgow, G2 5AS, United Kingdom.

3.3 Costs

No payments have been made to date, as set out in the attached receipts and payments account. (Appendix 2)

Summaries of the most significant costs incurred to date, but not yet paid, are detailed below.

Agents' fees

We instructed GMG Asset Management (UK) Limited ("GMG") to assist with the valuation of the moveable assets and stock, and Metis Partners Limited ("Metis") to assist with the valuation of the Company's intellectual property and goodwill. The cost of these valuations total £8,400 and will be settled in due course.

Legal fees

Legal fees have been incurred by our agents, Burness Paull LLP, in respect of legal work instructed both pre and post appointment to assist with the completion of the pre-pack sale and the Administration appointment. The costs incurred to date total £38,000.

These legal costs will be settled in due course.

4 Dividend prospects

4.1 Secured creditors

The Company's first ranking secured creditor, the Bank, holds a floating charge, registered at Companies house on 6 April 2017. As at the date of appointment, the Bank's indebtedness amounted to c£2,760,000 (across invoice finance- c£940,000 and other facilities- c£1,820,000).

The Bank is anticipated to experience a shortfall in their overall debt. It is not yet certain whether they will incur a loss against their Invoicing Financing facility.

The second ranking secured creditor, Amcomri, also secured lending by way of a floating charge. This was registered at Companies House on 19 May 2018. As at the date of appointment, Amcomri's indebtedness amounted to c£540,000. We do not anticipate Amcomri will receive any dividend other than by their participation in any prescribed part.

4.2 *Preferential creditors*

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

All 50 employees transferred to the Purchaser under TUPER (Transfer of Undertakings (Protection of Employment) Regulations 2006) and accordingly, mitigated the preferential claims, estimated to be £75,000, which would have otherwise crystallised in the Administration.

Therefore, we do not anticipate there to be any preferential creditor claims in the Administration.

4.3 *Unsecured creditors*

Based on current estimates, it is highly unlikely there be any dividend to the unsecured creditors other than by virtue of any prescribed part.

5 Ending the administration

5.1 Exit route from administration

We currently consider it prudent to retain all of the options available to us, as listed in Section 8, to bring the Administration to a conclusion in due course.

5.2 Discharge from liability

We propose to seek approval from the secured creditors that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

Should the circumstances of the Administration change, we reserve the right to revert to the unsecured creditors in order to obtain discharge from liability.

6 Approval of proposals

6.1 Creditors' meeting

It is not necessary to hold a meeting of creditors because it appears that the Company has insufficient property to enable us to make a distribution to unsecured creditors other than by virtue of the Prescribed Part, as detailed in Appendix 1.

6.2 Creditors' right to request an initial creditors' meeting

We will summon such a meeting (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the Company, and (2) if the procedures set out below are followed.

Requests for an initial creditors' meeting must be made within eight business days of the date on which our proposals were issued. They must include:

- a list of the creditors concurring with the request, showing the amounts of their respective claims against the Company in the Administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting;

If you wish to request a creditors' meeting, please contact Aminah Din on 0141 228 4270 to obtain the requisite forms.

6.3 Deemed approval of proposals

On expiry of eight business days from the date our proposals were issued, without any request for an initial creditors' meeting, it will be deemed that our proposals have been approved by creditors.

7 Joint Administrators' remuneration and outlays, disbursements and pre-administration costs

7.1 Approval of the basis of remuneration and disbursements

We propose to seek approval from the secured creditors that:

- our remuneration will be set and drawn on the basis of time properly given by us and the various grades of our staff in accordance with the charge-out rates included in Appendix 3;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 3.

Agreement to the basis and amount of our remuneration and outlays and the drawing of Category 2 disbursements is subject to specific approval. They are not agreed as part of our proposals.

Should the circumstances of the Administration change, we reserve the right to revert to the unsecured creditors in order to seek approval for the basis and amount of remuneration and outlays and the drawing of Category 2 disbursements.

Time costs

From the date of our appointment to 3 April 2019, we have incurred time costs of £30,808.50. These represent 74.60 hours at an average rate of £412.98 per hour.

Disbursements

We have not incurred any disbursements during the period.

