

To all known creditors

16 August 2018

Our ref: CF.090818.Prestige.SIP16.Creds.Proposals

Dear Sirs

**Prestige Hotel Reservations Limited – in administration (“the Company”)**

**Why you have received this letter**

The Company’s records show that you may be owed money by the Company. Therefore I am writing to tell you that, as shown on the enclosed notice, Peter Dickens and I were appointed joint administrators of the Company on 9 August 2018. We will manage the Company’s affairs, business and property as its agents and without personal liability.

I’m also writing to tell you about the sale of part of the Company’s business and assets.

**The purpose of administration**

The statutory purpose of an administration is to achieve one of these objectives:

- (a) rescuing the Company as a going concern, or if that is not possible or if (b) would achieve a better result for the creditors than (a)
- (b) achieving a better result for the Company’s creditors as a whole than would be likely if the Company were wound up (without first being in administration), or finally, if that isn’t possible
- (c) realising the Company’s assets to make a distribution to secured or preferential creditors.

In this case, we are pursuing objective (b) as it wasn’t possible to rescue the Company as a going concern.

**Sale of part of the business**

I’m pleased to tell you that on 9 August 2018 part of the Company’s business and assets were sold to Mawasem Limited trading as Clarity (“Clarity” or “the Purchaser”). Details of the sale are in the Appendix.

The sale enables the statutory purpose of the administration to be achieved and was the best available outcome for creditors as a whole, in the circumstances. The sale has resulted in all 16 employees transferring to Clarity which will reduce the level of preferential and unsecured claims against the Company, improving the overall outcome for creditors and increasing the potential level of distribution to creditors of the Company.

A process to seek a going concern sale of the Company as a whole was explored prior to appointment. The Purchaser was approached as part of that process given their existing presence in the sector. Whilst that process was not successful, the Purchaser remained interested in parts of the business and its assets, leading to the sale concluded with the administrators.

The Purchaser is an unconnected party and therefore hasn’t approached the Pre-Pack Pool, the body of experienced business people set up in response to a series of recommendations contained in an independent review of pre-packaged administrations (the Graham Review) to provide an independent opinion on pre-packaged administration sales to connected parties.

If you are a supplier or customer with queries in relation to future bookings placed with the Company, please contact Clarity directly. We understand that Clarity will be making contact with all relevant parties shortly.

For avoidance of doubt, any bookings that commenced prior to appointment were not transferred to Clarity and any amounts due in relation to those bookings will rank as an unsecured claim in the administration. The Company has ceased to trade and will not provide any services from the date of appointment. Any queries in relation to future bookings should be referred to Clarity as they will continue to provide these services going forwards.

### **What you're owed**

It is unclear whether there will be any distribution to preferential or unsecured creditors of the Company at this early stage of the administration process.

At this stage if you have a claim against the Company we would ask that you please complete the attached proof of debt form and return it to the Company at the address at the foot of this letter.

If your claim includes VAT, you may be able to obtain VAT bad debt relief six months after your supply. Your local VAT office can help you with this.

### **How we report to creditors**

Our proposals setting out how we intend to achieve the purpose of administration are attached.

### **Your rights as creditors**

Our appointment means that you can't start or continue legal action, enforce security or repossess any goods held by the Company unless we agree or the court allows it.

You can find information on administrators' fees and your rights at:

[https://www.icas.com/\\_data/assets/pdf\\_file/0015/2265/Creditors-Guide-to-Administrators-Renumeration-ICAS.pdf](https://www.icas.com/_data/assets/pdf_file/0015/2265/Creditors-Guide-to-Administrators-Renumeration-ICAS.pdf)

Please contact James Crowther on 0113 289 4076 or at [prestige.enquiries@uk.pwc.com](mailto:prestige.enquiries@uk.pwc.com) if you'd like a paper copy free of charge or have any questions.

### **Directors' conduct**

One of our duties is to look at the actions of anybody who has been a director of the Company in the three years before our appointment. We also have to decide whether any action should be taken against anyone to recover or contribute to the Company's assets. If you think there is something we should know about, please complete the relevant sections of the enclosed questionnaire on directors' conduct. This is part of our normal work and doesn't necessarily imply any criticism of the directors' actions.

