

TO ALL KNOWN CREDITORS

16 October 2024

Ref: TRS/JS/TV/AT/AH/RIDG01

Email:  
ridgewallgroupadministration.uk.ey.com

Dear Sirs

**Ridgewall Limited (“Ridgewall”), Nomis Connections Limited (“Nomis”), QDOS SBL Group Limited (“QDOS”), Telnet International Limited (“Telnet”) Connecting London Limited (“CLL”) (all in Administration) (together “the Group”)**

**Trading addresses: Gilmoora House, 57-61 Mortimer Street, London, W1W 8HS and 1 Beta Terrace, West Road, Suffolk, IP3 9FE**

On 9 October 2024 the (“Date of Appointment”) the Group entered Administration and T G Vance and I were appointed to act as Joint Administrators. The appointment was made by the Director under the provisions of paragraph 22 of Schedule B1 to the Insolvency Act 1986. I attach formal notice of our appointment for your information.

As licensed insolvency practitioners, we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Administrations.

**Sale of the business**

On 9 October 2024, the Joint Administrators completed a sale of the business and certain assets of the Group to Innovaro Technology Limited (“the Purchaser”), for a total consideration of £250,000.

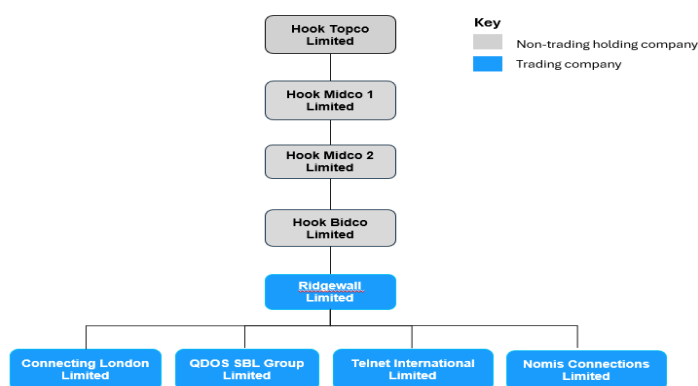
This is a connected party transaction, as the sole director and controlling party of the Purchaser, Mr Alexander Tillisch, is also a director of the companies in Administration.

In accordance with Statement of Insolvency Practice 16 (“SIP 16”), a detailed explanation of the transaction is set out below.

**Background, causes of insolvency and circumstances giving rise to the appointment of Joint Administrators**

- ▶ The Group is a managed services and cybersecurity provider, specialising in addressing the technology needs of SME customers. It also has a niche in the hospitality sector. The Group is headquartered in London, with two premises in Ipswich, and employs 70 employees.
- ▶ A controlling interest in the Group was acquired by Inflexion Private Equity Partners LLP through its Inflexion Enterprise Fund (“Inflexion”) in November 2019.

The Group structure is set out below. Our appointment as Administrators only relates to the 5 trading entities referred to above. The Holding companies do not trade and as far as we are aware do not have any realisable assets.



- ▶ The Group has faced a number of challenges in recent years including;
  - ▶ The impact of Covid-19 a short number of months after the acquisition. Given the Group's focus on the hospitality sector, the pandemic had a severe impact on the Group's customers and trading performance;
  - ▶ The Group encountered a number of service-related issues following Covid-19 which resulted in heightened levels of customer churn;
  - ▶ The loss of a number of key customers who accounted for a significant proportion of revenue and profitability.

As a result of the above, the Group's profitability declined and the EBITDA generated in FY21 and FY22 was insufficient to cover (i) exceptional costs, (ii) interest and (iii) HMRC arrears that had accumulated during Covid. It was therefore necessary for Clydesdale Bank ("the Bank") to agree revised covenants and also defer loan repayments.

As a result of cost savings, the EBITDA of the Group increased to £0.8m in FY23 however the Group remained under cash pressures and required the continued flexibility of both HMRC and the Bank. A summary of the recent trading performance is set out below;

P&L (£'000)	FY21A	FY22A	FY23A	FY24YTD*
<b>Total Revenue</b>	<b>18,829</b>	<b>17,635</b>	<b>16,214</b>	<b>7,425</b>
Cost of Sales	(10,476)	(10,293)	(9,109)	(4,267)
<b>Total Gross Profit</b>	<b>8,354</b>	<b>7,341</b>	<b>7,105</b>	<b>3,158</b>
Staff costs	(6,377)	(6,016)	(5,073)	(2,501)
Other overheads	(1,717)	(1,222)	(1,217)	(481)
<b>EBITDA</b>	<b>260</b>	<b>104</b>	<b>815</b>	<b>177</b>
Exceptionals	(953)	(1,168)	(757)	(236)
Interest, Depreciation and amortisation	(10,613)	(10,742)	(10,327)	(6,030)
<b>PBT</b>	<b>(11,306)</b>	<b>(11,807)</b>	<b>(10,269)</b>	<b>(6,090)</b>

*Note: The above is the consolidated position of Hook Topco Limited*

*\*YTD: 6 months to 30 June 2024*

## Sale Processes

- ▶ In 2023, EY were instructed to pursue a sale of the Group. The rationale at this time was the business' performance had been stabilised, EBITDA was growing and the Group was positioned for growth with new investment. In addition, a sale to a trade party could yield significant synergies.
- ▶ During this process 29 trade buyers were approached. The level of interest expressed was disappointing and although two non-binding indicative offers were received, they were based on a forecast trading outturn for FY23 which by that time was recognised as unlikely to be achieved. Therefore, it was decided to pause the process.