Additional information

We have attached (Appendix 3) an analysis of the time spent, the charge-out rates for each grade of staff and the disbursements paid directly by KPMG for the period from our appointment to 3 April 2019. We have also attached our charging and disbursements recovery policy.

7.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 2.4:

Pre-administration costs	Paid (£)	Unpaid (£)	Total (£)
KPMG fees	Nil	49,659.00	**49,659.00**
Legal fees	Nil	38,000	**38,000**
Agents' fees	Nil	8,400	**8,400**
Total	**Nil**	**46,400**	**46,400**

The payment of unpaid pre-administration costs as an expense of the Administration is subject to the same approval as our remuneration, as outlined above. It is not agreed as part of our proposals.

KPMG fees

KPMG provided assistance to the Company on a number of pre-administration matters including, but not limited to:

- undertaking detailed contingency planning for a post appointment trading strategy to:
  a) *provide a basis for the comparison of the pre-pack offer against the* alternative of post appointment trading and marketing business and assets for sale; and
  b) in the event that the terms could not be agreed and a sale completed immediately following appointment, to allow the Administrators to trade the business post appointment.
- progressing discussions with AWG on its proposals to acquire the business and certain assets on a pre-pack basis;
- engaging and liaising with GMG and Metis to obtain independent valuations of the Company's plant and machinery, stock and intellectual property;
- detailed discussions, negotiations and ultimately reaching an agreement with the Purchaser on their offer;
- providing information to the Director and to the Bank/Amcomri, ultimately reaching an agreement with the Purchaser on their offer;
- Instructing legal agents, Burness Paull ("BP"), to draft the Sale and Purchase Agreement ("SPA"), licenses to occupy and ancillary documentation;
- reviewing and agreeing the legal documents;

- tax and VAT specialists reviewing the terms of the SPA;
- detailed negotiations with AWG, their solicitors and BP on the terms of the sale and purchase documentation;
- agreeing the finalised legal documentation; and
- preparing for the Administration appointment and pre-pack sale, including the drafting of appointment related forms and documentation and preparing communications to employees to be issued after the appointment and pre-pack sale.

The costs noted represent time incurred on the above actions at KPMG's standard charge out rates, as documented at Appendix 3.

The payment of unpaid pre-administration costs as an expense of the Administration is subject to the same approval as our remuneration as outlined above. It is not part of our proposals.

An analysis of the costs incurred is set out in Appendix 3.

Legal fees

BP incurred time costs of in excess of £60,000, however, have agreed to cap their fee at £38,000. Their costs include time incurred in relation to the following matters:

- providing legal assistance and advice in preparing for the pre-pack sale prior to the appointment;
- drafting and agreeing the SPA, license to occupy and all other ancillary documents with KPMG, the Purchaser and their appointed solicitor;
- providing KPMG and the proposed Joint Administrators with assistance and advice on negotiations with AWG and their solicitors; and
- drafting, finalising and submitting to Court the Administration appointment documentation.

Agents' fees

To provide full satisfaction as to the AWG offer, KPMG instructed GMG Asset Valuation Limited ("GMG") to value the moveable assets and Metis Partners Limited ("Metis") to value the IP assets of the Company.

GMG is a specialist appraiser and valuer, and has been providing a wide range of fixed asset valuation and disposal services for over 20 years. Prior to commencing the fixed asset valuation, GMG confirmed their independence and that they carry adequate professional indemnity insurance.

Metis is a commercial intellectual property consulting firm with a broad range of professional IP experience focused on the assessment, exploitation, valuation, monetisation and sale of intellectual property assets. Prior to commencing the IP valuation, Metis confirmed their independence and that they carry adequate professional indemnity insurance.

The costs incurred in relation to Agents fees totals £8,400.

8 Summary of proposals

As detailed in Section 3.1, no offers were received for the share capital of the Company. Accordingly, rescuing the Company in accordance with Paragraph 3(1)(a) was not achievable.

Therefore our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals.

We propose the following:

General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims the Company may have;
- to seek an extension to the Administration period if we consider it necessary.