Yours faithfully  
For and on behalf of the Company



Peter Dickens  
Joint administrator

Enclosures: Form 2.11B – notice of administrators' appointment

*Graham Douglas Frost and Peter David Dickens have been appointed as joint administrators of Prestige Hotel Reservations Limited to manage its affairs, business and property as its agents without personal liability. Graham Douglas Frost is licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland. Peter David Dickens is licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales. The joint administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.*

*The joint administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the joint administrators. Personal data will be*

*kept secure and processed only for matters relating to the joint administrators' appointment. Further details are available in the privacy statement on the [PwC.co.uk](http://PwC.co.uk) website or by contacting the joint administrators.*

## APPENDIX

### Information regarding the sale of part of the business and assets of Prestige Hotel Reservations Limited on 9 August 2018 as required by Statement of Insolvency Practice No.16.

Background	<p>Prestige Hotel Reservations Limited (“the Company”) was incorporated on 5 July 1999. The Company’s main trading activity was to provide hotel bookings and reservations to its clients for corporate travel and events purposes. The Company had 16 employees and operated from one leasehold office in Stockport.</p> <p>The Company’s main asset was its customer book and goodwill. The Company has limited fixed assets with nominal realisable value.</p> <p>The Company received funding support from its parent company, Monument Leisure (Holdings) Limited (“Monument”). Bank of Scotland Plc held a debenture giving fixed and floating charge security over the Company’s business and assets, however this was in relation to a legacy facility and we understand there were no amounts due to the Bank as at the date of the administration appointment. We understand that Monument had been the sole provider of funding required by the Company in recent years.</p> <p>The Company grew its client base rapidly, which in turn generated increased revenues, which were forecast to reach £1.2m in FY18.</p> <p>In February 2018 the Company installed a bespoke reservation system, which was intended to be more user friendly and create further trading efficiencies. However, implementation issues had an adverse impact on the Company’s finance function, leading to delayed invoicing and uncertainty over creditor liabilities. In turn, this had an adverse effect on cash flow.</p> <p>The Company directors sought additional funding from its existing investor in the first instance, but Monument did not provide this. The Company directors therefore tried to find a buyer for the Company. This sale process began on 19 July 2018 and ran for a period of approximately two weeks (due to there being limited cash available). Expressions of interest were received, but it is likely that the uncertainty around forecast performance meant no offers were received. With no prospect of a Purchaser for the Company, the Company’s directors considered alternative options and commenced planning for the Company’s insolvency.</p> <p>One of the interested parties from the above sale process, Mawasem Ltd (trading as Clarity) (“Clarity” or “the Purchaser”) advised that it would be interested in a purchase of the Company’s customer agreements and transfer of employees to retain continuity of relationships and service. The Purchaser is an entity with similar business activities to the Company. The Company directors resolved to place the Company into administration to effect the part pre-packaged sale on 9 August 2018 and on appointment the administrators immediately effected the pre-pack sale to Clarity.</p>
The administrators’ initial introduction	Peter Dickens of PricewaterhouseCoopers LLP was initially introduced to the Company in July 2018. The initial engagement dated 6 July 2018 was to briefly assess the financial position (including the short term cash flow requirement).
The extent of the administrators’ involvement before the appointment	<p><b>PwC Involvement</b></p> <p>6 July 2018 – PwC was instructed to perform a brief review in relation to the Company’s cash flow issues.</p> <p>19 July 2018 - The Company instructed PwC to run a sales process, which was unsuccessful. There was therefore then insolvency planning, which concluded on 8 August 2018.</p>
Alternative options considered by the directors before formal insolvency and by the administrators on their	1) The options considered by the directors prior to appointment

appointment and during the administration and the possible outcome(s) of the alternative options, including why it was not appropriate to trade the business and offer it for sale as a going concern during the administration

- a) Trade out of difficulties - due to the deterioration of working capital and mounting creditor pressures, the Company's directors considered this was not a viable option without further funding.
- b) Additional funding from existing investor - Monument chose not to advance any further funding.
- c) Solvent sale - the Company instructed PwC on 19 July 2018 to run a brief process to achieve a solvent sale. Despite expressions of interest being received from third parties, no offers for the Company or business were made.

One of the interested parties from the sale process, Clarity, approached the directors and made an offer for the customer list and the employees of the Company. This represented the only offer received and negotiations began as a result.