In early 2024, trading performance was below expectation and, following the filing of the 2022 audited accounts, certain credit lines were withdrawn by suppliers. This resulted in further cash pressures and also impacted the trading performance further.

EY was engaged on 31 July 2024 to commence an accelerated sale process ("AMA") which resulted in the sale of the business and assets to the Purchaser, further details of which are set out below.

## Marketing of the business and assets

The Group has conducted a thorough marketing process leveraging the knowledge and interest shown in the previous sale process. During the marketing process, 45 parties were approached, including trade buyers and financial buyers (including distressed investors).

This list was compiled with the assistance of the Group's management and shareholders as well as EY's Technology M&A network.

Of these parties, 17 parties expressed an initial interest and entered into non-disclosure agreements and thereafter received an Information Memorandum ("IM") and access to a virtual data room that contained supporting evidence to the IM and other essential information potential bidders would need.

Calls and meetings with management were held with the interested parties following their review of the IM. The deadline for initial offers was 25<sup>th</sup> September 2024.

In our opinion the marketing process has been sufficiently thorough, with the process lasting over two months, which was time constrained by the Group's cash position. It was also proportionate to the nature and size of the business.

The marketing has complied with the "Marketing Essentials" set out in SIP 16 in all aspects other than the use of "Connectivity", with no online communication being used to market the business. It is our view that this medium would not have been appropriate for the circumstances for the following reasons:

- ▶ If the business had been advertised to a general audience, there was a risk that customers and suppliers would become aware of the Group's financial position which could have impacted the ability to continue to trade; and
- ▶ The sale process needed to be conducted quickly and was focused on trade parties and financial buyer/distressed investor who were likely to be interested and be able to perform within short timescales

As such, the process was focused on parties who were likely to be interested and be able to execute a transaction within those timescales.

- ▶ The Joint Administrators consider that the marketing process has been sufficiently thorough to complete the transaction upon appointment, as the alternative course of action was an immediate closure of the business which would have resulted in a significantly worse outcome for creditors and other stakeholders. It would also have crystallised employee claims estimated to be c. £1m.

## **Offers Received**

By 5 September 2024, two indicative offers had been received under the AMA process, both on the basis of a pre-packaged administration sale. The offers are summarised as follows:

- ▶ *Party 1 - offered £2.0m for the Trade & Assets of the Group excluding the debtor book.*
- ▶ *Party 2 - offered £2.0m to £2.5m for the Trade & Assets of the Group including the debtor book.*

Following the original deadline two further offers were received as follows:

- ▶ *Party 3 - consideration of £100k for the business and assets + 15% of profits during the first 18 months.*
- ▶ *Party 4 – consideration of £100k for the business and assets.*

Following receipt of these offers, it was agreed with the directors and CYB that the offers from Party 1 and Party 2 would be progressed to allow further focused due diligence and final offers be submitted.

Following further discussions with these parties and provision of further information;

- ▶ *Party 1 initially reduced their offer and subsequently it was withdrawn, sighting concerns regarding the Group's most recent trading performance and the extent of certain balance sheet*

*liabilities. Discussions continued with this party and revised offers were discussed, however in our view these were less attractive than the offer from Party 5 (see below).*

- ▶ *Party 2 did not reconfirm their offer. Discussions also continued with this party and a revised offer was discussed, however in our view this was less attractive than the offer from Party 5 (see below).*
- ▶ *Party 5 (the Purchaser) – a new offer was received for £250k (excluding trade debtors) on a pre-packaged Administration basis, including an agreement to collect the trade debtors for the Benefit of the Administration, with no fee to be charged by the Purchaser.*

By this stage the Group's liquidity position was such that a sale needed to be completed within a short number of days. If a sale could not be completed in this timescale, it is likely that the business would immediately cease trading on Administration.

As Party 5 was already familiar with the business, there was a realistic prospect of completing a sale in a short number of days. As noted above, the sale to the Purchaser completed on 9 October 2024.

A further offer was also received from Party 4 for £500k shortly before completion. This party has declined to sign an NDA and therefore has not been included in the process or received up to date information regarding the financial position of the Group. There was also no detail whatsoever with the offer which was requested. Following discussions with CYB it was agreed that we would proceed to complete the transaction with Party 5 as this was considered to have less deliverability risk in the timescales available

### **Alternatives to the transaction**

The proposed Joint Administrators have considered the outcome from alternative scenarios to accepting the Purchaser's offer, specifically, trading the business on in Administration, or realising the assets via a wind down or liquidation strategy.