Distributions

- to make distributions to the secured creditors where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

- apply to Court for the Administration order to cease to have effect from a specified time and for control of the Company to be returned to the Directors;
- formulate a proposal for either a company voluntary arrangement (CVA) or a scheme of arrangement and put it to meetings of the Company's creditors, shareholders or the Court for approval as appropriate;
- place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, Alistair McAlinden and Blair Nimmo, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed

Joint Liquidators, provided the nomination is received before these proposals are approved;

- petition the Court for a winding-up order placing the Company into liquidation and to consider, if deemed appropriate, appointing us, Alistair McAlinden and Blair Nimmo, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- file notice of move from Administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the Administration to end automatically.

Joint Administrators' remuneration and pre-administration costs

We propose that:

- our remuneration will be set and drawn on the basis of time properly given by us and the various grades of our staff in accordance with the charge-out rates included in Appendix 3;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 3;
- unpaid pre-administration costs be an expense of the Administration.

Appendix 1 Statutory information

Company information	
Company and Trading name	Voyage Decoration Limited
Date of incorporation	14 November 1995
Company registration number	SC161596
Trading address	39 Clydesmill Place, Glasgow, G32 8RF
Previous registered office	c/o Martin Aitken & Co, Caledonia House, 89 Seaward Street, Glasgow, Lanarkshire, G41 1HJ
Present registered office	c/o KPMG LLP, 319 St Vincent Street, Glasgow, G2 5AS
Company Directors	Ian Edward Dykes 500 shares **(50% shareholder)**
Company Secretary	Susan Belinda Dykes

Administration information	
Administration appointment	The Administration appointment granted in Court of Session, P257 of 19
Appointor	Director
Date of appointment	22 March 2019
Joint Administrators	*Alistair McAlinden and Blair Nimmo*
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	21 March 2020
Prescribed Part	The Prescribed Part is applicable on this case It has been taken into account when determining the dividend prospects for unsecured creditors (Section 4).
Estimated values of the Net Property and Prescribed Part	The Estimated Net Property and Estimated Prescribed Part is unknown.
Prescribed Part distribution	If funds do become available for a distribution under the Prescribed Part, the Joint Administrators may make a distribution to the unsecured creditors; or if appropriate, may apply to the Court to obtain an order that the Prescribed Part shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits. Alternatively, the Prescribed Part will be automatically disapplied if the Net Property is less than £10,000 and the costs of making a distribution would be disproportionate to the benefits.
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.

Appendix 2 Joint Administrators' receipts and payments account

Voyage Decoration Limited
(In Administration)
Administrators' Summary of Receipts & Payments

	From 22/03/2019 To 03/04/2019 £	From 22/03/2019 To 03/04/2019 £
	NIL	NIL

Appendix 3 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Administrators' Remuneration Scotland" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

https://www.r3.org.uk/media/documents/technical_library/SIPS/Creditors'_Guide_to_Administrators'_Remuneration_Scotland.pdf

If you are unable to access this guide and would like a copy, please contact Aminah Din on 0141 228 4270.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£) for: Voyage Decoration Limited- in Administration	
Grade	[illegible]
Partner	655
Director	590
Senior Manager	535
Manager	445
Senior Administrator	310
Administrator	225
Support	140

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have not incurred any disbursements during the period 22 March 2019 to 3 April 2019.

Narrative of work carried out for the period 22 March 2019 to 3 April 2019

The key areas of work have been:

Statutory and compliance	■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets; ■ providing initial statutory notifications of our appointment to the Registrar of Companies, The Registrar of Inhibitions and Adjudications, creditors and other stakeholders, and advertising our appointment; ■ issuing press releases and posting information on a dedicated web page; ■ arranging bonding and complying with statutory requirements; ■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	■ formulating, monitoring and reviewing the administration strategy and meetings with internal and external parties to agree the same; ■ briefing of our staff on the administration strategy and matters in relation to various work-streams; ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the administration; ■ allocating and managing staff/case resourcing and budgeting exercises and reviews; ■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to secured creditors	■ providing written and oral updates to representatives of the secured creditors regarding the progress of the administration and case strategy.
Cashiering	■ setting up administration bank accounts and dealing with the Company's pre-appointment

