

# ROLI LTD. IN ADMINISTRATION

JOINT ADMINISTRATORS' PROPOSALS

7 SEPTEMBER 2021

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# INTRODUCTION

## Contact details

The key contacts at RSM in connection with this report are:

### Primary office holder

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## Basis of preparation

This document forms the basis of the Joint Administrators' Proposals ('Proposals').

They have been prepared solely to comply with the statutory requirements of the relevant legislation. They have not been prepared for use in respect of any other purpose, or to inform any investment decision in relation to any debt or financial interest in the Company. Any estimated outcomes for creditors are illustrative and may be subject to revision and additional costs. They should not be used as the basis for any bad debt provision or any other purpose. Neither the Joint Administrators nor RSM Restructuring Advisory LLP accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in these Proposals. The Joint Administrators act as agents of the Company and without personal liability.

## Insolvency (Amendment) (EU Exit) Regulations 2019

The proceedings flowing from the appointment will be proceedings to which the EU Regulation as it has effect in the law of the United Kingdom does not apply.

## General guidance on the Administration process

You may also wish to note that profession's trade body, R3, have also produced general guidance on the different insolvency processes, which can be located at their website [www.R3.org.uk](http://www.R3.org.uk).

## Contents

### Sections

Introduction .....	1
Key actions and decisions required from creditors .....	2
Background and financial information .....	3
Purpose, strategy and Conduct of the Administration .....	5
Outstanding matters.....	7
Creditors' claims and dividend prospects.....	8
Joint Administrators' fees, costs and expenses .....	10

### Appendices

A. Statutory information.....	14
B. Estimated Financial position .....	16
C. Receipts and payments summary .....	24
D. SIP 16 statement .....	25
Evaluators report .....	33
E. Proof of debt .....	35

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# KEY ACTIONS AND DECISIONS REQUIRED FROM CREDITORS

## **Decisions required from creditors**

No decisions are being sought from creditors. This is because the Company has insufficient property to enable a dividend to be paid to unsecured creditors other than by virtue of the Prescribed Part.

## **Deemed approval of the Joint Administrators' proposals**

The Proposals will be automatically approved on 22 September 2021 unless sufficient creditors request approval by a decision procedure as set out below.

## **Requesting a decision**

A request for a decision must be made no later than 21 September 2021, being within 8 business days from the date of delivery of these Proposals. Any request must be supported by creditors whose collective debts represent at least 10% in value of the total debts of the Company.

If creditors request a decision, the Joint Administrators may require creditor(s) to lodge a deposit, at an amount to be determined by the Joint Administrators, as security for expenses.

# BACKGROUND AND FINANCIAL INFORMATION

## Background and events leading to Administration

A summary of the background and reasons for entering Administration is included within the SIP 16 statement at Appendix D. It is repeated below, for your reference:

ROLI Ltd. ('the Company' or 'ROLI') was incorporated on 15 October 2009 by founder and CEO, Roland Lamb. The Company is a music technology business making hardware and software instruments, as well as producing new content.

Alongside founding the business in 2009, Mr Lamb invented a now patented technology called the SEA interface which he incorporated into The Seaboard, a new musical instrument. The Seaboard is an evolution of the piano keyboard, capable of offering new depths of sonic expression to producers, keyboardists, and performers. It was the promise of this instrument and its underlying technology that Mr Lamb leveraged to raise capital to build and grow the Company.

Between March 2012 and June 2017 the Company raised c£45m of funds to develop and launch the Seaboard GRAND, Seaboard RISE and BLOCKS products.

In May 2018, TriplePoint Capital ('TriplePoint') acquired an existing £8m of venture debt and provided £2m in additional venture debt alongside access to working capital funds of £5m. ROLI generated revenue of c£11m in 2018, driven largely by this funding which enabled a new product called the Songmaker Kit to be released. It also funded new product development and tooling. However, demand for the ROLI products available at the time did not meet expectations.

In terms of the longer-term strategy, between October 2017 and July 2021, funding including convertible investments of £25m was raised, to support the business's eventual transition from the professional to the consumer marketplace. Significant funds were allocated to new IP development to adapt the existing product lines to a more consumer-oriented audience. This necessitated significant investment in prototyping and new production tooling.

Fundamentally, while the initial professional products launched by ROLI were met with significant critical acclaim, the market they attracted was ultimately too small to sustain the venture-backed business that ROLI was building. This was demonstrated in 2016/17 when ROLI partnered with a major technology manufacturer for a global launch of its BLOCKS product line. ROLI produced c90,000 units of consignment stock, but the customer demand did not materialise.

Simultaneously, this failure of product market fit meant that ROLI tied up much of the cash it had raised in BLOCKS inventory, which then, in turn, led to a slow cash-to-cash cycle for the business. This created significant cashflow issues for ROLI, as it now had a significant debt of more than £10m due to its contract manufacturer and limited working capital to support the new product introductions that were required.

The consequences of this mismatch of supply and demand was that the business was forced to implement the strategic shift towards a more consumer product offering. Following over 2 years of development, prototyping, product testing, and user feedback, this consumer product offering eventually became the LUMI Keys product, which launched via Kickstarter in June 2019.

Although the 2019 Kickstarter campaign was successful, raising over \$2m, it ultimately did not prove substantial enough to resolve the sustained cashflow issues that ROLI continued to encounter. Additionally, the business struggled to produce the hardware according to the promised timescales due to manufacturing delays related to the production ramp-up, which caused customer dissatisfaction / return requests.

The business was therefore forced to rationalise its staffing costs and reduced its headcount by c30% in late 2019. In addition, hiring was greatly constrained (by mid-2021 the business had shrunk to 67 employees, less than 50% of its size in 2018). ROLI's remaining executive team also all reduced their salaries by an average of 25-30% in order to further reduce cost pressures. While these reductions in staff, along with significant operational cost reductions, helped to improve the Company's cash flow, they still were inadequate to bridge the financial gaps being encountered.

Meanwhile, in 2019, ROLI began to market some of its assets for sale, in an attempt to secure funds to sustain the business until it could find a longer-term financial solution. In March 2020, ROLI sold BFD, a software asset/product line that it had acquired in 2016, for \$1.4m. In April 2020, ROLI also sold Raw Materials Software (acquired in 2014) for £1.2m. Into 2021, ROLI also continued to try to sell another asset it had created internally called SOUL, and while it succeeded in securing a term sheet and negotiating nearly all aspects of a deal for the sale of the asset, ultimately, the sale failed to complete. This failure of the final asset sale created further financial pressure on the Company.

During the same period, in order to try to maintain momentum, ROLI began to raise additional convertible funds. In doing so, ROLI pitched its investment proposition to hundreds of potential investors, both institutional and individual from all over the world. This fundraising went on for

over 2 years and through the procurement of numerous smaller scale, non-institutional investments, the business was able to sustain itself while it tried to secure a larger investment round which could transform its financial foundation. In late 2018 and early 2019, ROLI secured and signed two, respective term sheets each for over £10m. While due diligence activities progressed significantly with both firms, ultimately, both investments failed to close.

Having raised funds via the aforementioned asset sales, an additional £4m of funding was secured via the Future Fund scheme in July 2020, enabling ROLI to produce further new LUMI hardware. This then also funded the business during Q4 2020. Around the same time, ROLI continued to limit staff costs, reducing the size of its executive team and enacting salary reductions for all senior executives. Due to COVID, additional challenges were encountered around the procurement of components, such as silicon chipsets which are necessary to produce ROLI products, and which have been in short supply since soon after the pandemic began.

In late 2020, ROLI began to pitch the commercial opportunity of LUMI to various venture firms. While significant interest was generated from a wide range of firms, ultimately, ROLI was unable to close a deal with any firm. During this period, ROLI continued to accrue liabilities on a number of fronts. This included a significant level of liability that accumulated with HMRC, which rose to c£2.4m by July 2021.

ROLI's venture debt provider remained supportive throughout this period, but the Company's lack of success in finding a new financial backer, combined with the significant pressure being exerted by HMRC with regards to the outstanding liability, meant that ROLI's Board of Directors had to consider alternative options to sustain the business, and preserve the best outcome for the greatest number of creditors. This led to RSM Restructuring Advisory LLP ('RSM') being engaged on 16 July to commence an accelerated sale process, seeking a buyer for the business and assets.

Ultimately, as seen above, the Company was fundamentally unable to succeed due to the overproduction of inventory in 2016 and 2017 which created an insurmountable financial gap in the Company's position, and it was one that the original product offering and audience could not overcome; the products were too niche and the market was too small. While the Company managed to eventually release a compelling consumer offering, the requisite capital needed to be able to realise the commercial potential of the product was not secured in time. Without new capital, the immediate and long-term financial liabilities became too great for the Company to sustain.

## Company's trading history

Relevant extracts from the company's audited financial statements and management accounts are summarised below.

<b>Period ending</b>	<b>31 December 2017 (12m) (Filed accounts)</b>	<b>30 June 2019 (18m) (Filed accounts)</b>	<b>30 June 2021 (12m) (Consolidated management accounts)</b>
Turnover	10,427	11,348	6,582
Gross profit	3,671	4,052	1,711
Net profit / loss	(22,072)	(32,948)	(11,887)
Dividend paid	None	None	None

## Appointment of Joint Administrators

Damian Webb and Gordon Thomson appointed as Joint Administrators by the directors on 31 August 2021.

## Estimated statement of financial outcome

A Statement of Affairs has not yet been provided in the short period since appointment. An Estimated Statement of the Financial Position of the Company as at 31 August 2021 is therefore attached. This details the estimated book value of assets and liabilities, and information about the Company's creditors at the date the Company entered administration.

# PURPOSE, STRATEGY AND CONDUCT OF THE ADMINISTRATION

## Purpose of the Administration

Insolvency legislation sets out the statutory purposes of an Administration. The Joint Administrators' must perform their functions with the objective of either:

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

It was not possible to achieve statutory purpose (a) because a significant level of investment was required to return the business to solvency / profitability, and such investment was not available outside of an Administration sale. Statutory purpose (b) was pursued, with the sale of the business and assets:

- Providing a significant return of £27m to the secured creditor.
- Securing the jobs of the 68 staff, thereby mitigating preferential and unsecured claims.
- Mitigating total landlord claims, given the continued occupation by the purchaser of one of the leasehold premises (initially under license pending agreement with the landlord).
- Mitigating certain supplier liabilities, which eh purchaser may choose to adopt.
- Mitigating customer claims, given that the purchaser intends to honour relevant outstanding customer contracts.

As a result, the combined effect of the sale will therefore achieve a better result for creditors overall, compared to the alternatives.

## Strategy to achieve purpose of the Administration

To achieve this purpose the Joint Administrators' have sold the business and assets of the Company as a going concern. Full details of the process and work performed is provided in the attached SIP 16 statement.