It was concluded that it was not viable to continue to trade the business in Administration due to:

- ▶ The Group had already been extensively marketed and the level of interest was limited. It was therefore considered unlikely the position would change post-administration;
- ▶ The most recent trading results were loss-making. Any trading period would have required additional funding which was not readily available and would have led to a high likelihood that the outcome for the body of creditors would be worse than the proposed offer;
- ▶ The Group generated profits and cash flow from leasing deals and it was unlikely these would be possible in an administration scenario further increasing the likely trading losses.
- ▶ Reliance on certain key suppliers who had significant outstanding debts and with uncertainty as to whether they would continue to supply in Administration;

It was therefore concluded that trading the business in Administration would likely result in a lower return to creditors than the proposed sale.

It was considered the proposed sale offered the best financial outcome for the secured and preferential creditors, especially when taking account of the TUPE of the employees to the Purchaser, which would avoid the crystallisation of the liabilities estimated to be c.£1m and protects the jobs of the employees.

It was also concluded that realising the Company's assets in a wind down scenario would have resulted in lower net realisations for creditors compared with management's offer. The main asset is the trade debtors (c.£1.0m). In a wind-down scenario, the services to customer would be terminated following Administration and as a result it is unlikely that the customers would have settled outstanding debtors. The only tangible assets are office equipment (c.£80k NBV) and stock (c.£215k NBV). The realisable assets of both in a break-up scenario would be modest. This position is supported by a valuation received from Hilco showing an ex-situ valuation of the tangible assets of £30k (see below for details).

Accordingly, immediately following appointment as Administrators on 9 October 2024, the business and assets of the Company were sold to the Purchaser for £250k.

### **Consultation with major creditors**

The secured creditors of the Group are Clydesdale Bank Plc ("CYB") and Inflexion Private Equity Partners LLP (as Security Trustee). The Group has the following registered charges:

<b>Company</b>	<b>Date of creation of charge</b>	<b>Date of registration of charge</b>	<b>Details of charge</b>	<b>Name of charge holder</b>
Ridgewall Limited	13 December 2018	19 December 2018	Fixed & Floating Charge security over all the property or undertakings of the Company	Clydesdale Bank PLC
Ridgewall Limited	13 December 2018	20 December 2018	Fixed Charge security	Clydesdale Bank PLC
Ridgewall Limited	28 January 2019	4 February 2019	Fixed Charge security	Clydesdale Bank PLC
Ridgewall Limited	10 April 2019	23 April 2019	Fixed Charge security	Clydesdale Bank PLC
Ridgewall Limited	31 October 2019	5 November 2019	Fixed & Floating Charge security over all the property or undertakings of the Company	Inflexion Private Equity Limited (as Security Trustee)
QDOS SBL Group Limited	31 July 2020	3 August 2020	Fixed & Floating Charge security over all the property or undertakings of the Company	Clydesdale Bank PLC
QDOS SBL Group Limited	3 August 2020	10 August 2020	Fixed & Floating Charge security over all the property or undertakings of the Company	Inflexion Private Equity Limited (as Security Trustee)
Connecting London Limited	13 December 2018	20 December 2018	Fixed & Floating Charge security over all the	Clydesdale Bank PLC

			property or undertakings of the Company	
Connecting London Limited	31 October 2019	5 November 2019	Fixed & Floating Charge security over all the property or undertakings of the Company	Inflexion Private Equity Limited (as Security Trustee)
Telnet International Limited	28 January 2019	4 February 2019	Fixed & Floating Charge security over all the property or undertakings of the Company	Clydesdale Bank PLC
Telnet International Limited	31 October 2019	5 November 2019	Fixed & Floating Charge security over all the property or undertakings of the Company	Inflexion Private Equity Limited (as Security Trustee)
Nomis Connections Limited	10 April 2019	23 April 2019	Fixed & Floating Charge security over all the property or undertakings of the Company	Clydesdale Bank PLC
Nomis Connections Limited	31 October 2019	5 November 2019	Fixed & Floating Charge security over all the property or undertakings of the Company	Inflexion Private Equity Limited (as Security Trustee)

We consulted with CYB who are the first ranking secured creditor and the only secured creditor with a financial interest in the offers given their values. We also consulted with Inflexion by virtue of it having representation on the board of Hook Topco Limited. The secured creditors consented to the transaction (releasing relevant security to effect the sale).

No direct consultations took place with other creditors given the outcome pursued already resulted in the best outcome for creditors.

### **Statutory purpose of Administration**

The purpose of an Administration is to achieve one of three objectives:

- a) To rescue the company as a going concern.
- b) To achieve a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration).
- c) To realise property in order to make a distribution to one or more secured or preferential creditors.

The objective being pursued is b) to achieve a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration).

The sale of business and certain assets enables this objective to be achieved through delivering a better outcome than would have been achieved through a winding up.

### **Valuation of the business and assets**

As previously highlighted, the main asset of the Group is its customer contracts. The value of these has been tested via the marketing process as set out above and we are satisfied that market value has been obtained.

The Group has limited amounts of tangible assets being office equipment and stock. Hilco Valuation Services ("Hilco"), who are RICS accredited, were instructed to value these assets. Hilco confirmed its independence and that they carry adequate professional indemnity insurance. They indicated the following values:

Item	In-situ (£)	Ex-situ (£)
Stock (QDOS)	80,000	25,000
Stock (Ridgewall)	9,000	3,500
Stock (Nomis)	6,000	2,000
Stock (Connecting London)	150	50
Stock (Telnet)	70	30
Office Equipment & IT (Group)	4,000	1,500
<b>Total</b>	<b>£99,220</b>	<b>£32,080</b>

On an overall basis, Hilco considers that the offer is in excess of the realisations that could be achieved on an ex-situ basis after taking account of the costs of realisation.