	accounts; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	■ gathering initial information from the Company's records in relation to the taxation position of the Company; ■ submitting relevant initial notifications to HM Revenue and Customs; ■ reviewing the Company's pre-appointment corporation tax and VAT position; ■ analysing and considering the tax effects of the sale options; ■ dealing with post appointment tax compliance.
General	■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; ■ liaising with the Purchaser regarding the Company's books and records per the sale agreement.
Asset realisations	■ collating information from the Company's records regarding the excluded assets; ■ *liaising with finance companies in respect of assets subject to finance agreements;* ■ dealing with issues associated with the stock count; ■ reviewing outstanding debtors' and management of debt collection strategy; ■ liaising with Company credit control staff and communicating with debtors; ■ liaising with the Bank regarding debtor recoveries and post appointment procedures for collection of trade debts;
Property matters	■ communicating with landlords regarding rent, property occupation and other issues; ■ putting in place license to occupy agreements.
Sale of business (prior to appointment)	■ planning the strategy for the sale of the business and assets, including instruction and liaison with professional advisers; ■ seeking legal advice regarding sale of business, including regarding non-disclosure agreements; ■ *collating relevant information in relation to the sale of the Company's business and assets* and advertising the business for sale; ■ dealing with queries from interested parties and managing the information flow to potential purchasers, including setting up a data room; ■ fielding due diligence queries and maintaining a record of interested parties; ■ carrying out sale negotiations with interested parties.
Sale of business (post appointment)	■ finalising and signing all sale documentation; ■ giving effect to the sale including facilitating hand over of assets sold; ■ agreeing communication strategy for employees; ■ complying with obligations under the sale and purchase agreement; ■ securing the consideration payable.
Health and safety	■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.
Open cover insurance	■ arranging ongoing insurance cover for the Company's business and assets; ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; ■ assessing the level of insurance premiums.
Employees	■ dealing with queries from former employees regarding various matters relating to the administration and their TUPE transfer to the Purchaser ■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments; ■ communicating and corresponding with HM Revenue and Customs.
Pensions	■ collating information and reviewing the Company's pension schemes.
Creditors and claims	■ *drafting and circulating our proposals;* ■ creating and updating the list of unsecured creditors; ■ responding to enquiries from creditors regarding the administration and submission of their claims; ■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; ■ dealing with suppliers with retention of title claims, including reviewing supporting documentation and arranging and carrying out stock inspection visits.
Investigations/ directors	■ reviewing Company and directorship searches and advising the directors of the effect of the administration; ■ issuing a request to the Director to prepare a Statement of Affairs and submit Director Conduct Questionnaire

Time costs

SIP9 Report	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
General (Cashiering)			1.70		1.70	527.00	310.00
Statutory and compliance							
Appointment and related formalities	2.70	0.90	1.20		4.80	2,365.50	492.81
Bonding & Cover Schedule		0.20			0.20	89.00	445.00
Strategy documents	2.10	0.70	1.00		3.80	1,860.50	489.61
Tax							
Post appointment VAT			0.70		0.70	217.00	310.00
Creditors							
Creditor reporting	4.40	2.20	10.40	3.30	20.30	7,541.50	371.50
General correspondence			3.10		3.10	961.00	310.00
Notification of appointment			4.10		4.10	1,271.00	310.00
Pre-appointment VAT / PAYE / CT	*2.00*				*2.00*	*1,180.00*	*590.00*
ROT Claims		3.40	0.90		4.30	1,792.00	416.74
Secured creditors		1.70			1.70	756.50	445.00
Employees							
Employee related matters		0.40	2.40		2.80	922.00	329.29
Pensions reviews			0.30		0.30	93.00	310.00
Investigation							
Directors							
Correspondence with directors		0.60			0.60	267.00	445.00
Asset Realisation							
Debtors	0.40	5.10			5.50	2,505.50	455.55
Health & safety			0.50		0.50	155.00	310.00
Insurance			0.30		0.30	93.00	310.00
Sale of business	1.70	16.20			17.90	8,212.00	458.77
Total in period	**13.30**	**31.40**	**26.60**	**3.30**	**74.60**	**30,808.50**	**412.98**
Pre-Admin Advising directors re Administration preparation	45.40	51.40			96.80	49,659.00	513.01
Total for Administration					**171.40**	**80,467.50**	**469.47**

Appendix 4 Estimated financial position

The Director is due to provide a Statement of the Affairs of the Company by 8 April 2019.