There remain further potential assets to realise (see Outstanding Matters section). The Joint Administrators will continue to pursue these matters as well as assist the purchaser with the immediate post-sale issues, including novating certain contracts and dealing with incomplete customer orders. Additionally, the Joint Administrators will assist with concluding the position with the three leasehold premises (one remaining occupied by the purchaser), through seeking to surrender or assign the leases as appropriate.

## SIP 16 statement

A pre-packaged sale of all of the Company's assets was made, as set out in the notification to creditors dated 7 September 2021. Details of the sale and the circumstances surrounding it is attached (see Appendix D 'SIP16 Statement').

The Joint Administrators' role in the pre-Administration period, in relation to the pre-packaged sale, was to advise the Company in connection with the transaction and not the Directors in their personal capacity, or any other parties connected with the purchaser. When considering any sale or disposal of the Company, its' business or assets, the Joint Administrators must perform their functions in the interests of the Company's creditors as a whole. However, where the objective is to realise property in order to make a distribution to secured or preferential creditors, the Joint Administrators have a duty to avoid unnecessarily harming the interests of creditors as a whole. The purchaser was aware of the requirement for an evaluator's qualifying report as the disposal took place within the first 8 weeks from the date of the appointment of the Administrator. A copy of the evaluator's qualifying report and Connected Person Statement of Disposal are enclosed with the SIP 16 Statement appended to this proposal.

## Asset realisations

### Sale of business

Prior to being appointed, the Joint Administrators undertook an accelerated sale process to seek a buyer for the business and assets of the Company. The rationale for the eventual sale, as well as details of the necessary work performed can be found in the attached SIP 16 statement.

### Cash at bank

The Joint Administrators are liaising with the Company's bankers, Silicon Valley Bank, in order to ascertain the position and recover any cash at bank.

### Other assets

Please see the Outstanding Matters section of this report for details of the remaining potential assets. Aside from the Convertible Instrument claim, there are no significant assets left to realise that might materially alter the outcome for creditors.

## Connected person transaction: Post Appointment

A sale of all of the Company's assets took place on 31 August 2021 to Luminary Roli Limited, a party connected to the Company by virtue of a common director, Roland Lamb. Additionally

the Company's secured lender, Triplepoint Venture Growth Bdc Corp. is also funding the purchaser.

The purchaser sought independent advice from Shoosmiths LLP, solicitors, in regards to the purchase. Please see the attached SIP 16 statement for details of the assets included in the sale and the consideration paid.

## Investigations

The Joint Administrators are required to investigate the Company's business affairs and make a report on the directors' conduct within three months of appointment. If you have any information or concerns regarding the manner in which the Company's business affairs have been conducted, or information regarding the potential recoveries or assets, please contact this office as soon as possible.

## Case specific matters

- Prior to the Joint Administrators' appointment a number of customers pre-paid for orders, with the relevant merchant service providers maintaining a reserve from these funds in the event of charge backs. It was agreed as part of the sale that the purchaser would be entitled to these funds as they are released by the merchant service providers if the purchaser has either:
  - Fulfilled the relevant customer contract, or
  - Refunded the customer
- This position will require reconciling on an ongoing basis, but will benefit customers who be protected from suffering a loss.
- The Company had historically submitted a number of successful research and development tax credit claims. The Joint Administrators will consider if a final claim is able to be submitted, and whether it is commercially advantageous to do so.

## Statutory and case management matters

The following work does not usually result in a financial return to creditors but is required by legislation, best practice and to ensure that the case is managed efficiently and effectively. Key work done since appointment includes:

### Statutory requirements

- Statutory filing, advertising and appointment notifications to prescribed parties
- Preparing, reviewing and issuing the Administrators' SIP 16 statement
- Preparing, reviewing and issuing the Administrator's proposals and all associated formalities for approval of the proposals
- Preparation of an estimated financial position
- General taxation matters

## Case management matters

- Client take on evaluation
- Establishing validity of appointment, undertaking a security review
- Periodic case reviews, ongoing case planning and statutory tasks
- Maintaining and updating computerised case management records
- Liaising with former accountants and solicitors
- Dealing with routine correspondence not attributable to other categories of work
- Maintenance of cashiering records, bank accounts, receipts and payments, billing
- Initial (and ongoing) consideration of ethical, conflict & anti money laundering checks
- Arranging re-direction of mail, dealing with re-directed mail
- General administrative matters
- Arranging office holders' insurance cover

## Receipts and payments

A summary of receipts and payments is attached. Receipts and payments are shown net of VAT, with any amount due to or from HM Revenue and Customs shown separately.

# OUTSTANDING MATTERS

## Assets remaining to be realised

The following assets remain to be realised. It is too early to estimate the work still required in relation these potential assets or the potential benefit that to creditors. Clearly if the convertible investment is realised in full this would improve prospects for creditors (see Creditors' Claims and Dividend Prospects section).

Nature of asset	Book value (£)	Estimated to realise (£)	Estimated future costs (£)
Cash at bank	TBC	TBC	TBC
Claim – Convertible investment of £1.4m	£1.4m	TBC	TBC
R&D tax credit	TBC	TBC	TBC

## End of the Administration

### Automatic end

The Administration will automatically end 12 months from the date the Joint Administrators' appointment took effect, unless an extension is sought. An extension can be sought from the creditors for up to 12 months, or by application to the Court for a longer period.

It is proposed that the Company will exit Administration by way of Dissolution.

However, if any asset is identified as a result of which it is anticipated that a distribution will be made to unsecured creditors, which is not a Prescribed Part distribution, then the Company shall exit Administration by creditors voluntary liquidation (CVL) .

### Exit by dissolution

At any point in the Administration should the Joint Administrators reach a conclusion that the property is insufficient to permit a distribution then they shall (unless the court orders otherwise) file a notice pursuant to paragraph 84 of Schedule B1 to the Insolvency Act 1986 seeking that the company be dissolved.

## Joint Administrators' discharge from liability

As there is unlikely to be any return to unsecured creditors the Joint Administrators will, in accordance with legislation, be seeking a decision from the secured (and preferential creditors, as appropriate) for discharge from liability in respect of any action as Joint Administrators to take effect immediately following our cessation to act as Joint Administrators.

# CREDITORS' CLAIMS AND DIVIDEND PROSPECTS

## Dividend prospects

	Owed (£'000)	Estimated future prospects
Secured creditor – Triplepoint Venture Growth Bdc Corp.	33,633	£27m distributed / part payment and shortfall
Secured creditor – Glebe Road Limited (rent deposit, value £25,200, Glebe Road)	TBC	TBC
Preferential creditors - employees	Nil	NIL
Preferential creditors - HMRC	2,479	NIL
Unsecured creditors	8,111	NIL
Estimated Net Property	n/a	
Estimated 'Prescribed Part' available for creditors	n/a	

## HMRC Crown Preference

As a result of changes to the legislation, for insolvencies effective on or after 1 December 2020, HMRC will now receive secondary preferential status for monies owed to HMRC relating to VAT, PAYE, employee national insurance contributions, construction industry scheme deductions and student loan repayments.

HMRC will rank in priority to any Qualifying Floating Charge Holder ('QFCH') and unsecured creditors.

## Prescribed Part

The 'Prescribed Part' is a statutory amount set aside for unsecured creditors from funds ('Net Property') available to a Qualifying Floating Charge Holder ('QFCH'). The amount of Net Property is calculated on a sliding scale up to maximum £800,000 depending on when the floating charge was created and whether or not it is a first ranking floating charge.

Whilst there is a QFCH, it is estimated that they will receive no money and there is therefore no requirement to calculate the amount of the Prescribed Part.

## Agreement of claims

Creditors' claims are usually only agreed if there is a likelihood of a dividend being made to that particular class of creditor.

As set out above, it is anticipated that a dividend will not be paid to preferential or unsecured creditors. The anticipated dividends set out above are subject to future realisations and no work has therefore been done as yet to agree preferential or unsecured claims, other than that necessary for the purposes of admitting claims for voting, where applicable.

If you have not already submitted a Proof of Debt a copy of the form can be obtained at <https://rsmuk.ipso-docs.com> or by request to this office.

Creditors whose debts are treated as a small debt in accordance with Rule 14.31(1) of the Insolvency (England and Wales) Rules 2016 must still deliver a proof of debt if they wish to vote. Rule 14.31(1) states that Office Holders may treat a debt, which is a small debt according to the accounting records or the statement of affairs of the company, as if it were proved for the purposes of paying a dividend. Small debts are defined in Rule 14.1(3) as a debt (being the total amount owed to a creditor) which does not exceed £1,000.

## Dividend payments

The timing of any future dividend to preferential or unsecured creditors (in relation to the Prescribed Part or other than the Prescribed Part) is dependent on future realisations. Further information regarding any potential dividend payment will be made in due course.

## Creditor communication

The following work was done in the period to comply with legislation, best practice and to ensure creditors were kept informed. It is also necessary to enable a dividend to be paid

- reviewing validity of charges or security
- preparation of proposals reports to creditors
- dealing with communication with creditors
- maintenance of schedules of creditors' claims
- liaising with the secured creditor

- 
- 
- calculation and disapplication of the 'prescribed part'

Creditors will only derive an indirect financial return from this work on cases where a dividend has been paid.

# JOINT ADMINISTRATORS' FEES, COSTS AND EXPENSES

## Guide to Administrator's fees and expenses

A Guide to Administrator's Fees, which provides information for creditors in relation to the fees and expenses of an Administrator, can be accessed at <https://rsmuk.ipso-docs.com> under 'general information for creditors'. A hard copy can be requested from this office by telephone, email or in writing. All fees, costs and expenses are subject to VAT.

## Relevant Approving Body

The secured creditors (together with the preferential creditors, if applicable) will be the Relevant Approving Body responsible for approving the Joint Administrators' post appointment fee basis and, where applicable, 'Category 2' expenses and any outstanding pre-Administration costs. However, if a creditors' committee is established, this will be its responsibility and it will be the Relevant Approving Body.

## Pre-administration costs

The payment of any unpaid pre-Administration costs as an expense of the Administration is subject to specific approval under the relevant legislation. They do not form part of the Joint Administrators' Proposals subject to approval under paragraph 53 of Schedule B1 to the Insolvency Act 1986.

The pre-appointment costs set out below remain unpaid. Approval for their payment will therefore be sought in due course from the Relevant Approving Body. Pre-Administration fees were incurred during the accelerated sale process and subsequent work also associated with the Administration of the Company. This work further achieved the purpose of the Administration by ensuring that the best price was achieved for the business and assets as a whole upon the Company entering Administration. As well as providing a significant return to the secured creditor, this eliminated material creditor claims that would have otherwise been lodged (eg. employees).

A fixed fee will be sought for this work. The Joint Administrators believe a fixed fee basis is fair and reasonable because there are limited available funds relative to costs both incurred and anticipated, and hence will provide creditors with simplicity and certainty.