As previously stated, the sale was completed on 9 October 2024, immediately upon the Group entering Administration. Further details of the transaction are given below:

### **The purchaser and related parties**

The sole director and controlling party of the Purchaser, Mr Alexander Tillisch, is also a director of the companies in Administration. The purchaser has been made aware of the requirement of SIP16 and the restrictions under S216 and S217 of the Insolvency Act.

A copy of the independent Evaluators report, dated 7 October 2024, obtained by the Purchaser is attached. The evaluator has confirmed they hold professional indemnity insurance and have the relevant knowledge, experience and independence to provide this report.

The Evaluator has concluded that the consideration and grounds for the disposal are reasonable and therefore the Administrators are able to progress this transaction.



We are not aware of any guarantees given by the directors of the Company for amounts due from the Company to a prior financier, or that a prior financier is financing the new business.

### **The assets**

The assets sold comprise the following:

Description of asset	Purchase consideration (£)
Customer database	150,000
Stock & WIP	74,459
Fixtures & Fittings	25,521
Business IPR including the trading name and web site domain name	5
Contracts	5
Goodwill	5
Seller's records	5
<b>Total</b>	<b>£250,000</b>

### **Sale consideration**

The sale consideration is £250k, with £100k to be paid upon completion. The remaining £150k is to be paid six months following the transaction date, on 9 April 2025. The deferred consideration is secured by a debenture.

The consideration has been allocated between the fixed and floating charges in accordance with the existing registered charges and apportioned as follows:

Category of asset	Allocated to fixed charge realisations (£)	Allocated to floating charge realisations (£)	Total (£)
Customer database	150,000	-	150,000
Stock & WIP	-	74,459	74,459
Fixtures & Fittings	-	25,521	25,521
Business IPR including the trading name and web site domain name	-	5	5
Contracts	-	5	5
Goodwill	-	5	5
Seller's records	-	5	5
<b>Total</b>	<b>150,000</b>	<b>100,000</b>	<b>250,000</b>

*Note – allocation subject to legal advice re security*

**Significant assets not included in the sale agreement**

The Group's trade and other debtors, certain prepayments, cash and cash in transit were excluded from the sale. These assets and the strategy for realisations will be discussed in the Joint Administrators Statement of Proposals.

Given the short period since our appointment, we do not currently have a clear estimate of what the related realisations from the excluded assets may be. We shall therefore provide further updates in our future progress reports.

**Initial introduction to the Group**

We were first introduced to the Group by Inflexion in June 2021 to assess the financial position and trading forecasts of the Group following the aforementioned impact of Covid-19 on the Group's trading performance.

Our scope was extended on February 2022 to include the review of updated trading forecasts, agreement of revised covenants with CYB and also explore the sale of certain entities within the Group which were deemed non-core. Following a change in management team and strategy, this sale process was subsequently aborted.

As referred to above, we were subsequently engaged by the Group in March 2023 to explore a disposal of the entire Group. This process was aborted due to a lack of interest.

In September 2024, following a deterioration in trading performance and cash pressures, we were engaged by the Group to undertake an accelerated sale process.

**Joint Administrators' Statement of Proposals and remuneration**

In accordance with paragraph 49(5) of schedule B1 to the Insolvency Act 1986, we shall be preparing proposals within eight weeks of our appointment. The proposals will be made available to all creditors and will give an indication of the likely dividend prospects.

At this time, we will also set out our proposals for remuneration and will seek approval for the fee basis. The statutory provisions relating to remuneration are set out in Chapter 4, Part 18 of the Insolvency (England and Wales) Rules 2016 (the Rules). Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides>, or is available in hard copy upon written request to the Joint Administrators.

**Creditors' claims**

Please note that debts incurred by the Companies before our appointment will rank as unsecured claims against the Company. Any sums due to the Companies arising after our appointment must be paid in full and without set-off against any debts incurred by the Companies prior to our appointment.

The directors are required to submit a statement of affairs to us and you will appreciate that until this is provided, the full financial position is not yet known.

Should you believe that you are an unsecured creditor and wish to submit a claim against the Companies then please email [ridgewallgroupadministration@uk.ey.com](mailto:ridgewallgroupadministration@uk.ey.com), detailing the nature of your claim.

Certain debts due from the Companies may be preferential in accordance with section 386 of the Insolvency Act 1986. If you consider that you have a claim in this category, please advise me immediately. If you hold any security for your claim or you consider that you have title to any assets in the Groups' possession, please forward details to me as soon as possible.

You may be entitled to VAT bad debt relief on debts arising from supplies more than six months old. This procedure does not involve the Administrators and claims should be made directly to HM Revenue and Customs.

### **Opting out**

Under the provisions of Rule 1.39, creditors have the right to elect to opt out of receiving further documents relating to the Administration.