Once received the Statement of Affairs will be filed with the Registrar of Companies. Please *note that disclosure of the contents of the Statement of Affairs may be restricted with the* Court's permission if it is considered that disclosure would be adverse to the interests of creditors.

As a Statement of Affairs has not been provided, details of the estimated financial position of the Company at the latest practicable date, are given below.

Management Accounts as at 31 December 2018	
	£000
Non-current assets	
Intangible assets	1
Moveable assets	703
	704
Current assets	
Stock	2,835
Debtors	1,899
Prepayments	747
Deposit and cash at bank	2
	5,483
Creditors due within 1 year	
Trade creditors	(1,515)
HMRC	(282)
Clydesdale facilities	(2,726)
Hire Purchase	(43)
Accruals	(208)
	(4,774)
Creditors due out with 1 year	
Clydesdale facilities	(547)
Amcomri facilities	(538)
Hire Purchase	(12)
Deferred tax	(113)
	(1,209)
Net assets	**204**

A schedule of the known creditors' names, addresses, debts and details of any security held is available on the following website http://www.insolvency-kpmg.co.uk/case+KPMG+VJ32062231.html. Creditors should note that as the Company may not have completed updating its ledgers to the date of appointment, the balances stated may be revised.

This information has been extracted from the Company's books and records and we have not carried out anything in the nature of an audit on this information. The figures do not take into account the costs of the administration.

Please note that the actual level of asset recoveries and claims against the Company may differ materially from the amounts included in the statement above.

Voyage Decoration Limited ("the Company") SIP 16 memorandum of sale of business

This statement is made to in order to comply with the Joint Administrators' responsibilities under Statement of Insolvency Practice ("SIP") 16, the latest version of which is effective from 1 November 2015. Statements of Insolvency Practice are guidance notes issued by the insolvency regulatory authorities with a view to maintaining standards by setting out required practice and harmonising practitioners' approach to particular aspects of insolvency.

SIP 16 concerns arrangements where the sale of all or part of a company's business and assets is negotiated with a purchaser prior to the appointment of an administrator, who effects the sale immediately on, or shortly after, appointment. SIP 16 can be located via this link to the R3 website - https://www.r3.org.uk/media/documents/technical_library/SIPS/SIP_16_Scot_Pre-packaged_sales.pdf

Initial introduction

On 22 February 2019, the director of the Company approached KPMG seeking advice on the Company's financial position and what options were available. KPMG had no prior relationship or involvement with the Company.

Pre-appointment considerations

Background

The Company, founded by director Ian Dykes, commenced trading in 1998 as a wholesaler of textiles. In the following 20 years of trading, the Company built a strong reputation within the market and considers itself to be a leading UK fabric and homeware brand selling a full lifestyle range of products across independent retailers and major store groups. Designing and manufacturing from its two warehouse facilities in Glasgow, the Company employs 50 people at the date of Administration (22 March 2019).

The business is seasonal and, over recent years, the reduced sales during quieter summer months, combined with supplier minimum order quantities and other working capital requirements, put pressure on the Company's cash flows. These pressures were managed through various banking facilities with its lender, Clydesdale Bank PLC ("the Bank"), secured against a floating charge.

The financial pressures intensified during winter 2017/18 due to difficult trading conditions. These pressures led the Company to seek external investment in spring 2018. Funding was secured from Amcomri Limited Partnership ("Amcomri"), a private equity fund, in May 2018 who acquired a 50% ownership stake and was granted a second ranking floating charge security. Amcomri sought to help the business grow through introducing the Company to its wider retail network and provide working capital support to help alleviate the cash flow pressures.

Despite investment and support, the Company's performance did not improve over the second half of 2018 and into 2019 and the Company began to experience significant cashflow pressures. The Company found itself being placed on stop or on pro-forma supply terms by various critical suppliers which caused delays in completing sales orders, exacerbating cash flow pressures further and contributing to reduced turnover levels and losses.