To whom due / paid	Basis	Total incurred (£)	Amount outstanding (£)
<b>Joint Administrators' fees</b>	Fixed fee (anticipated)	85,000 (anticipated)	85,000 (anticipated)
<b>Joint Administrators' 'Category 2' expenses</b>			
- Room hire	0	0	0
- Mileage	42.5p per mile	0	0
- Tracker reports	£10 per report	0	0
- Subsistence	£25 per night	0	0
<b>Subtotal 'Category 2' expenses</b>		0	0
<b>Joint Administrators' costs &amp; 'Category 1' expenses</b>			
Legal fees – Gateley Legal		40,000	40,000
Valuation fees – Hilco Global		17,000	17,000
<b>Subtotal costs &amp; 'Category 1' expenses</b>		0	0
<b>Total</b>		142,000	142,000

## Post-appointment costs

### Basis of fees

Insolvency legislation allows an Administrator to charge fees on one of, or a combination of, the following bases:

- as a percentage of the value of the property the Administrator has to deal with (percentage basis);
- the time spent by the Administrator or their staff on the administration of the case (time cost basis);
- as a set amount (fixed fee basis); or
- a combination of the above (mixed fee basis).

In this case, approval for post-appointment fees will be sought from the Relevant Approving Body calculated as a fixed fee, anticipated to be £50,000, for dealing with all aspects of the Administration. A fixed fee is requested (rather than any other basis) because there are limited available funds relative to costs both incurred and anticipated, and hence will provide creditors with simplicity and certainty. If fees are approved on the basis set out above, the total sum that the Joint Administrators can draw, without further approval, will be £50,000.

### Fee scope and assumptions

The Joint Administrators' estimated fees are based on the attached scope and assumptions and reflects the work that is anticipated will be required. Should these prove to be inaccurate, additional costs may be incurred and the Joint Administrators may seek approval for additional fees.

### Further fee approval

The amount of fee that can be drawn, whether calculated on the basis of time in accordance with a fee estimate, or for a fixed amount or a percentage rate will be limited to that approved by the Relevant Approving Body. It cannot be either increased or the percentage rate changed, without the further approval of the Relevant Approving Body.

## Expenses and professional costs

The total costs and expenses estimated to be incurred by the Joint Administrators are set out below together with details of those incurred in the period. Amounts incurred in the period may include estimates where actual invoices have not been received. Amounts paid to date are shown in the attached receipts and payments account.

### Category 1 expenses

These comprise external supplies of incidental services specifically identifiable to the insolvency estate. They do not require approval of the Relevant Approving Body prior to being paid.

Type of expense	Total estimated (£)	Incurred in period (£)
Bond	85.00	0
Statutory advertising	71.00	71.00
Books & records collection & storage	1,000	0
<b>Total</b>	<b>0</b>	<b>0</b>

### Category 2 expenses

These are costs which are not capable of precise identification or calculation, or that may include an element of shared or allocated costs. Payments to outside parties that the Office Holder, firm, or any associate has an interest, are also treated as 'Category 2' expenses. These expenses require the specific approval of the Relevant Approving Body before being paid from the insolvency estate.

Approval for the payment of the 'Category 2' expenses, at the rates prevailing at the date they are incurred will be sought from the Relevant Approving Body prior to their payment. Details of the current rates are set out below.

Type of expense	Total estimated (£)	Incurred in period (£)
Mileage (42.5p per mile)	0	0
Room Hire	0	0
Tracker reports (£10 per report)	0	0
Subsistence (£25 per night)	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## Other professional costs

The office holders retained the following advisers based on their experience and expertise. These costs are not subject to approval by the Relevant Approving Body. However, they are subject to review and approval by the Joint Administrators.

Party	Nature of advice	Total estimated (£)	Incurred in period (£)
Gateley Legal	Legal advice – post sale issues*	0	0
Clumber Consulting	Pensions advice	500	0
<b>Total</b>		<b>500</b>	<b>0</b>

\*expected to be covered by the purchaser if related to specific ongoing costs anticipated in the sale agreement

## Creditors' right to information and ability to challenge fees, costs and expenses

Creditors have a right to request further information about fees or expenses (other than pre-Administration costs) and to challenge such fees or expenses. Any such challenge must be made no later than eight weeks after receipt of the report which first discloses the charging of fees or incurring of the expenses in question.

If you wish to make a request for further information it must be made in writing within 21 days of receipt of this report either by (i) any secured creditor or (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question).

Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to court that the fees charged, the basis fixed or expenses incurred by the Administrator are in all the circumstances excessive.

Damian V~

### Damian Webb

**RSM Restructuring Advisory LLP**

Joint Administrator

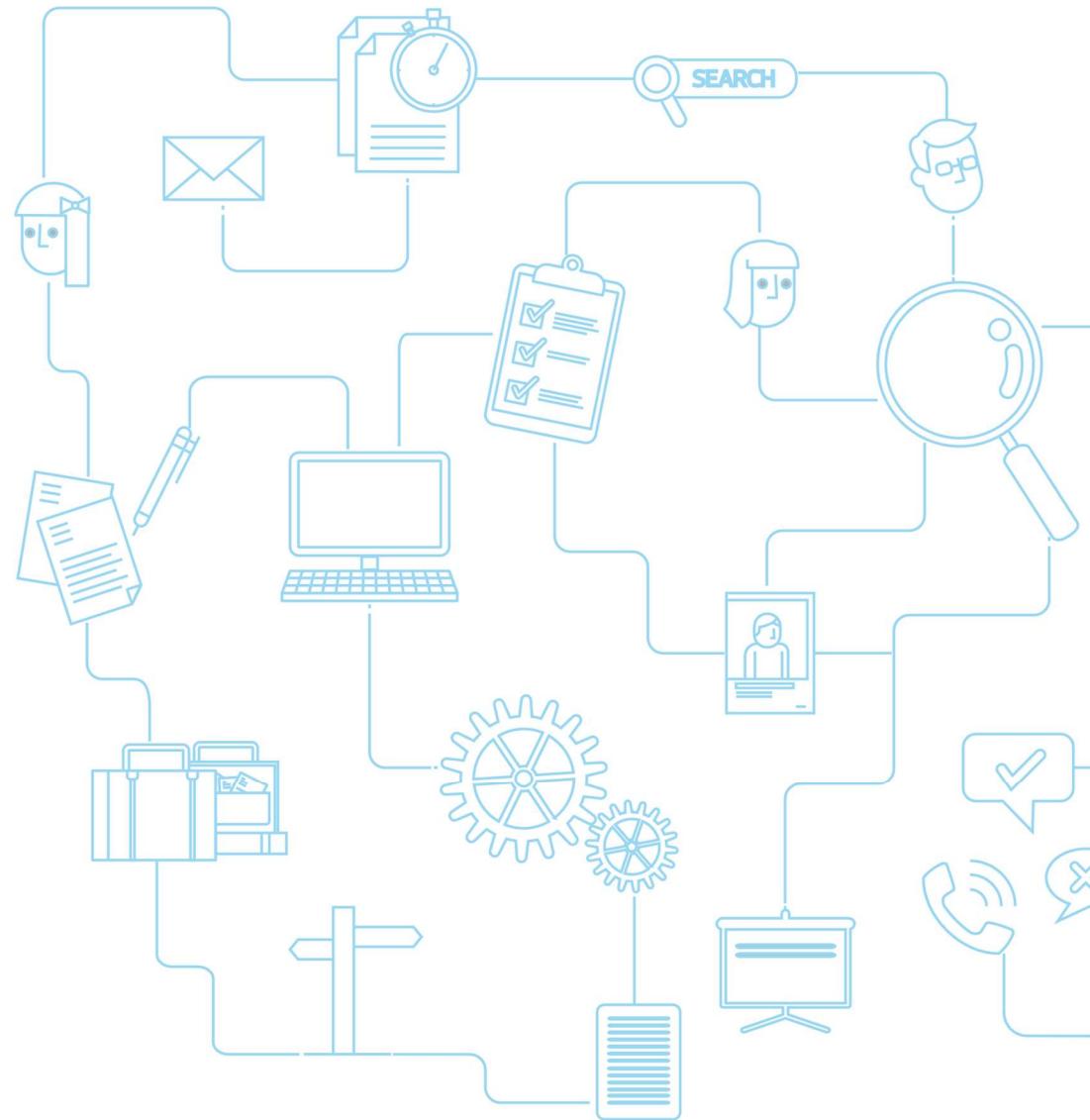
Damian Webb is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales

Gordon Thomson is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales

Insolvency Practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment

The affairs, business and property of the company are being managed by the Joint Administrator who act as agents of the company and without personal liability

## APPENDICES



## A. STATUTORY INFORMATION

### Company information

Company name:	Roli Ltd.
Company number:	07044888
Date of incorporation:	15/10/2009
Trading name:	Roli Ltd.
Trading address:	2 Glebe Road, London, United Kingdom, E8 4BD
Principal activity:	Manufacture of musical instruments
Registered office:	RSM Restructuring Advisory LLP, 25 Farringdon Street London, EC4A 4AB
Previous company names:	LAMBDE LTD
Directors:	Roland Oliver Lamb and Tahmima Anam,
Secretary:	Taylor Wessing Secretaries Ltd
Authorised share capital:	12345 Ordinary shares
Nominal & issued share capital:	Issued: 12345 Ordinary shares at a par value of £12345
Shareholders:	Please refer to list overleaf

### Administration information

Court reference:	High Court of Justice, CR-2021-001531	
Joint Administrators:	Damian Webb and Gordon Thomson	
Date of appointment:	31 August 2021	
Appointor:	The Directors, ROLI Ltd, 2 Glebe Road, London, United Kingdom, E8 4BD	
Functions of Administrator(s):	The Joint Administrators' have exercised, and will continue to exercise, all of their functions jointly and severally as stated in the notice of appointment.	
Joint Administrators:	<p><b>Primary office holder</b>            Damian Webb            RSM Restructuring            Advisory LLP            25 Farringdon Street,            London, EC4A 4AB            020 3201 8000            IP Number: 14970</p>	<p><b>Joint office holder</b>            Gordon Thomson            RSM Restructuring            Advisory LLP            25 Farringdon Street,            London, EC4A 4AB            020 3201 8000            IP Number: 24974</p>