If you do elect to opt out you will still receive the following documents:

- Any which the Insolvency Act requires to be delivered without expressly excluding opted-out creditors;
- Notice relating to a change in the Administrators, or their contact details;
- Notice of dividend or proposed dividend; or
- A notice which the court orders to be sent to all creditors, or all creditors the particular category to which you belong.

Any election to opt-out will not affect your entitlement to receive dividends, if any are paid.

Unless the Rules provide to the contrary, opting-out will not affect your rights to vote in a decision procedure or participate in a deemed consent procedure, although you would not receive notice of such procedures.

Any opted-out creditors will be treated as opted out in respect of any consecutive insolvency procedure which might follow the Administration.


You may opt-out by delivering an authenticated (e.g. signed) and dated notice to me stating that you are electing to be an opted-out creditor in relation to this Administration. You may at any time revoke this election by delivering to me an authenticated and dated notice stating that you no longer wish to be an opted-out creditor.

### **Other matters**

If there are any matters concerning the Companies' affairs which you consider may require investigation and consequently should be brought to our attention, please forward the details to me in writing as soon as possible.

If you require any further information or explanation, please do not hesitate to contact at [ridgewallgroupadministration@uk.ey.com](mailto:ridgewallgroupadministration@uk.ey.com)

Yours faithfully  
for the Company



J P Sumpton  
Joint Administrator  
Enc: Evaluator's report  
Notices of Appointment

Jonathan P Sumpton is licensed in the United Kingdom to act as an Insolvency Practitioner by Insolvency Practitioners Association. Timothy G Vance is licensed in the United Kingdom to act as an Insolvency Practitioner by The Institute of Chartered Accountants of Scotland. As Insolvency Practitioners, they are bound by the Insolvency Code of Ethics in carrying out all professional work relating to the appointment.

The affairs, business and property of the Companies are being managed by the Joint Administrators, Jonathan P Sumpton and Timothy G Vance who act as agents of the Companies only and without personal liability.

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



# EVALUATOR'S REPORT

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

**Ridgewall Limited, Connecting London Limited, QDOS SBL  
Group Limited, Telnet International Limited and Nomis  
Connections Limited**

Date of Report: 7 October 2024

Prepared by:

Compass Evaluator Reports Limited  
James House, Yew Tree Way  
Golborne, Warrington  
WA3 3JD

Company Number 13288603

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### The following abbreviations or references are used in this report:

The Act:	The Insolvency Act 1986 (as amended)
The Regulations:	The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021. Unless otherwise stated, any reference to 'Regulation' within this document is a reference to this legislation.
The Companies/Group:	Ridgewall Limited, Connecting London Limited, QDOS SBL Group Limited, Telnet International Limited and Nomis Connections Limited.
Substantial Disposal:	This has the meaning given to it in Regulation 3, i.e., a disposal, hiring out or sale to one or more connected persons during the period of 8 weeks beginning with the day on which the company enters administration of what is, in the administrator's opinion, all or a substantial part of the company's business or assets and includes a disposal which is effected by a series of transactions.
Relevant Property:	This means the property being disposed of, hired out or sold as part of the Substantial Disposal as defined in Regulation (See Section 5.)
Connected Person(s):	As defined in paragraph 60A (3) of Schedule B1 of the Act. (See Section 4.)
Proposed Administrators:	John Sumpton and Tim Vance from Ernst & Young LLP who are licenced Insolvency Practitioners, authorised and regulated by the ICAEW and ICAS respectively.
Valuation agents:	Jason Hall from Hilco Valuation Services – an industry specialist valuation and asset realisation business – valued the Companies tangible assets.  The valuation agents possess the requisite knowledge of the market for the type of asset being valued and the skills and understanding necessary to undertake the valuation competently.
Purchaser:	Innovaro Technology Ltd.
Secured Creditors:	Inflexion Private Equity Limited (Inflexion) and Clydesdale Bank PLC.
TUPE:	Transfer of Undertaking (Protection of Employment) Regulations 2006.
Inflexion:	Inflexion Private Equity Partners LLP, majority shareholder and Secured Creditor of the Companies.