The Company sought to mitigate these pressures, for example by agreeing time to pay arrangements with its creditors, including with HM Revenue and Customs. It also sought to convert any excess stock to cash through discounted sales and implemented measures to reduce its overhead costs. Whilst these steps improved the cash and creditor position in the short-term, they had a detrimental impact on the Company's overall profitability and financial position.

Events leading up to the Insolvency

Following difficult trading during January and February 2019, the Director assessed that the Company was unable to pay its debts as they fell due nor was it capable of trading through the difficulties. Accordingly, the Director sought advice from its solicitors Burness Paull LLP and KPMG in late February 2019 to help understand its options. The Company also began exploring the sale of the business and assets with a competitor, Ashley Wilde Group ("AWG"). KPMG were not engaged to provide any advice to the director personally who was advised to seek independent legal advice on their duties and responsibilities as a director.

Following a short period of discussions, an offer for the business and assets was received from AWG on 7 March 2019. The offer was for the business and majority of the Company's assets. Completing the sale as proposed would have rendered the Company insolvent and required it to enter into an insolvency process.

In the week commencing 8 March 2019, the Company (via KPMG), consulted with the secured lenders who wished to consider their options. In the meantime, due to the accelerating deterioration of the Company's cashflow position, the director resolved to appoint administrators and a Notice of Intention to Appoint an Administrator was filed on 14 March 2019. After a further period of consideration, on 15 March 2019, KPMG were instructed by the Company to conduct a short marketing process, discussed in more detail below, to try and maximise value for the Company's creditors.

Unfortunately, the marketing process did not generate any other offers for the business and assets. Accordingly, the offer received from AWG, which offered a better return for the Company's creditors than alternative strategies, as detailed below, was progressed and accepted.

Assessment of alternative courses of action

Prior to the offer being accepted, the Administrators undertook a review of the possible courses of action and compared the likely outcomes to creditors under each. The options considered are detailed below.

1. Continued trading with no insolvency appointment

Having assessed the financial position of the Company, it is apparent the Company could not pay its debts as they fell due. It had breached its facilities with the Bank and neither secured lender was in a position to provide support beyond that already given. The Company is unattractive to an alternative lender as it is loss making, has limited asset cover and significant creditor arrears. Therefore, in the absence of future funding being provided, the Company could not pay its debts as they fell due and with losses being accrued the position was deteriorating and the Company could not continue to trade.

Therefore, this option was not considered viable.

2. Cease trading upon an insolvency appointment and progress a 'break-up' sale

In our experience, a break-up sale (individual sale of all of the assets of the Company) generates recoveries lower than those from a sale of the business and assets, mainly due to the inherent value in the business and intellectual property ("IP"), as a whole, which is lost under a break-up.

We instructed agents, detailed below, to value the assets and help assess the likely outcome for creditors under a break-up sale. Considering the valuations obtained, we concluded that a break-up sale is unlikely to give rise to a better outcome for the Company's creditors. This is due to the following:

i) the offer from AWG was more than the break-up valuation;
ii) the significant costs attached to realising the assets on a break-up basis, including agent costs, property holding costs and employee costs (including wages and salaries);
iii) certain liabilities that would crystallise under a break-up basis, such as retention of title claims and preferential creditors, are mitigated either in whole or in part under the AWG offer.

3. Continued trading following an Administration appointment

Due consideration was given to trading the business following an Administration appointment, with a view to realising the stock whilst the Joint Administrations marketed the business and assets for sale. This strategy is high risk and is unlikely to generate a better outcome for creditors. This is due to the following:

i) the lack of funds and/or funding available to continue to trade;
ii) insufficient stock quantities to complete orders without further purchasing of stock (no obvious source of funding to permit such purchases);
iii) significant creditor arrears meaning key suppliers were unlikely to co-operate without receiving full payment towards their arrears;
iv) the expenses associated with trading, including agent costs, property holding costs and employee costs, are significant and higher than costs per a break-up sale or the AWG offer;
v) the Joint Administrators time costs, due to the close monitoring of the trading required, are also likely to be significantly higher;
vi) there is no guarantee the sales orders received will be converted or remain at the current level;
vii) a key ingredient for the ongoing success of the business is its people, with the design team assessed as being critical to any future trading. There is a risk of not securing key staff members buy-in.
viii) a high percentage of the supplier base is foreign and so delivery times may be lengthy, potentially giving rise to a period of inactivity; and
ix) the feedback from the short marketing exercise previously undertaken did not provide any confidence that a higher offer than the AWG offer could be received through an extended marketing period. It is likely that, following an Administration trading period, any offer would be lower than the AWG offer given the negative impact of the insolvency on the asset values.