- 2) The options considered by the Administrators prior to appointment

- ***Placing the Company into administration and trading whilst a buyer for the business and assets was sought***

Trading the business and offering it for sale as a going concern was not considered a viable option. The administrators would have found it very difficult to trade as the support of customers and suppliers could not be guaranteed. There was a significant risk that duress payments would have been required for suppliers, providing significant funding requirements for the administration. There was no available source for this funding. Professional costs would have been significantly higher than under the route followed.

The prior sale process did not result in significant interest in the business as a going concern. It was considered very unlikely that exploring this option further in administration would result in a different outcome, or identify a buyer who would offer any more than the offer made by Clarity.

It was also considered that a lower value for the customer list would have been achieved in a trading administration, as the goodwill of the business would have been significantly impaired.

If trading on had not resulted in any sale of part or all of the business, there would have been redundancies, which would have resulted in higher preferential and unsecured employee claims in the administration than those resulting under the sale to Clarity, where employee claims have been mitigated.

- ***Placing the Company into Liquidation***

Whether as a result of creditor action or voluntary steps taken by the Company, a consequence of liquidation would have been an immediate cessation of trade. By not being able to sell the business, this would result in a significantly worse outcome for the creditors as the value of the customer list would have been depleted as all goodwill would have been lost.

In addition all employees would have been made redundant resulting in higher preferential and unsecured creditor claims from former employees.

- ***Company voluntary arrangement ("CVA")***

The increasing cash pressures facing the business and the lack of additional sources of funding to enable trading to continue meant this was not a viable option.

- ***Why a pre-pack is the best result for the Company's creditors***

- Employees were transferred to Clarity, reducing preferential creditor claims.
- Mitigates disruption for customers by providing continuity of service, which in turn likely reduces the level of unsecured claims in the administration, and
- Consideration of £15,000 plus VAT received into the administration for the transfer of assets, which would likely have had £nil value in other scenarios.

Whether efforts were made to consult major or representative creditors	<p>Some key customers were spoken to during the planning phase of the sale. The Company is in an unusual situation where a number of its customers may also be creditors of the Company (the customers pay the Company, who in turn make the reservation and pay the hotel or event provider). Given the situation it was important for the Purchaser to have initial discussions with the top two customers to assess if they would be supportive of a future trading relationship.</p> <p>Monument, being a large creditor of the Company was aware of the strategy and was consulted appropriately.</p> <p>Wider communication to creditors pre-appointment could have significantly devalued this asset and eroded goodwill.</p>
Requests made to potential funders to fund working capital requirements	<p>No formal requests to traditional lending institutions were made. The lack of balance sheet assets and the cash flow position, alongside with the limited timetable, meant this was an unattractive proposition for any prospective lender and it was not considered appropriate to invest resources in pursuing this option given the likely outcome.</p> <p>The existing investors were recipients of the findings of the above-mentioned brief financial review. They, and the ultimate shareholders of the Company, were unwilling to provide any additional funding.</p> <p>An accelerated sale process was undertaken from 19 July 2018, which failed to identify any parties interested in completing a purchase of the shares of the Company and/or subsequently fund working capital.</p>
Details of registered charges with dates of creation	<p><b>Charge holder:</b> Bank of Scotland  <b>Type of charge:</b> Fixed/pledge over account  <b>Assets charged:</b> All sums due or to become due  <b>Date of creation:</b> 21 October 2008</p> <p><b>Charge holder:</b> Bank of Scotland  <b>Type of charge:</b> Floating  <b>Assets charged:</b> All sums due or to become due  <b>Date of creation:</b> 7 January 2008</p> <p>Prior to appointment, we received confirmation from Bank of Scotland Plc that there are no sums outstanding from the Company in relation to these charges as at the date of appointment. These charges should have been historically removed.</p>
Whether or not the business or business assets have been acquired from an insolvency practitioner within the previous two years	No
Marketing activities conducted by the Company and / or administrators	<p>As part of the sales process, the Company was marketed to eight companies identified by the Managing Director of the Company as the most likely parties to have an interest in the Company, or its business and assets. These parties had the pre-requisite sector knowledge and offered the appropriate services to be able to satisfy the existing customer base, and most closely replicate the service offering the Company currently provides. In addition, the primary value of the business was in its blue chip customer base. These customers have specific service needs which many competitor companies do not provide. This limited the market for potential Purchasers.</p> <p>This process identified only one party, Clarity, which had an interest and the ability to complete a transaction in the short timescale available. However, Clarity were not interested in pursuing a purchase of the Company as a solvent entity. It had an interest only in certain assets of the Company.</p>
Valuer's details	<p>Valuers were not instructed to value the assets given the nature of what was being sold (customer contracts and goodwill are difficult to value).</p> <p>The Purchaser was the only identified interested party. Due to the resulting TUPE liabilities resulting from all employees transferring to Clarity, Clarity initially only offered £1 for the Company's assets. It increased this offer to £15,000 plus VAT.</p>
Valuations of the business or the underlying assets	N/A –See above on marketing process