## **1. INTRODUCTION AND BACKGROUND**

- 1.1. I, Kevin Murphy, Managing Director of Compass Evaluator Reports Limited, confirm that I meet the requirements for acting as an Evaluator specified in Part 3 of the Regulations.
- 1.2. This report has been requested by the Purchaser (via Alexander Tillisch as director). The Purchaser is considered a Connected Person in relation to the Substantial Disposal of the Companies.
- 1.3. I am required to determine whether I am satisfied that the consideration to be provided for the Relevant Property and the grounds for the Substantial Disposal are reasonable in the circumstances.
- 1.4. The Companies operate as managed services and cybersecurity providers, specialising in addressing the technology needs of SME customers.
- 1.5. The Companies were historically profitable and were acquired by Inflexion in November 2019 with the intention to then use the Companies as a platform for a future buy and build strategy. The acquisition was funded in part by debt, which has created a strain on cashflow, with significant loan notes still outstanding. However, as the Companies had a unique connection to the hospitality sector the timing of the acquisition was unfortunate as it was almost immediately impacted by the Covid-19 pandemic ("Covid"). This significantly impacted the Companies revenue and profitability.
- 1.6. Once the hospitality sector had reopened, the Companies became overwhelmed with customer requests which they struggled to fulfil on a timely basis, which led to damaged customer relationships. Turnover and profits declined significantly as a result.
- 1.7. The decline in revenue led to the Companies being unable to service their debt repayments, instead servicing the interest element only. Further, the shareholders were unwilling to provide further funding to the Companies in their current forms and have been exploring a number of disposal options since the end of 2021 – initially exploring a sale of 2 subsidiaries (QDOS and Connecting London) in late 2021 and early 2022, and subsequently in 2023 looked at a sale of the whole group.
- 1.8. Trading deteriorated and the late filing of the 2022 accounts led to some key suppliers withdrawing credit lines, which created additional cash pressures. The Proposed Administrators have been running an accelerated sale process since late July 2024.
- 1.9. The Companies are currently unable to pay their debts as and when they fall due, and the directors of the Companies – having taken professional advice on the options available - have concluded that the Companies are no longer able to continue trading as going concerns. The appointment of the Proposed Administrators is understood to be imminent.
- 1.10. The Proposed Administrators and have been seeking to maximise realisations from the assets of the Companies and maximise the funds available to creditors of the Companies. Whilst the opportunity to acquire the business and assets has been marketed for sale, an offer – from a Connected Person – is considered the best achievable in the circumstances by the proposed administrators.

## 2. EXECUTIVE SUMMARY

2.1. I have formed the following opinion in this case:

### CASE MADE

I **AM SATISFIED** that the consideration to be provided for the Relevant Property and the grounds for the Substantial Disposal are reasonable in the circumstances.

2.2. The factors considered in forming this opinion are detailed in full within my report at section 6.

## 3. THE REQUIREMENTS FOR ACTING AS EVALUATOR

3.1. I confirm that I meet the requirements for acting as an Evaluator set out in Part 3 of the Regulations.

3.2. I am satisfied that I have the relevant knowledge and experience required to act as Evaluator and I include a summary of my qualifications and experience at Appendix 1.

3.3. The Proposed Administrators have not raised any objections to my suitability as an Evaluator.

3.4. I confirm that I meet the requirements of independence within Regulation 12, as follows:

- I am not connected with the Companies.
- I am not an associate of the Connected Person or connected with the Connected Person.
- I do not know of or have reason to believe that I have a conflict of interest with respect to the Substantial Disposal.
- I have not, at any time during the period of 12 months ending with the date on which this report is made provided advice to, and in respect of, the Companies or a connected person in relation to the Companies –
  - In connection with, or in anticipation of, the commencement of an insolvency procedure under Parts A1 to 5 of the Act, or
  - In relation to corporate rescue or restructuring.

3.5. I am not excluded from acting as an Evaluator for any of the reasons outlined in Regulation 13.

3.6. I confirm that I meet the requirements as to insurance specified in Regulation 11.

3.7. Details of the professional indemnity insurance for Compass Evaluator Reports Limited are as follows:

- Axa Insurance Plc.
- Policy number AC SPI 4331301.
- Expiry date 22 August 2025.
- Professional indemnity cover limit of £1,000,000 for any one claim.
- Risks covered: Misc Professional Indemnity breach of professional duty.
- Exclusions from cover: Misc to include Directors' and Officers' liabilities, deliberate acts and omissions, virus exclusion, dishonesty, and fraud. (Full details available on request.)



#### 4. THE CONNECTED PERSON(S)

4.1. Based on available information, connected persons include the following:

Name of connected person	Nature of the connection
Innovaro Technology Ltd	Purchaser.
Alexander Tillisch	Director of both the Purchaser and the Companies.

#### 5. THE RELEVANT PROPERTY

5.1. The assets being sold are considered to constitute a Substantial Disposal and the tangible assets have been professionally valued by the Proposed Administrator's appointed valuation agents.

5.2. The Purchaser is acquiring whatever right, title and interest the Company has in the following assets:

- Stock (subject to retention of title claims) and work in progress
- Goodwill
- Information Technology
- Business Intellectual Property
- Customer Database and Customer Contracts
- Supplier Contracts
- Plant and Equipment, fixtures and fittings, office furniture

5.3. Total consideration is stated to be £250k, with £100k payable upon completion, with £150k deferred and payable after 6 months.

5.4. The deferred consideration has been secured by way of a debenture over the Purchaser.

5.5. The offer excludes book debts which are significant assets of the Companies. The collection of the debtors will be available to the Proposed Administrators for the benefit of creditors.

5.6. Additional consideration will become payable in the event of an onward sale by the Purchaser within a period of 12 months.

5.7. Title will remain with the Company until full payment has been received.

## **6. THE EVALUATOR'S DECISION**

6.1 In accordance with Regulation 7, I am satisfied that the consideration to be provided for the Relevant Property and the grounds for the Substantial Disposal are reasonable in the circumstances.