The analysis carried out indicated that none of these options would have given rise to a better outcome for creditors.

Marketing of the business and assets

KPMG began marketing the business on 15 March 2019. A total of 20 parties were approached and offered the opportunity to buy either the Company or the business and certain assets of the Company.

Interested parties comprised 16 private equity houses, experienced in distressed investments, and four trade buyers. Of these 20 parties, five signed a non-disclosure agreement ("NDA") and were then provided a pack of financial information. The opportunity to speak to Management and/or attend a site visit was also offered and further due diligence requests were received and addressed.

No deadline for offers was set but the urgency of completing a transaction was communicated at the outset. An expression of interest was asked for by 19 March 2019. The tight timescale was driven by both the financial circumstances of the Company and the Notice of Intention to Appoint Administrators filed on 14 March 2019 by the Company.

The five parties who had signed the NDA ruled themselves out of the process by 21 March 2019. Accordingly, the only offer received was from AWG, which offered a better return for the Company's creditors than a break-up or trading strategy.

Valuation of the business and assets

To provide full satisfaction as to the AWG offer, KPMG instructed GMG Asset Valuation Limited ("GMG") to value the moveable assets and Metis Partners Limited ("Metis") to value the IP assets of the Company.

GMG is a specialist appraiser and valuer, and has been providing a wide range of fixed asset valuation and disposal services for over 20 years. Prior to commencing the fixed asset valuation, GMG confirmed their independence and that they carry adequate professional indemnity insurance.

Metis is a commercial intellectual property consulting firm with a broad range of professional IP experience focused on the assessment, exploitation, valuation, monetisation and sale of intellectual property assets. Prior to commencing the IP valuation, Metis confirmed their independence and that they carry adequate professional indemnity insurance.

Plant, Equipment, Fixtures and Fittings

During the week ended 10 March 2019, GMG attended the two leased warehouses. During the week ended 17 March 2019, GMG valued the plant, equipment, fixtures and fittings in aggregate, estimating an ex-situ valuation for the assets of £133,250. We understand however that certain pieces of equipment are subject to finance and an estimated c£54,000 is due to finance providers meaning the estimated net ex-situ valuation of the owned assets was c£80,250.

Ex-situ asset values were appropriate on the basis that it was unlikely the Company could continue to trade post appointment (for those reasons outlined above) and, in the event no pre-packaged sale was effected, the assets would be sold on a break-up basis.

Stock

KPMG also instructed GMG to value the stock assets subject to the AWG bid.

Following the inspection visits detailed above, GMG valued the finished goods stock, in aggregate, at £50,000 on an ex-situ basis. GMG also valued the raw material stock, in aggregate, at £150,000 also on an ex-situ basis. Stock was therefore valued at £200,000 in total.

Similar to Plant & Equipment, ex-situ asset values were appropriate.

Intellectual Property and goodwill

Metis provided a valuation range for the Company's IP, calculated on a distressed basis, of between £100,000 and £220,000. Distressed asset values were deemed appropriate by the Company on the basis that no solvent sale options were available.

Aggregate valuation

Taken together, the valuations of the assets subject to the AWG offer fell in the range £380,250 to £500,250. The AWG offer was in excess of this valuation range.

Other matters relevant to the decision to accept the AWG offer

As part of the transaction, the 50 staff employed by the Company transferred to the purchaser. This significantly reduced the level of preferential claims, estimated to be £75,000, in the Administration and also fully mitigated unsecured employee claims including redundancy costs and payment in lieu of notice.