## Shareholder details

Name	Number of shares	Name	Number of shares
Roland Oliver Lamb	1,454,209	Puccini Investments Holdings Limited	138,654
Aabe Hayat Imam and Joseph Michael Hunt	19,608	Aleksandar Kolundzija	6,241
Nusrat Amin Mirza	89,216	Angus Floyd Hewlett	29,156
Iftekhar Ahmed Khan	67,467	Claire Boucher	7,628
Shazad Ghaffar	49,992	Draper Frontier Opportunity & Technology Fund, L.P.	22,693
Salahdin Irshad Imam	49,633	Newsletter Innovations Ltd.	4,648
Syed Ali Jowher Rizvi	50,555	Patriot Entertainment, LLC	15,105
Harold C Domanski & Maribeth Domanski	5,401	Damian Maldonado	15,105
Sarah Seidman	3,357	Jorg Mohaupt	12,084
Scott Harrower	2,257	WndrCo Holdings, LLC	6,042
Nancy C. Seidman	3,000	ONKYO Corporation	120,841
Abel Kasem Shamsuddin Khan	73,734	PW Tech Investments LLC	60,420
Yucca (Jersey) SLP	2,447	The Ron and Erin Laffitte Family Trust	24,168
LGV, L.P.	24,815	Sony Group Corporation	488,991
Roger Laville	4,000	Red Hill, LLC	3,021
Richard Francis	7,293	BGF Nominees Limited (a/c BGF Investments LP)	15,105
Angus Thomson	3,000	Avala Capital GmbH	7,855
Harold & Margaret Williams	6,288	Dr Holly Katie Templeman Branson	15,105
Syed Mohsin Hamid	4,167	Avala V GmBH & Co. KG.	14,501
Ahmed Mushfeq Anam	18,353	Tiger Soft GmbH	7,855
RCI Global LLC	10,417	MYTOG, LLC	30,210
Charles Cook	11,459	Sam Edward Charles Branson	15,105
Ruksana Islam	46,651	Royal College of Art	3,837
Shabana Ali	6,250	Joachim Gottschalk and Associates Ltd.	15,105
Marie Thiebaut	17,226	Sony Music Entertainment	714,285
Khondakar Nafees Alam	10,408	Steven Baker	915
David Rowan	16,667	Betaworks Studio, LLC	50,047
Ahmed Hamdani	10,417	Business Growth Fund plc	0
James Bilefield	10,417	Paul Chana	915
Saifur Rahman	12,500	FF Angel V, LLC	65,416
B2M Technologies Ltd	4,167	Foundry Venture Capital 2016, L.P.	962,200
Angus William Flight Miln	2,100	Paul Handly	15
Rizwan Bin Farouk	6,250	Mayur Maha	628
Sanam Ispahani	2,084	Scott McDonald	14,007
Alia Bamrah	2,083	Rhiannon McLaren	14,007
Mirza Ahmed Ispahani	2,083	Keith Morris	142,857
Balderton Capital V, L.P.	1,180,462	Paul Murphy	1,043
FirstMark Capital III, L.P.	832,177	BGF Nominees Limited (a/c BGF Ventures LP)	232,382
Index Ventures VI (Jersey), L.P.	189,525	Draper Frontier Partners Fund, LLC	332,110
Universal International Music BV	29,266	Index Ventures VI Parallel Entrepreneur Fund (Jersey), L.P.	4,005
China Alliance Investment Limited	13,579		
Chris Ahearn	2,023		
Rytis Vitkauskas	1,358		
Reddish Rose Limited	207,983		

## B. ESTIMATED FINANCIAL POSITION

Estimated financial position as at 31 August 2021	Book Values*	Administration Sale
<b>Assets subject to fixed charge</b>		
Goodwill	£ 0	£ 26,706,061
Business intellectual property and social media	391,538 **	356,003
Shares in subsidiaries	0 **	3
Rent deposit (rent arrears exceed deposit)	34,000	1
<b>Available to fixed charge holders</b>	<b>425,538</b>	<b>27,062,068</b>
Less: due to fixed charge holder - TriplePoint		(33,632,777)
<b>Surplus/(Deficit) to fixed charge holders c/f</b>		<b>(6,570,709)</b>
<b>Assets subject to floating charge</b>		
Bank balances and cash	TBC	TBC
Computer systems and source codes	0 **	1
Elected contracts	0	1
Customer contract cash	0	1
Merchant services retentions	66,880 ***	1
Intercompany balances	(857,878) ****	1
Equipment	0 **	35,326
Stock - UK and US	2,345,278 **	100,000
Records and customer database	0	1
<b>Available for preferential creditors</b>	<b>(790,998)</b>	<b>135,332</b>
Less: estimated preferential creditor claims - HMRC		(2,479,032)
<b>Surplus/(Deficit) to preferential creditors</b>		<b>(2,343,700)</b>
<b>Net property</b>		0
<b>Prescribed Part</b>		0
<b>Funds available to floating charge holders</b>		0
Less: due to floating charge holders b/f		(6,570,709)
<b>Surplus/(Deficit) to floating charge holders</b>		<b>(6,570,709)</b>
Floating charge funds available to unsecured creditors		0
Prescribed Part available to unsecured creditors		0
<b>Available to unsecured creditors</b>		<b>0</b>
<b>Less: Unsecured creditors</b>		
Secured creditor shortfall		(6,570,709)
Preferential creditor shortfall		(2,343,700)
Trade creditors		(8,111,614)
<b>Total deficit to creditors</b>		<b>(17,026,023)</b>
<b>Return to unsecured creditors (pence in the pound)</b>		<b>0.00</b>
<b>Return to preferential creditors (pence in the pound)</b>		<b>5.46</b>
<b>Return to secured creditors (pence in the pound)</b>		<b>80.46</b>

### NOTES

\* Source: May 2021 management accounts

\*\* £391,538 is the combined book value for fixed assets and intangibles

\*\*\* \$92,033.48 @ 1.3761 \$/£ = £66,879.94

\*\*\*\* The net intercompany balance, reflecting sums due between the Company and its three subsidiaries

**IMPORTANT NOTE:** This statement does not account for costs of the Administration.

The estimated returns are for illustrative purposes only - please refer to the Joint Administrators' Proposals report for an indication of creditor prospects.

**RSM Restructuring Advisory LLP**

**Roli Ltd.**

**Company Registered Number: 07044888**

**B - Company Creditors**

Key	Name	Address	£
C100	14th Street Grille	1547 14th Street, Santa Monica, CA 90404, USA	247.53
C300	3S Services	66 Outram Rd, London, E6 1JR, United Kingdom	34.00
CA01	A&T Trade	8383 Wilshire Blvd., #339 Beverley Hills, CA 90211, United Kingdom	861.07
CA02	Addison Lee	The Point, 37 North Wharf Road, London, W2 1AF	324.66
CA03	Adobe Systems Software Ireland Ltd	4-6 Riverwalk, Citywest Business Park, Dublin 24, Ireland	1,056.92
CA04	ALGAM	2 Rue de Milan, Parc d'Activite des Petites Landes, THOUARE sur LOIRE 44470, France	412.79
CA05	All-Green	Units 1 & 2 Common Lane, Halstock, Yeovil, Somerset, BA22 9FD	26.58
CA06	Anastasia Antoci		540.00
CA07	Arthur J. Gallagher - Premium Credit	Walbrook Building, 25 Walbrook, London, EC4N 8AW, United Kingdom	50,266.83
CA08	Asana	Asana HQ: 633 Folsom Street, Suite 100, San Francisco, CA 94107, United States	4,881.43
CA0A	Audio Modelling	Giovanni da Sovico, 125 – 20845 – Sovico, ITALY	612.54
CA0B	Avnet Technology Solutions Limited (Avnet EMG)	The Capitol Building, Oldbury, Bracknell, RG12 8FZ	20,155.44
CB00	B&J Music	21000 Transcanadienne, Baie d'Urfé, Québec, H9X 4B7, Canada	5,679.02
CB01	BandLab UK Ltd	Trinity House, Sculpins Lane, Wethersfield, Essex, CM7 4AY	4,200.00
CB02	Baremetal Dev Ltd	The Old Bank, 9 Den Road, Teignmouth, Devon, TQ14 8AP	1,920.00
CB03	Becker Glynn		15,237.73
CB04	Bleep Computing	St. Saviours Wharf, Mill street, London, SE1	11,261.54
CB05	BLKBRDS	Lena Wouters, Gemeenteplein 11, 2650 Edegem, BELGIUM	360.00
CB06	Bournemouth University	Bournemouth University, 2nd Floor, Melbury House, Dorset, BH8 8ES	4,000.00
CB07	Boxomusic Productions Ltd (Matshidiso Mohanjane)	Matshidiso Mohanjane, Boxomusic Productions Ltd, Flat 4, 141 Dartmouth Road, London, NW2 4EN	250.00
CB08	Braze Inc	330 W 34th St 18th floor, New York, NY 10001, USA	20,725.19
CB09	Bright Machines	132 Hawthorne Street, San Francisco, CA 94107, USA	9,718.27
CB0A	BrowserStack Inc.	US HQ: Browserstack Inc, 548 Market St. PMB 32987, San Francisco, CA 94104	1,188.00
CC00	Canada Life Limited	3 Rivergate, Temple Quay, Bristol, BS1 6ER	2,437.40
CC02	Cleverbridge AG	Gereonstr. 43-65, 50670, Cologne, Germany	133.32
CC03	CMS Distribution Ltd	BOHOLA ROAD, KILTIMAGH, Ireland, F12 TD82	2,581.81
CC04	ComputerWorks AG	Florenz-Strasse 1e, 4142 Münchenstein, Schweiz	918.59
CC05	Consumer Technology Association	1919 S. Eads St., Arlington, Virginia, U.S. 22202	624.72

**RSM Restructuring Advisory LLP**

**Roli Ltd.**

**Company Registered Number: 07044888**

**B - Company Creditors**

Key	Name	Address	£
CC06	Contentful GMBH	Ritterstr. 12-14, 10969 Berlin, Germany	772.29
CC07	Control Voltage	3742 N Mississippi Ave, Ave Portland, OR 97227, USA	411.20
CC08	Corey Harrower		2,908.20
CC09	Corey Harrower		485.81
CC0A	CPA Global Ltd.	Liberation House, Castle Street, St Helier, Jersey, JE1 1BL	635.12
CC0B	Creative Idea Ltd	8 Magna Road, South Wigston, Leicester, LE18 4ZH	1,405.20
CC0C	Creative Skirt LLC	Ilana Wiles, 240 East 10th, Apt 12C, New York, 10003	2,904.23
CC0D	Cutwel Ltd	Unit A Riverside Dr, Cleckheaton, BD19 4DH	24.22
CD00	Debono	Unit 19/20 London Industrial Park, Eastbury Road, London, E6 6LP	184.81
CD01	DigiTech Resourcing	21 Queen Elizabeth Street, London, England, SE1 2PD	19,236.00
CD02	DR Security & Electrical	100 De Beauvoir Road, London, N1 4EN	582.00
CD03	DSV Air & Sea Limited (VAT/ Duty Account)	Unit 630, 15 Kilshane Ave, NW Business Park, Ireland, D15 EW92	86,077.14
CE00	Edenmarsh	14-18 Emerald Street, London, WC1N 3QA	6,840.00
CE01	Electronic Assembly Services Ltd	24 Tournament Way, Ashby-de-la-Zouch, LE65 2UU	30.00
CE02	Ellsworth Adhesives Ltd	W129 N10825 Washington Drive, Germantown, WI 53022	439.37
CE03	Eplehuset	Tungaveien 38, 7047 Trondheim, PB 5713, Sluppen, 7437 Trondheim, Norway	1,291.53
CE04	Essentia Global Services Ltd	Solar House, 915 High Road, North Finchley, London, N12 8QJ	330.00
CE05	EUROCIRCUITSå N.V	Antwerpsesteenweg, 662800 Mechelen, Belgium	929.38
CE06	Eventbrite	155 Fifth Street, Seventh Floor, San Francisco, CA 94103, USA	415.83
CE07	Express Cargo Forwarding Ltd	RMZ Millennia Business Park, Level 5 Campus 5, No:143 Dr. MGR Road, Kandhanchavadi Chennai -6, Tamil Nadu India	203,601.11
CE08	Extenso Telecom	61 Rue Emile Zola, 69150 Décines-Charpieu, France	4,443.94
CE09	EXTENSO TELECOM	Service Comptabilité Fournisseur, 1 chemin du Plateau, BP22 - 69571, DARDILLY, France	325.30
CF00	Facebook Ireland Ltd	4 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland	164,148.63
CF01	Firehouse Music / Geartree	2225 Pineridge Dr., Jenison, MI 49428, United States	682.80
CF02	First Mark Capital LLC	100 5th Ave, New York, NY 10011	8,967.43
CF03	First Mile Easy Recycling	First Mile, 70-71 Wells Street, London, W1T 3QE	20.26
CF04	FLAT 6 MUSIC LTD	Kemp House 160 City Road, London, EC1V 2NX	1,620.00