6.2 My principal reasons for this opinion are as follows:

- 6.2.1 The tangible assets have been professionally valued by the Proposed Administrator's appointed valuation agents, who possess the requisite knowledge of the market for the type of asset being valued. The other assets have been tested through the marketing campaign. The valuation agents are recognised professionals in the industry and are regulated by the industry professional bodies.
- 6.2.2 The Proposed Administrators have been seeking to maximise realisations from the Companies assets. The Proposed Administrators have carried out a marketing exercise in relation to the business and assets in accordance with the guidance issued in SIP 16. In the timescale available to the Proposed Administrators, necessitated by the Companies financial position and the need to provide certainty to all stakeholders, an offer has been received - from a Connected Person - which is considered the best achievable in the circumstances by the Proposed Administrators.
- 6.2.3 The consideration offered for the tangible assets is in excess of the valuation agents' opinion of the market value of the assets on an ex-situ / cessation of trading basis, after taking into account the realisation and disposal costs in that scenario. In the event of a piecemeal disposal of all assets, the realisations from all categories of assets would be reduced. The proposed sale to the connected person therefore provides for better realisations than would be the case on a break-up. Based on a review of the Proposed Administrators Estimated Outcome Statement, the deal with the Connected Person provides a better outcome for the Secured and preferential creditors, as well as the employees. It will also provides business continuity for customers, to best protect the ledger, and allows for a future trading relationship for suppliers.
- 6.2.4 The 70 employees associated with the business being acquired will transfer under TUPE to the Purchaser, avoiding a significant claim (est c£1m) against the National Insurance Fund.
- 6.2.5 The alternative to the current sale is for the assets to be sold piecemeal and the Companies placed into Liquidation. That will however result in a significant reduction in value for the business and assets of the Companies, given the nature of the Companies activities, and will also lead to increased holding and disposal costs, and increased claims against the Companies.
- 6.2.6 The offer excludes book debts which are a substantial asset of the Companies, and continuity of operations going forward will maximise recoveries and will allow for the maximum recovery for the Proposed Administrators. The debtor's ledger will be collected with assistance (if necessary) being provided by the Purchaser. Continuity of trading will best maximise the realisations from the Companies debtor book.
- 6.2.7 The Purchaser will look to continue to occupy the Companies office space and, in the process, look to mitigate a claim from the landlord in respect of rent and dilapidations.
- 6.2.8 As the consideration is not all payable on completion, I have been provided with projections for the Purchaser which indicates that the Purchaser should be viable and able to meet the deferred consideration payments. The deferred consideration has also been secured by way of a debenture over the Purchaser which is necessary in my view in the event that the Purchaser is not able to meet the deferred consideration payments.

- 6.2.9 The Purchaser has indicated that it will make a number of operational changes and implement efficiency savings where possible to allow the business to be profitable going forwards.
- 6.2.10 The Purchaser has indicated that it will have the funds available to it to provide the necessary working capital. The director and shareholder of the Purchaser has been involved with the Company for some time, and built it up prior to the sale in 2019 to Inflexion, and has the necessary relationships with key customers and suppliers (some of which have c20 year relationships with the Company) to be able to turn the fortunes around post acquisition, without the historic debt burden.
- 6.2.11 The purchaser has identified growth areas, which it plans on targeting post acquisition. I am also advised that the Purchaser will look to recruit new account managers to create new business and support growth in recurring revenues and deliver on the existing sales plan. Additionally, I am advised that there is a solid sales pipeline for the next 12 months and a number of larger opportunities also.
- 6.2.12 I offer no opinion on the viability of the Purchaser.

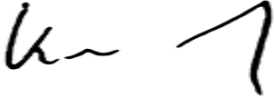
## **7. INFORMATION RELIED UPON**

- 7.1. In forming my opinion, I have relied on my discussions with, and information provided by, the connected persons, the Proposed Administrators, and the valuation agents instructed by the Proposed Administrators. This includes the following:
- Compass Evaluator Reports application/information request form
  - Valuation report from the agents
  - Offer
  - Company financial information
  - Financial information for the Purchaser
  - Correspondence with the Proposed Administrators
  - Marketing summary report from the Proposed Administrators
  - Estimated Outcome Statement and Internal strategy note.
  - Draft SIP 16 statement
  - Draft Sale and Purchase agreement
  - Teaser document and Sales Information Memorandum
  - Estimated TUPE calculations
  - The website at [ridgewall.co.uk](http://ridgewall.co.uk)
- 7.2. I have also relied on information freely available in the public domain.
- 7.3. I have relied upon the accuracy of the information as provided to me in forming my opinion. I have not carried out an audit or other verification of the information received. The Proposed Administrators are licenced Insolvency Practitioners with legal duties and obligations to creditors and their regulatory body, as such the decision whether to enter into the sale is for them to determine. As such, I offer no opinion on the decision to enter into the sale.
- 7.4. In addition to the sale of the business and assets, the Proposed Administrators have investigative powers available to them post appointment that may further enhance asset realisations.
- 7.5. The extent of my work is limited to providing the opinion specified in the Executive Summary.

**8. PREVIOUS EVALUATOR REPORTS**

- 8.1 Regulation 8 does not apply, as I am advised that no previous report exists in relation to this Substantial Disposal, and I have no reason to believe that this statement is incorrect.

**For and on behalf of  
Compass Evaluator Reports Limited**

A handwritten signature in black ink, appearing to read 'Kevin Murphy', followed by a large, stylized checkmark or flourish.