It should be noted that stock valuation was based on stock on the Company's premises during the week ended 10 March 2019. Due to stock sales across the period from 11 March 2019 to 22 March 2019, the valuation is therefore likely to have reduced. We have not sought an updated valuation as the AWG offer was significantly more attractive even with the stock value at £200,000.

We have consulted with the Company's floating charge holders, who, having considered the asset valuations, believe the AWG offer offers the best outcome in the circumstances.

The Company's trade debtors were not sold as part of the transaction. The agreement provides that the Purchaser, under the Administrators' supervision, will assist with the collection of the trade debtors. The transaction is likely to enhance recoveries from the debtors due to the knowledge of customer arrangements provided by the credit controller, who has transferred to the Purchaser, and the continuity of supply to the customers. Overall, the AWG transaction should enhance recoveries from the debtor book which will favourably impact the outcome of the Administration opposed to the alternative options.

This assistance will entitle the Purchaser to a debt collection fee.

The transaction

The transaction completed on 22 March 2019.

Purchaser and related parties

The purchaser is Ashley Wilde Designs Limited ("the Purchaser"), a company incorporated in England & Wales with registration number 03510237. The Purchaser is a wholly owned subsidiary of Ashley Wilde Group Limited.

There is no connection between the Purchaser and the directors, shareholder or secured creditors of the Company. We understand that certain members of current management, including director Ian Dykes, are expected to take a management role with the Purchaser. Immediately prior to the transaction there was no connection of which the Administrators were aware.

We are not aware of any guarantees provided by the Purchaser in relation to any guarantees provided by the Director for amounts due by the Company.

The Joint Administrators were advised by Burness Paull LLP.

The Purchaser was independently advised by BBM Solicitors Limited.

The Company was independently advised by Burness Paull LLP.

Assets

The sale comprised exclusively of the Company's right, title and interest in the following:

i) Goodwill;
ii) Fixed assets;
iii) Moveable assets;
iv) Benefit of the contracts;
v) Stock;
vi) Business intellectual property rights;
vii) IT systems; and
viii) The records.

The Company has also granted the Purchaser a licence to occupy one of its two leasehold properties.

For the avoidance of doubt, the offer from AWG excluded certain asset categories, principally debtors and the other leasehold property.

Sale consideration

A total sale consideration of £697,000 exclusive of VAT was payable upon completion of the transaction.

An agreement has been reached whereby the Purchaser, with the assistance of our agent, will undertake a stock count in the 5 business days following completion and adjust the stock quantities which underpinned the offer. The impact of the adjustment will give rise to a payment to or from the Purchaser.

A provision has been made in the sale agreement whereby the Purchaser has a right to a refund in respect stock returns or payments made in settlement of Retention of Title ("ROT") claims, up to a maximum of £50,000, in the event ROT claims exceeds a specified level agreed with the Purchaser.

Conclusion

The Joint Administrators are operating on the basis of an objective 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).

They are satisfied that this pre-packaged sale will enable them to achieve this purpose because the pre-packaged sale has generated value which would almost certainly have been lost if a liquidation or break up sale had required to be undertaken.

The Joint Administrators have acted in the best interests of the creditors as a whole when negotiating this pre-packaged sale and are satisfied that the sale price achieved was the best reasonably obtainable in all the circumstances.

Appendix 6 Glossary

AWG	Ashley Wilde Group Limited, parent of the Purchaser
Bank	Clydesdale Bank plc
BP	Burness Paull LLP
Company	Voyage Decoration Limited- in Administration
GMG	GMG Asset Valuation Limited
Joint Administrators/we/our/us	Alistair McAlinden and Blair Nimmo
KPMG	KPMG LLP
Metis	Metis Partners Limited
Secured creditor(s)	Clydesdale Bank plc Amcomri Limited Partnership ("Amcomri")
The Purchaser	Ashley Wilde Designs Limited
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006

Any references in these proposals to sections, paragraphs or rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency (Scotland) Rules 1986 respectively.

Appendix 7 Notice: About this statement of proposals

This statement of proposals ('proposals') has been prepared by Alistair McAlinden and Blair Nimmo, the Joint Administrators of Voyage Decoration Limited – in Administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

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.

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

Alistair McAlinden and Blair Carnegie Nimmo are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration.

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