**RSM Restructuring Advisory LLP**

**Roli Ltd.**

**Company Registered Number: 07044888**

**B - Company Creditors**

<b>Key</b>	<b>Name</b>	<b>Address</b>	<b>£</b>
CF05	Flextronics Global Services (Louisville)	Kilbarry Industrial Park, Dublin Hill, Cork, Ireland, T23 CV63	31,952.32
CF06	FLEXTRONICS INTERNATIONAL	Kilbarry Industrial Park, Dublin Hill, Cork, Ireland, T23 CV63	3,179,336.26
CF07	Flextronics International Cork BV	Kilbarry Industrial Park, Dublin Hill, Cork, Ireland, T23 CV63	1,900,088.99
CF08	Flight Centre (UK) Ltd	7th Floor, 39 Deansgate, Manchester, M3 2BA, United Kingdom	159.85
CF09	FMLY CRTV	Units 26, Regent Studios, 8 Andrews Rd, London E8 4QN, United Kingdom	3,261.60
CF0A	Freshworks Inc.	2950 South Delaware St., 2nd Floor, San Mateo, CA 94403, USA	2,622.00
CF0B	Full Compass Systems, Ltd.	9770 Silicon Prairie Parkway, Madison, WI 53593, United States	1,670.95
CG00	GB Macks Skips	3 Scarab Close, Silvertown, London, E16 1DF	324.00
CG01	GE Capital Equipment	2630 The Quadrant, Aztec West, Bristol BS32 4GQ	50.00
CG02	Geoffrey Gee		1,597.04
CG03	Getty Images	101 Bayham Street, London, NW1 0AG, United Kingdom	2,160.00
CG05	Good Lanyards	CKB Ltd, Unit 5, Business Centre East, Fifth Avenue Letchworth Garden City, Hertfordshire SG6 2TS	485.00
CG06	Google Ireland Ltd	Gordon House, Barrow Street, Dublin 4, Ireland	134,996.12
CG07	GreenbergTraurig, LLP	Terminus 200, 3333 Piedmont Road NE, Suite 2500, Atlanta, GA 30305, USA	20,852.84
CG08	Greenhouse Software Inc.	18 West, 18th Street, 11th Floor New York, NY 10011	4,651.76
CG09	Greenwich Leisure Limited	GLL, London, SE18 6SX, United Kingdom	107.85
CG0A	Guardian News & Media Limited.	Kings Place, 90 York Way, London, N1 9GU, Greater London	51.42
CH00	Hal Leonard		54,381.38
CH01	Hal Leonard Europe BV	Hal Leonard Europe Limited, 42 Wigmore Street, London, W1U 2RY	30,961.61
CH02	Handle Recruitment Limited	UK House, 180 Oxford Street, London, W1D 1NN	17,169.28
CH03	HireHand	1-15 Clere St, London, EC2A 4UY, United Kingdom	50.76
CH04	Hotline	3 Airfield Way, Christchurch, Dorset, BH23 3PE	2,188.20
CH08	HMRC	Debt Management, EIS-C, HM Revenue and Customs, BX91SH	2,479,000.00
CI00	Ingram Micro CA	55 Standish Court, Mississauga, ON L5R 4A1 Canada	33,853.66
CI01	Ingram Micro US	3551 Michelson Dr., Suite 100, Irvine, CA 92612-0697, USA	487,305.15
CI03	Intops	97 Saneop-ro,, Gwonseon-gu, Suwon-si, Gyeonggi-do 441-813, Republic of Korea	115,796.88
CI04	Ivan Cohen		1,418.23
CJ00	Jacques Mathias		12,096.98

**RSM Restructuring Advisory LLP****Roli Ltd.****Company Registered Number: 07044888****B - Company Creditors**

Key	Name	Address	£
CJ01	Jelly London	9-10 Charlotte Mews, London, W1 4EF	1,500.00
CJ02	JG Pest Control (JG Environmental Ltd)	Andrews House, Wallingford Road, Uxbridge, UB8 2RW	156.00
CJ03	JIM VEEVAERT		2,685.42
CJ04	Jonathan Beyer		35.37
CJ05	Joseph Watt		880.00
CJ06	Joshua "Casper" Saltmarsh		1,312.50
CK00	Kilburn & Strode	Lacon London, 84 Theobalds Rd, London, WC1X 8NL	90,802.20
CK01	Kirsten Hermes	22 Bell Farm Way, Hersham, Walton on Thames, KT12 5EE	900.00
CK02	Koan co., ltd	Unit 203, 159/6 Serm-Mit Tower, Sukhumvit 21 (Asoke), North-Klongtoey,, Wattana, 10110, Bangkok, Thailand	505.40
CL00	Lanmark	WeWork Waterhouse Square, 138 Holborn, London, EC1N 2SW, United Kingdom	6,564.55
CL01	LinkedIn	Wilton Place, Dublin 2, Ireland	19,545.00
CL02	Lucid Software Inc.	10355 S Jordan Gateway STE 150, South Jordan, UT 84095	1,269.19
CL03	Luftrum Sound Design	Illerup Sand 7, 4400 Kalundborg, Denmark	2,148.73
CM00	MacGear Australia	Suite 4, 204-218 Botany Road, Alexandria, NSW 2015	21,115.11
CM01	Maf Productions /Wu Tang	All Maf Productions inc, 114-29 146th street, Jamaica, New York 11436	47.46
CM02	Media Integration	Jinnan Watanabe Bldg. 2F, 1-4-8 Jinnan, Shibuya, Tokyo 150-0041 Japan	21,177.53
CM03	MediaCast Fz LLC	#3605 The One Tower, Barsha Heights, Dubai, UAE	301.63
CM04	MENTFIELD-TLI LOGISTICS INTERNATIONAL	Mentfield-TLI Logistics International(China)Ltd, Room 753, 3#Building, Xuhui Airport Center,, Nanfaxin Township, Shunyi District, Beijing, China	2,548.49
CM05	Mention Me Limited	Vox Studios, 1-45 Durham Street, London, SE11 5JH	16,800.00
CM06	Merkle Periscopix	Floor 2, International House, 1 St. Katharine's Way, London, United Kingdom, E1W 1UN	3,240.00
CM07	METROLOGY & QUALITY SERVICES LTD	23 Brindley Road, Baytown Road Industrial Estate, Coventry, CV7 9EP, United Kingdom	723.00
CM08	MI7 Japan	2 Chome-22-21 Akasaka, Minato City, Tokyo 107-0052, Japan	1,403.90
CM09	Mihaela Ciurea		130.00
CM0A	Miraco, Inc.	44 Regent Square Regent Square, Belvedere, United Kingdom, DA17 6EP	7,406.98
CM0B	Mixpanel Inc.	One Front Street, 28th Floor, San Francisco, CA 94111-5385, USA	24,991.74
CM0C	Musical Fulfillment Services	8 Thornton Road, Oakland, NJ 07436, United States	91.75
CN00	Neon Vines	1403 Boysenberry Ln, Pflugerville, Texas, 78660	789.37

**RSM Restructuring Advisory LLP****Roli Ltd.****Company Registered Number: 07044888****B - Company Creditors**

Key	Name	Address	£
CN01	NetSuite Inc.	ORACLE CORPORATION UK LIMITED, 510 Oracle Parkway, Thames Valley Park, Reading, Berkshire, RG6 1RA	14,987.41
CN02	Nisbets Plc	Fourth Way, Avonmouth, Bristol, BS11 8TB	145.22
CN03	NUUK Digital Ltd	Canada House, 3 Chepstow St, Manchester, M1 5FW, United Kingdom	27,000.00
CO00	Orange (EE)	EE Mobile & Broadband EE Customer Services, 6 Camberwell Way, Sunderland, Tyne and Wear, SR3 3XN	113.97
CP00	Pact Coffee	The Biscuit Factory, London, SE16 4DG	61.50
CP01	Paddle Services Ltd	15 Briery Close, Great Oakley, Corby, Northamptonshire, NN18 8JG	47.00
CP02	Parallel Financial Ltd	5 Plaza Gardens, London, SW1S 2DT	6,675.00
CP03	PEK AG	Badenerstrasse 808, 8048 Zürich, Switzerland	2,067.41
CP04	PPL PRS Ltd	11 Mercury Place, St George St, Leicester, LE1 1QG, United Kingdom	125.78
CP05	Prototype Project	Units 1&2, Greenfield, Royton Herts, SG8 5HN	221.18
CP06	PuttiAtti Co., Ltd.	34-2 Samjung-dong, Ojung-gu, Bucheon-si, Gyeonggi-do, South Korea	188,860.74
CP07	PWC LLP	1 Embankment Pl, London, WC2N 6RH	92,954.40
CR00	Rawlinson & Hunter	Eighth Floor, 6 New Street Square, New Fetter Lane, London, EC4A 3AQ	4,510.00
CR01	Rectron PTY LTD	152, 15th Road, Randjes Park Midrand, 1685 South Africa	953.56
CR02	Rocket Comms AU Pty Ltd	402/384 Eastern Valley Way, Sydney, NSW 2069, Australia	2,323.03
CR03	Rollbar, Inc.	51 Federal St #401, San Francisco, CA 94107	35.37
CR04	RR Donnelley Receivables Ltd	Vanesa Medina, RRD Supply Chain Solutions, 6315 West by Northwest Blvd, Houston, TX 77040	17,549.81
CR05	RS Components	Birchington Road, Corby, Northamptonshire, NN17 5JF	45.68
CS00	Sales-Promotions	IDA Business and Technology Park, Ring Road, Kilkenny, Ireland	961.45
CS01	Sam Ash Music	PO Box 9047, Hicksville, NY 11802, United States	6,588.46
CS02	SASA SIMION		259.20
CS03	SCAN COMPUTERS	25-28 Enterprise, Middlebrook, Horwich, Bolton, BL6 6PE	185.46
CS04	Shopify Inc.	2nd Floor Victoria Buildings, 1-2 Haddington Road, Dublin 4, D04 XN32, Ireland	1,780.87
CS05	Sigma Worldwide LLC	65 W 83rd St, New York, NY 10024	22,441.47
CS06	SimplyHealth	Hambleden House, Waterloo Court, Andover, Hampshire, SP10 1LQ	1,621.20
CS07	Slack App	One Park Place, 4th Floor Hatch Street, Dublin 2, Ireland	532.12