**Kevin Murphy  
Evaluator**

Date: 7 October 2024

## APPENDIX I

### EVALUATOR BIO: KEVIN MURPHY

Before entering the insolvency profession, Kevin trained as a lawyer, undertaking a law degree (achieving a 2:1 classification) and successfully completing the Law Society's Final Exam. Kevin is a licensed Insolvency Practitioner (currently non-appointment-taking), with over 25 years of experience of dealing with a wide range of insolvency matters, including extensive experience of turnaround work, focusing on Company Voluntary Arrangements and Administration.

He has spent much of his career with a national firm of insolvency specialists, where he progressed to Director of Insolvency, heading up the firm's Administration Team in the Manchester Office. Responsible for many complex and challenging matters, Kevin developed practical skills in dealing with cases in an efficient, commercial, and pragmatic manner alongside the technical demands of compliance with regulation and legislation, to achieve the best outcome for stakeholders.

In more recent times, Kevin has utilised the extensive skill set developed because of his experience of turnaround and insolvency work in dealing with solvent acquisitions. Since 2017, Kevin has been an advisor to a buy and build acquisitions group.

Kevin is a member of the Turnaround and Management Association and R3, the Association of Business Recovery Professionals.

For more information, please visit <https://compassevaluatorreports.co.uk/>

# Notice of Administrator's Appointment

Paragraph 46 of Schedule B1 to the Insolvency Act 1986 and Rule 3.27 of the Insolvency (England and Wales) Rules 2016

Name of Company Ridgewall Limited	Company number 07175075
In the High Court of Justice, The Business and Property Courts in Leeds Insolvency and Companies List (ChD) [full name of court]	Court case number CR-2024-LDS-000987

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

We (a) Jonathan P Sumpton and Timothy G Vance of  
Ernst & Young LLP, 12 Wellington Place, Leeds, LS1 4AP

give notice that we were appointed as Joint Administrators of the above Company on:

(b) Insert date

(b) 9 October 2024

Signed



Signed



Dated 9 October 2024

Dated 9 October 2024

Joint Administrators IP Nos 9201

26710

# Notice of Administrator's Appointment

Paragraph 46 of Schedule B1 to the Insolvency Act 1986 and Rule 3.27 of the Insolvency (England and Wales) Rules 2016

Name of Company QDOS SBL Group Limited	Company number 11257239
In the High Court of Justice, The Business and Property Courts in Leeds Insolvency and Companies List (ChD)	Court case number CR-2024-LDS-000986

(a) Insert full name(s) and address(es)) We (a) Jonathan P Sumpton and Timothy G Vance  
Ernst & Young LLP, 12 Wellington Place, Leeds, LS1 4AP

give notice that we were appointed as Joint Administrators of the above Company on:

(b) Insert date

(b) 9 October 2024

Signed



Signed



Dated 9 October 2024

Dated 9 October 2024

Joint Administrators IP Nos 9201

26710

# Notice of Administrator's Appointment

Paragraph 46 of Schedule B1 to the Insolvency Act 1986 and Rule 3.27 of the Insolvency (England and Wales) Rules 2016

Name of Company Connecting London Limited	Company number 01767644
In the High Court of Justice, Business and Property Courts in Leeds Insolvency and Companies List (ChD) [full name of court]	Court case number CR-2024-LDS-000984

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

We (a) Jonathan P Sumpton and Timothy G Vance

Ernst & Young LLP, 12 Wellington Place, Leeds, LS1 4AP

give notice that we were appointed as Joint Administrators of the above Company on:

(b) Insert date

(b) 9 October 2024

Signed



Signed



Dated 9 October 2024

Dated 9 October 2024

Joint Administrators IP Nos 9201

26710



# Notice of Administrator's Appointment

Paragraph 46 of Schedule B1 to the Insolvency Act 1986 and Rule 3.27 of the Insolvency (England and Wales) Rules 2016

Name of Company Telnet International Limited	Company number 04126435
In the High Court of Justice, The Business and Property Courts in Leeds Insolvency and Companies List (ChD)	Court case number CR-2024-LDS-000988

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

We (a) Jonathan P Sumpton and Timothy G Vance

Ernst & Young LLP, 12 Wellington Place, Leeds, LS1 4AP

give notice that we were appointed as Joint Administrators of the above Company on:

(b) Insert date

(b) 9 October 2024

Signed



Signed



Dated 9 October 2024

Dated 9 October 2024

Joint Administrators IP Nos 9201

26710

# Notice of Administrator's Appointment

Paragraph 46 of Schedule B1 to the Insolvency Act 1986 and Rule 3.27 of the Insolvency (England and Wales) Rules 2016

Name of Company Nomis Connections Limited	Company number 04759622
In the High Court of Justice, Business and Property Courts in Leeds Insolvency and Companies List (ChD)	Court case number CR-2024-LDS-000985

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

We (a) Jonathan P Sumpton and Timothy G Vance

Ernst & Young LLP, 12 Wellington Place, Leeds, LS1 4AP

give notice that we were appointed as Joint Administrators of the above Company on:

(b) Insert date

(b) 9 October 2024

Signed



Signed



Dated 9 October 2024

Dated 9 October 2024

Joint Administrators IP Nos 9201

26710