The date of the transaction	9 August 2018
The identity of the Purchaser(s)	Mawasem Limited trading as Clarity.
Whether the Purchaser was independently advised	The Purchaser was advised by its own independent legal advisors, Weightmans LLP.
Any connection between the Purchaser(s) and the directors, shareholders or secured creditors of the Company or their associates	No connection.
The names of any directors, or former directors (or their associates), of the company who are involved in the management, financing, or ownership of the purchasing entity, or of any other entity into which any of the assets are transferred	None
Whether the directors had given guarantees to a prior financier	Not that we are aware.
Whether the transaction impacts on more than one related company	No
Details of the assets involved and the nature of the transaction	<p><b>Assets sold:</b> Goodwill, contracts / customer list (17 customers in total), work in progress / associated order book.</p> <p><b>Employees:</b> All Company employees have transferred to Clarity under TUPE. The only employee related claim against the Company in administration is expected to be from the Redundancy Payments Service to the extent they meet any of the employee's arrears of wages. Clarity will meet the shortfall of the employee's arrears of wages.</p> <p><b>Excluded assets:</b> All other assets, including book debts, cash at bank, property lease, third party assets and refunds will realised in the administration estate.</p>
The consideration for the transaction, terms of payment, and any condition of the contract that could materially affect the consideration	<p>£15,000 plus VAT paid 9 August 2018 by Clarity.</p> <p>In addition all employees transferred to Clarity on 9 August 2018, mitigating potential redundancy claims, employees will be invited to apply to the Redundancy Payments Service for any arrears of wages up to and including 9 August 2018. Clarity will meet any shortfall.</p>
Any options, buy-back arrangements, deferred consideration or similar conditions attached to the transaction	None
If the sale is part of a wider transaction, a description of the other aspects of the transaction.	The sale is not part of a wider transaction.
Connected party transactions	No connected party transactions known.
The sale and the purpose of administration	<p>The statutory purpose of administration is to achieve one of these objectives:-</p> <p>(a) rescuing the Company as a going concern, or if that is not possible or if (b) would achieve a better result for the creditors than (a)</p> <p>(b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or finally, if that is not possible</p> <p>(c) realising the Company's assets to pay a dividend to secured or preferential creditors.</p>

	<p>In this case, the joint administrators are pursuing objective (b) as it was not possible to rescue the Company as a going concern.</p> <p>The joint administrators confirm that the pre-packaged sale enables the statutory purpose to be achieved on the basis that the offer accepted was the best offer received for the Company's business and assets, despite previous attempts to achieve a solvent sale of the Company. In addition the sale achieved has ensured the continued employment of all employees, mitigating employee claims in the administration. The continuity of services has also likely mitigated claims that could otherwise have arisen from customers.</p> <p>The joint administrators confirm that the outcome was the best available for creditors as a whole in all the circumstances.</p>
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The Insolvency Act 1986

# Notice of administrator's appointment

Pursuant to paragraph 46 of Schedule B1 to the Insolvency Act 1986 and Rule 2.19 of the Insolvency (Scotland) Rules 1986

Name of Company Prestige Hotel Reservations Limited
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Company Number SC197811
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We (a) Graham Douglas Frost and Peter David Dickens  
give notice that we were appointed as administrators of the above company on:

(a) Insert full name(s) and address(es)	(b) 9 August 2018
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and attach a copy of the administration order / notice of appointment.

\*Delete as applicable

Signed   
Dated 15 August 2018

(b) Insert date

Peter David Dickens  
Joint Administrator (IP No 13210)

**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

James Crowther	
PricewaterhouseCoopers LLP	
Central Square	
29 Wellington Street	
Leeds	
LS1 4DL	
Tel 0113 289 4076	
DX Number	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House receipt date barcode

**Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF  
DX 235 Edinburgh / LP 4 Edinburgh-2**