**RSM Restructuring Advisory LLP****Roli Ltd.****Company Registered Number: 07044888****B - Company Creditors**

Key	Name	Address	£
CS08	Smartling Inc	Attention: Accounting, 1375 Broadway, 14th Floor, NEW YORK, NY 10018, USA	1,800.00
CS09	Snaptron Inc.	960 Diamond Valley Drive, Windsor, CO 80550-5137, United States	25,194.22
CS0A	Solid Solutions Management Ltd	Olympus Avenue, Olympus House, Leamington Spa, Warwickshire, CV34 6RJ	18,523.20
CS0B	Solid Trax	Vuuvlinder 27, 8607 HJ Sneek, The Netherlands	1,168.21
CS0C	Sound Technology Ltd	Letchworth Point, Letchworth Garden City, Hertfordshire, SG6 1ND	6,039.15
CS0D	SoundCat	Level 2 Samsung Bldg. 17, Wonhyo-ro 48-gil, Yongsan-gu, Seoul, Republic of Korea 04366	84,946.77
CS0E	SSE Southern Electric	Business Sales and Service, SSE plc, PO Box 6302, Basingstoke, RG21 8ZU	6,637.69
CS0F	Subsonic IT Limited	49 Somersall Park Road, Chesterfield, Derbyshire, S40 3LD	1,375.00
CS0G	SUMIDA Flexible Connections GmbH	Agathe-Zeis-Straße 5, 01454 Radeberg, Germany	2,665.65
CS0H	Supertec	3 rue des Quatre Cheminées, 92514 Boulogne Cedex, Paris, France	14,515.04
CS0I	Sweetwater	Central Receiving, Music Products Center, 5501 US Highway 30W Fort Wayne, Indiana 46818, United States	205.80
CS0J	Swim ent llc	CALEB WILSON, 3466 Floyd Ter, Los Angeles, CA 90068, United States	217.14
CS0K	Synapse	Unit 18 Paramount Industrial Estate, Sandown Road, Watford, Hertfordshire, WD24 7XG	5,520.60
CT00	Taylor Wessing LLP	DX 41 London, 5 New Street Sqare, London, EC4A 3TW	523,259.64
CT01	TBM Solution	2 Cardington Gate St Martins Way, Cambridge Rd Ind Est, Bedford, MK42 OLFM	136.15
CT02	TFL Property	5 Endeavour Square, London, E20 1JN	70,000.00
CT03	The Cloud Mill Limited	?5d Shepherd's Hill, London, N6 5QJ	2,520.00
CT04	TICKBOXES SOFTWARE LTD (Lukasz)	85 Great Portland St., First Floor, London, England, W1W 7LT	300.00
CT05	Tim Roberts		12,755.77
CT06	Tobias Menguser		8,558.68
CT07	TV Licence	TV Licensing, Darlington, DL98 1TL	309.00
CT08	Triplepoint Venture Growth Bdc Corp.	2755 Sand Hill Rd., Menlo Park, CA 94025	33,633,000.00
CU00	UK Visas and Immigration	Capital Tower, 91 Waterloo Rd, London, SE1 8RT, UK	1,476.00
CV00	Vitality Health	4th Floor, 70 Gracechurch Street, London, EC3V 0XL	180.73
CW00	Wonderland Learning	Alexie Dorado, 590 Avocet DR, #7215 Redwood City, CA 94065	503.47
CW01	WP Engine, Inc.	504 Lavaca St. Suite 1000, Austin, TX 78701, USA	86.95
CX00	Xero USA Inc.	Level 5, 101 Green St, San Francisco, CA 94111, USA	85.68

RSM Restructuring Advisory LLP

Roli Ltd.

Company Registered Number: 07044888

B - Company Creditors

Key	Name	Address	£
CY00	Your Edge Solutions Ltd	4th Floor, 100 Fenchurch Street, London, EC3M 5JD, UK	33.98
CZ00	ZEPBROOK LTD	Unit 26, Westwood Park Trading Estate, Concord Rd, London, W3 0TH	164.81
CZ01	Zoom Video Communications Inc.	55 ALMADEN BOULEVARD, 6TH FLOOR SAN JOSE, CA 95113	105.58
CZ02	ZUHAL DIS TICARET A.S.	Galip Dede Cad. No:33, 34420 Tunel Beyoglu, Istanbul / Turkey	5,258.75
167 Entries Totalling			44,238,619.58

## C. RECEIPTS AND PAYMENTS SUMMARY

For the period from 31 August 2021  
to 7 September 2021

	£	£
<b>ASSET REALISATIONS - FIXED CHARGE</b>		
The Business Intellectual Property and Social Media Accounts	356,003	
The benefit of the Rent Deposit	1	
The Goodwill	26,706,061	
The Shares	3	
	<hr/>	<hr/>
Distribution to fixed charge holder, TriplePoint (31 August 2021)		(27,000,000)
		<hr/>
<b>ASSET REALISATIONS - FLOATING CHARGE</b>		
The Computer Systems and Source Codes	1	
The benefit (subject to the burden) of the Elected Contracts (including all rights under the Intellectual Property Licences)	1	
The benefit of the Customer Contract Cash, Prepayments, Cash in Transit and Trading Receipts	1	
The Merchant Services Retentions	1	
The benefit of the Intercompany Balances	1	
The Equipment	35,326	
The Stock	100,000	
The Records and Customer Database	1	
	<hr/>	<hr/>
<b>BALANCE</b>		<b>197,400</b>
		<hr/>

**NOTE:**

The balance of funds is currently held by the Joint Administrators' solicitors and will be transferred to the estate account in due course  
A statement of affairs has not yet been provided by the directors and it is therefore not possible to provide comparative figures.

# D. SIP 16 STATEMENT

## ROLI LIMITED - IN ADMINISTRATION

### SIP 16 STATEMENT

#### Rationale for a Pre-Pack Sale

In accordance with Paragraph 3 to Schedule B1 of the Insolvency Act 1986, the Joint Administrators intend to pursue the statutory 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). It is the view of the Joint Administrators that the transaction enables the statutory purpose to be achieved and that the sale price achieved as the best reasonably obtainable in all the circumstances because it has minimised creditor claims, including eliminating employee claims, thereby providing the best possible return to creditors in the circumstances.

#### Background

ROLI Ltd. ('the Company' or 'ROLI') was incorporated on 15 October 2009 by founder & CEO, Roland Lamb. The Company is a music technology business making hardware and software instruments, as well as producing new content.

Alongside founding the business in 2009, Mr Lamb invented a now patented technology called the SEA interface which he incorporated into The Seaboard, a new musical instrument. The Seaboard is an evolution of the piano keyboard, capable of offering new depths of sonic expression to producers, keyboardists, and performers. It was the promise of this instrument and its underlying technology that Mr Lamb leveraged to raise capital to build and grow the Company.

Between March 2012 and June 2017 the Company raised c£45m of funds to develop and launch the Seaboard GRAND, Seaboard RISE and BLOCKS products.

In May 2018, TriplePoint Capital ('TriplePoint') acquired an existing £8m of venture debt and provided £2m in additional venture debt alongside access to working capital funds of £5m. ROLI generated revenue of c£11m in 2018, driven largely by this funding which enabled a new product called the Songmaker Kit to be released. It also funded new product development and tooling. However, demand for the ROLI products available at the time did not meet expectations.

In terms of the longer-term strategy, between October 2017 and July 2021, funding including convertible investments of £25m was raised, to support the businesses eventual transition from the professional to the consumer marketplace. Significant funds were allocated to new IP development to adapt the existing product lines to a more consumer-oriented audience. This necessitated significant investment in prototyping and new production tooling.

Fundamentally, while the initial professional products launched by ROLI were met with significant critical acclaim, the market they attracted was ultimately too small to sustain the venture-backed business that ROLI was building. This was demonstrated in 2016/17 when ROLI partnered with a major technology manufacturer for a global launch of its BLOCKS product line. ROLI produced c90,000 units of consignment stock, but the customer demand did not materialise.

Simultaneously, this failure of product market fit meant that ROLI tied up much of the cash it had raised in BLOCKS inventory, which then, in turn, led to a slow cash-to-cash cycle for the business. This created significant cashflow issues for ROLI, as it now had a significant debt of more than £10m due to its contract manufacturer and limited working capital to support the new product introductions that were required.

The consequences of this mismatch of supply and demand was that the business was forced to implement the strategic shift towards a more consumer product offering. Following over 2 years of development, prototyping, product testing, and user feedback, this consumer product offering eventually became the LUMI Keys product, which launched via Kickstarter in June 2019.

Although the 2019 Kickstarter campaign was successful, raising over \$2m, it ultimately did not prove substantial enough to resolve the sustained cashflow issues that ROLI continued to encounter. Additionally, the business struggled to produce the hardware according to the promised timescales due to

manufacturing delays related to the production ramp-up, which caused customer dissatisfaction / return requests.

The business was therefore forced to rationalise its staffing costs and reduced its headcount by c30% in late 2019. In addition, hiring was greatly constrained (by mid-2021 the business had shrunk to 67 employees, less than 50% of its size in 2018). ROLI's remaining executive team also all reduced their salaries by an average of 25-30% in order to further reduce cost pressures. While these reductions in staff, along with significant operational cost reductions, helped to improve the Company's cash flow, they still were inadequate to bridge the financial gaps being encountered.

Meanwhile, in 2019, ROLI began to market some of its assets for sale, in an attempt to secure funds to sustain the business until it could find a longer-term financial solution. In March 2020, ROLI sold BFD, a software asset/product line that it had acquired in 2016, for \$1.4m. In April 2020, ROLI also sold Raw Materials Software (acquired in 2014) for £1.2m. Into 2021, ROLI also continued to try to sell another asset it had created internally called SOUL, and while it succeeded in securing a term sheet and negotiating nearly all aspects of a deal for the sale of the asset, ultimately, the sale failed to complete. This failure of the final asset sale created further financial pressure on the Company.

During the same period, in order to try to maintain momentum, ROLI began to raise additional convertible funds. In doing so, ROLI pitched its investment proposition to hundreds of potential investors, both institutional and individual from all over the world. This fundraising went on for over 2 years and through the procurement of numerous smaller scale, non-institutional investments, the business was able to sustain itself while it tried to secure a larger investment round which could transform its financial foundation. In late 2018 and early 2019, ROLI secured and signed two, respective term sheets each for over £10m. While due diligence activities progressed significantly with both firms, ultimately, both investments failed to close.

Having raised funds via the aforementioned asset sales, an additional £4m of funding was secured via the Future Fund scheme in July 2020, enabling ROLI to produce further new LUMI hardware. This then also funded the business during Q4 2020. Around the same time, ROLI continued to limit staff costs, reducing the size of its executive team and enacting salary reductions for all senior executives. Due to COVID, additional challenges were encountered around the procurement of components, such as silicon chipsets which are necessary to produce ROLI products, and which have been in short supply since soon after the pandemic began.

In late 2020, ROLI began to pitch the commercial opportunity of LUMI to various venture firms. While significant interest was generated from a wide range of firms, ultimately, ROLI was unable to close a deal with any firm. During this period, ROLI continued to accrue liabilities on a number of fronts. This included a significant level of liability that accumulated with HMRC, which rose to c£2.4m by July 2021.

ROLI's venture debt provider remained supportive throughout this period, but the Company's lack of success in finding a new financial backer, combined with the significant pressure being exerted by HMRC with regards to the outstanding liability, meant that ROLI's Board of Directors had to consider alternative options to sustain the business, and preserve the best outcome for the greatest number of creditors. This led to RSM Restructuring Advisory LLP ('RSM') being engaged on 16 July to commence an accelerated sale process, seeking a buyer for the business and assets.

Ultimately, as seen above, the Company was fundamentally unable to succeed due to the overproduction of inventory in 2016 and 2017 which created an insurmountable financial gap in the Company's position, and it was one that the original product offering and audience could not overcome; the products were too niche and the market was too small. While the Company managed to eventually release a compelling consumer offering, the requisite capital needed to be able to realise the commercial potential of the product was not secured in time. Without new capital, the immediate and long-term financial liabilities became too great for the Company to sustain.

## Charges

The following charges, with an estimate of amounts due, are registered against the Company

Creation	Registration	Charge holder	Type of Charge	Amount Due (estimated)
23/05/2018	04/06/2018	Triplepoint Venture Growth BDC Corp.	Fixed and Floating Charge	£28,716,584.92 \$145,621.07
23/05/2018	31/05/2018	Triplepoint Venture Growth BDC Corp.	Fixed and Floating Charge	£4,811,101.37 (convertible loan notes)
29/06/2012	11/07/2012	Glebe Road Limited	Rent deposit	£25,200

## Financial Position

The Company has been substantially loss making since inception, with the recent financial results summarised below.

	31 December 2017 (12m) (Filed accounts)	30 June 2019 (18m) (Filed accounts)	30 June 2021 (12m) (Consolidated Management accounts)
Revenue £'000	10,427	11,348	6,582
Profit / (Loss) £'000	(22,072)	(32,948)	(11,887)

Throughout 2021 it has been the Company's intention to secure additional funding and in conjunction agree a time to pay arrangement (TPP) with HMRC, thereby avoiding a formal restructuring process. Negotiations with two prospective funders were positive in this regard for some months, however the funders then indicated that they would only invest in a restructured business.

At the same time, the immediate key pressure point was HMRC who are owed c£2.5m in relation to PAYE arrears. HMRC had been supportive of the Company's attempts to secure further funding, but the debt level had risen to such a degree that HMRC's procedures meant that a demand for a security bond was about to be made to the Company for c£3m. The Company would not have been able to meet such a demand. At that point the directors acknowledged that the Company's insolvency was unavoidable and immediately resolved to file a Notice of Intention to Appoint Administrators.

In addition, there is a significant balance (c£7m) due to the principal outsourced manufacturer. The Company has been under pressure from this manufacturer for some time. Both parties have recently agreed to end the relationship on the basis of tooling being purchased and being moved to a new manufacturer, however the protection of the Notice of Intention to Appoint Administrators remained necessary.

## Initial Introduction

Damian Webb was introduced to the Company by Taylor Wessing solicitors, following which RSM was engaged in March 2019, initially to advise regarding cash flow pressures on the business. RSM have provided ongoing insolvency and other related advice since then, including assisting with liaising with HMRC in relation to TPPs and tax liabilities generally.

RSM were subsequently engaged to complete an accelerated sale process from 16 July 2021, which resulted in the Company entering Administration and a going concern sale of the Company's business and assets, discussed in further detail below.

Please note that the Joint Administrators' role in the pre-appointment period, in relation to the pre-packaged sale, was to advise the Company and not the directors in their personal capacity, or any parties connected with the purchaser, in connection with the transaction. When considering any sale or disposal of the Company, its' business or assets, the Joint Administrators' must perform their functions in the interests of the Company's creditors as a whole. However, where the objective is to realise property in order to make a distribution to secured or preferential creditors, the Administrators have a duty to avoid unnecessarily harming the interests of creditors as a whole.

### Options Considered

A number of alternative options were considered, including:

- Investment outside formal insolvency
- Company Voluntary Arrangement
- Trading administration
- Liquidation/shutdown insolvency

#### Investment outside formal insolvency

The Company has at length pursued further investment from both current and new potential investors. Due to the liabilities of the Company and existing capital structure, obtaining a solvent investment was not viable.

#### Company Voluntary Arrangement ('CVA') or Restructuring Plan

Neither was deemed to be a viable option due to the additional funding required by the Company. The primary investor was unwilling to fund such a process and the Company does not generate sufficient profits to maintain suitable contributions. HMRC were also applying significant pressure due to the level of arrears and as a result it was unlikely that a creditor support would have been obtained.

#### Trading Administration

A trading Administration was not considered appropriate as the business is significantly loss making and there was limited cash available in the business to fund a trading period. Also no party would fund the losses as there is no obvious short term benefit to continuing to trade.

The funding required and risk attaching to this scenario would therefore undermine realisations to creditors. The cost of trading whilst in Administration would also be significantly higher than the costs associated with marketing the business via an accelerated sale process.

#### Liquidation/shutdown insolvency

A liquidation or shutdown insolvency was not considered appropriate as it would have led to a significant loss of value to the business and the assets, as well as a detriment to the creditors generally:

- The Company's most valuable assets were its intellectual property and goodwill. As per the professional valuation advice (detailed later in this document), these assets would realise considerably less in a shut-down basis than on a going-concern basis.
- There would also have been significant additional losses to creditors, due to employee redundancy costs and preferential claims, certain creditor debts not being adopted by the purchaser and additional landlord claims.
- The secured creditor would also receive a negligible return on the substantial funds owed to them.

### Funding

During the period leading up to the Joint Administrators' appointment, additional funding of £0.5m was provided by TriplePoint as secured lender to ensure the Company made critical payments to allow the sale to complete.

### Strategy

The directors concluded that pursuing a strategy of a pre-packaged sale in administration, rather than immediately closing down the Company, was the most appropriate course of action to maximise the return to creditors in the circumstances.

In comparison to the above options, the transaction which took place on 31 August 2021 has several advantages, including:

- Continuity of service will be provided to the customers and key suppliers.

- Creditors' claims will be reduced significantly as the contracts of all employees have transferred to the purchasing entity, therefore saving all jobs.
- The sale has realised significantly more for the Company's intellectual property and goodwill than would have been realised in a shut-down scenario.
- The secured lender has received a significant recovery in this scenario, compared to a very limited or nil return in a shut-down scenario.

Please note that the terms of the pre-packaged sale are detailed later in this document.

### Consultation with Creditors

The major creditor is TriplePoint, as secured creditor, who are owed c£34m. TriplePoint are involved in funding the purchaser and have provided their consent to the Administration process.

Other unsecured creditors were not consulted with due to the potential damage to the business whilst the potential sale of the business was explored. HMRC were made aware of the Company's position at an early stage, when the initial Notice of Intention to appoint Administrators was filed.

### Marketing of the Business and Assets

Prior to RSM's involvement on the sale, the management team spoke to a range of interested parties/investors to secure funding. While significant interest was generated from a wide range of parties, ultimately, the Company was unable to secure a deal with any one of them.

RSM were engaged to complete an accelerated sale process from 16 July 2021.

RSM prepared a teaser document for the opportunity that was distributed to a wide number of potentially interested parties. The parties targeted included:

- Distressed and specialist investors identified through RSM Restructuring's business for sale database.
- Sector and other relevant parties identified by management.
- Internal contacts through contacting all RSM partners and directors.
- Advertising the opportunity publicly on the IP Bid website.

The marketing campaign undertaken ensured that the opportunity reached a wide audience within a short period of time, and who may have had an interest in acquiring the business. As the opportunity was widely advertised a substantial amount of initial interest was received.

The Teaser was issued to 71 parties and 33 parties expressed further interest and were issued with non-disclosure agreements (NDAs). Of these, 19 returned a signed NDA and were issued with further information regarding the opportunity.

Four parties expressed continued interest in the opportunity and were provided with access to a data room with additional business and financial information regarding the Company. One external party remained interested and spoke with the Company's management team.

Ultimately, the only offer was received from Luminary Roli Limited ('Newco') to purchase the business and certain assets for £26.5m. Additional investment would be made to fund the working capital of the business going forwards. The intention was that the management team and all staff would transfer to the Newco.

The business and assets of the Company were marketed for a period of 2-3 weeks. This was considered an appropriate length of time because of the specialist nature of the business and the arrears owed to HMRC. Despite a high initial level of interest, there was limited interest in the seriously pursuing the opportunity and it was therefore not necessary to extend the marketing period and no subsequent interest was received after the marketing period was closed.

The media and marketing strategy adopted was considered appropriate because the opportunity was publicly advertised on a market leading insolvency sale website, and targeted a large number of potentially interested parties. The opportunity generated high levels of interest, however not at a sufficient level to generate any unconnected offers for the business or assets.

### Marketing essentials

- Broadcast – RSM approached 44 parties directly, including a range of specialist sector, trade and distressed investors, including input from Management. The opportunity was also advertised online (discussed further below) and therefore a further 29 parties expressed interest in the opportunity directly. In addition, the Company had already approached the most likely investors / purchasers.

- Justify the marketing strategy – The marketing strategy was appropriate in the circumstances, targeting a large number of potentially interested parties and publicity advertising the opportunity online.
- Independence - Management had contacted certain parties prior to RSM's appointment attempting to obtain investment, but they were unsuccessful. These prior discussions did not alter our marketing process.
- Publicise rather than simply publish – The time allowed for the marketing process and the submission of offers was restricted owing to the pressure from the creditors and the cash flow / working capital constraints. Nevertheless, the business and assets of the Company were marketed for a period of 2-3 weeks. This was considered an appropriate length of time because of the specialist nature of the business and the arrears owed to HMRC. There was limited interest in the opportunity, and it was therefore not necessary to extend the marketing period and no subsequent interest was received after the marketing period was closed.
- Connectivity – The opportunity was publicly listed online with IP Bid, a widely used insolvency sale website. An online data room was utilised to allow interested parties access to relevant company information.
- Comply or explain – The marketing strategy has achieved the best available outcome for creditors as a going concerns sale has been agreed which minimises the claims of all classes of creditor and is supported by a number of the key stakeholders of the Company.

#### **Statutory purpose**

The purpose pursued is 3(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).

This purpose will be achieved because:

- The sale reduces the sum owed to the secured creditor by £27m.
- Preferential and unsecured employee claims are eliminated.
- Newco will elect to adopt certain unsecured trade creditor liabilities.
- Customer purchases will be honoured by Newco reducing further claims.
- Future landlord claims will be mitigated by agreeing an assignment of some of the leasehold premises.

A number of creditors from all classes of creditor will therefore benefit from the Administration through either increased returns or reduced claims.

#### **Valuation of the Business and Assets**

Peter Atkinson, Jon Cookson and Nat Baldwin of Hilco Valuation Services ('Hilco') undertook the valuation of the business and assets, leases and intellectual property respectively. The valuations were undertaken on a desk-top basis in view of Covid-19.

The valuers used hold the MRICS qualification (Royal Institute of Chartered Surveyors) where applicable and are experienced in valuing business within pre-packs and insolvency processes. RSM operates an 'agent's panel', which requires agents to confirm they have considered their independence prior to accepting any instruction, and that they hold adequate Professional Indemnity Insurance.

Valuations are commonly undertaken on going concern, in-situ or ex-situ bases. These terms are explained below.

<b>Going Concern</b>	assets remain in existing location and are valued on a 'continuing use' basis
<b>In-situ</b>	assets remain in existing location, but 'continuing basis' not taken into account
<b>Ex-situ</b>	assets valued as individual items for removal, also known as 'break up' basis e.g. the assets will not be used to continue the business in existing location.
<b>Profit / Revenue Based</b>	'enterprise' valuation based on a multiple of future turnover, earnings or profit

The business and assets were valued on both in-situ and ex-situ bases on an orderly sale. This provided the Joint Administrators with a benchmark against which offers could be compared:

	In-Situ (£)	Ex-Situ (£)
Intellectual property & Intangible assets	757,000	123,000
Machinery and business assets	151,185	45,325
Inventory	594,393	213,604
<b>Total</b>	<b>£1,502,578</b>	<b>£381,929</b>

After deducting estimated costs of disposal (£102k), net realisations were calculated to be £280k on an ex situ basis.

The valuation also confirmed there was no lease premium value at the three Company premises.

Hilco provided a recommendation that the offer from Newco should be accepted.

### Offers Received

Despite wide engagement with various parties, only one offer was subsequently received, being from Newco. A decision was taken to accept that offer in the sum of £27,197,400.

The reason for accepting this offer was because it resulted in a substantially better outcome for the creditors as a whole than a shutdown insolvency. It also preserves all jobs and continuity of supply to customers.

The apportionment of sale consideration is set out below..

### The Transaction

The business and assets of the Company were sold to Newco on 31 August 2021. Newco is connected to the Company by virtue of a common director and shareholder, and funder. The purchaser was independently advised. One of the existing directors, Roland Lamb, is a director of newco and will have equity participation.

The secured creditor, TriplePoint, rolled over debt totalling £27m to Newco and working capital funding of c£10m is to be provided through an additional unconnected funder.

	<b>Apportionment of Consideration</b>
<b>Fixed Charge Assets</b>	
The Business Intellectual Property and Social Media Accounts	£356,003
The benefit of the Rent Deposit	£1
The Goodwill	£26,706,061
The Shares	£3
<b>Subtotal</b>	<b>£27,062,068</b>
<b>Floating Charge Assets</b>	
The Computer Systems and Source Codes	£1
The benefit (subject to the burden) of the Elected Contracts (including all rights under the Intellectual Property Licences)	£1
The benefit of the Customer Contract Cash, Prepayments, Cash in Transit and Trading Receipts	£1
The Merchant Services Retentions	£1
The benefit of the Intercompany Balances	£1
The Equipment	£35,326
The Stock	£100,000

The Records and Customer Database	£1
<b>Subtotal</b>	<b>£135,332</b>
<b>Total</b>	<b>£27,197,400</b>

The sale consideration was received in full on 31 August 2021.

#### Connected Person Transaction

As set out above, the purchaser of the business and assets of the company is considered to be a connected party, in accordance with insolvency legislation and best practice. With effect from 30 April 2021, any substantial disposal to a connected person within the first 8 weeks of the administration requires either that the creditors consent or that the purchaser (the connected person) to instruct an independent evaluator to review the proposed transaction and provide a qualifying report. The aim of the review and qualifying report is to increase transparency in the pre-pack process where a transaction takes place to a connected person, and to provide assurance to creditors and stakeholders that independent business experts have reviewed the proposed transaction.

#### Evaluator's Report

As this was a substantial disposal to a connected person that has taken place within 8 weeks of the administration commencing it was necessary for the purchaser to obtain an independent evaluator's qualifying report (the Report). The Report was received by the Joint Administrators on 27 August 2021 and contained a statement that the evaluator was satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

The Joint Administrators reviewed the Report, including available supporting documents, and having regard to the date on which the report was made, are satisfied that the individual making that report had sufficient relevant knowledge and experience to make a qualifying report.

#### Viability review

The connected person purchasers were also informed of their ability to draw up a viability review, stating how the purchasing entity will survive for at least 12 months from the date of the proposed purchase, and a viability statement providing a short narrative detailing what the purchasing entity will do differently in order that the business will not fail.

The Joint Administrators are informed that in light of the significant working capital being introduced to Newco, no additional viability statement was produced.

For the avoidance of doubt, the Joint Administrators have not contributed to, nor reviewed or verified, any aspect of the viability statement, viability review or the evaluator's qualifying report. The Joint Administrators cannot therefore answer queries in relation to this statement, where applicable.

# EVALUATORS REPORT



**Pre Pack Pool Ltd**  
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**Evaluators Report on proposed pre-packaged sale involving Roli Ltd. and Lizzy Wood Shoosmiths LLP of Platform, pursuant to the Administration (Restriction on Disposal to Connected Parties Regulations 2021 (the Regulations).**

**Background.**

1. The business and / or assets of Roli Ltd. are the subject of a substantial disposal pursuant to regulation 3 of the Regulations) to Luminary Roli Limited (currently known as Shoo 662 Limited, the change of name will be effected prior to completion of the proposed transaction).
2. The Applicant is a connected party to Roli Ltd. as defined in paragraph 60A(3) of Schedule B1 of the Insolvency Act 1986 in that it he / she is a director, shadow director or company officer of Roli Ltd..
3. The relevant property subject to the substantial disposal is stated to be:

Goodwill, stock, intellectual property and social media accounts

4. The consideration for this substantial disposal is stated to be:

£27,197,400

5. In the absence of creditor approval of this substantial disposal, a connected party purchaser is required to obtain a qualifying report in accordance with section 6 of the Regulations, and this report has been commissioned for that purpose.

**Qualifications of Evaluator.**

1. I am satisfied that I am a qualified Evaluator within the meaning of regulation 10 of the Regulations. I possess the relevant knowledge and experience to provide this report, and I have been accepted as an approved Evaluator by Pre Pack Pool Ltd. Details of my personal and professional qualifications may be scrutinised at [www.prepackpool.co.uk](http://www.prepackpool.co.uk)
2. I confirm that I satisfy the requirement for independence in relation to the substantial disposal as specified in regulation 12 of the Regulations. I have no personal, professional or other connection to any party connected to Roli Ltd. or Luminary Roli Limited (currently known as Shoo 662 Limited, the change of name will be effected prior to completion of the proposed transaction) and no relationship, bias or ethical conflict exists which prevents me from evaluating this application solely on its merits. I am not excluded from acting as an Evaluator by reason of regulation 13 of the Regulations.
3. The proposed administrator, where appointed, has raised no objection to my suitability as an Evaluator.

**Professional Indemnity Insurance.**

For the purposes of this report, I am acting as an Agent of Pre Pack Pool Ltd (the company), and I am covered by the company's Professional Indemnity Insurance as required by regulation 11 of the Regulations. Details of this Professional Indemnity Insurance policy as required by regulation 7(c) of the Regulations are as follows:-

Insurer: Markel International Insurance Company Ltd, 20 Fenchurch Street, London EC3M 3AZ.

Insured: Pre Pack Pool Ltd.

Policy number: B046013035169

Risks covered: Miscellaneous Professional Indemnity Breach of Professional Duty

Cover £2,000,000.00

Exclusions from cover: GDPR Exclusion, Cyber Exclusion, COVID-19 Exclusion

**Previous Evaluation Reports.**

The Applicant has stated that no previous Evaluation Reports have been obtained in relation to this substantial disposal, and I have no reason to believe that this statement is incorrect.

**Evaluator's Opinion.**

In accordance with regulation 7 of the Regulations, 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.

Principal reasons for this opinion are as follows:-

1. The substantial previous efforts by the management team to secure additional funding to avoid an insolvency process
2. The work of the insolvency practitioner to market the business and its assets leading to this transaction which provides the best outcome for the creditors under the current circumstances.

In forming my opinion I have relied upon the following information provided by the Applicant together with freely available information in the public domain:-

Submission by the applicant and their advisors, from a detailed history through to the proposed documentation associated with the transaction.

I have not carried out an audit of this information.

For the avoidance of doubt, I express no view on whether Shoosmiths LLP or Platform is, or will in the future remain a going concern, neither do I express an opinion on any decision by the proposed administrator to enter into a pre-packaged sale. These are matters for the proposed administrator to determine.

**Evaluator.**

Colin Coghlan For and on behalf of Pre Pack Pool Ltd.

Date 27-08-2021

## E. PROOF OF DEBT

### Rule 14.4 of the Insolvency (England and Wales) Rules 2016

#### PROOF OF DEBT

<p>In the High Court of Justice, CR-2021-001531 Roli Ltd. In Administration Company No: 07044888 Damian Webb and Gordon Thomson appointed as Joint Administrators to the above company on 31 August 2021</p>	
Relevant date for creditors' claims: 31 August 2021	
1	Name of creditor If a company please also give company registration number
2	Address of creditor for correspondence.
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the relevant date. Less any payments made after that date in relation to the claim, any deduction in respect of discounts and any adjustment by way of mutual dealings and set off in accordance with relevant legislation
4	Details of any documents by reference to which the debt can be substantiated. There is no need to attach them now, but you should retain them safely as the Joint Administrators may ask you at a future date to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the chairman or convenor of any qualifying decision procedure.
5	If amount in 3 above includes outstanding uncapitalised interest please state amount.
6	Particulars of how and when debt incurred If you need more space append a continuation sheet to this form
7	Particulars of any security held, the value of the security, and the date it was given.
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.
	Signature of creditor or person authorised to act on his behalf
	Name in BLOCK LETTERS
	Date
	Position with or in relation to creditor

Address of person signing (if different from 2 above)	
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**Notes:**

1. This form can be authenticated for submission by email, to restructuring.london.core@rsmuk.com, by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office holder. If completing on behalf of a company, please state your relationship to the company.