



[2026] EWHC 785 (Ch)

Case No: CR-2025-002932

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND WALES
INSOLVENCY AND COMPANIES LIST (ChD)

IN THE MATTER OF KESSION CAPITAL LIMITED (IN ADMINISTRATION)
AND IN THE MATTER OF THE INSOLVENCY ACT 1986

Date:

Before :
DEPUTY ICC JUDGE CURL KC

LLOYD EDWARD HINTON AND KELLY KNIGHT
(as joint administrators of Kession Capital Limited)

Applicants

-and-

- (1) KVB CONSULTANTS LIMITED (Company Number 08723839)
 - (2) PAMELA CIZEK
 - (3) BARRY COLEMAN
 - (4) NIGEL DENNING
 - (5) RICHARD DENNING
- (6) DRIVELAND ESTATES LIMITED (Company Number 04303684)
 - (7) ARJUN KAINTH
 - (8) KULDIP KAINTH
 - (9) DAPHNE MORGAN
- (10) AQUARIUS LIVING LIMITED (Company Number 09907135)
 - (11) MIRAJ PATEL
 - (12) MELANIE RAYNER
 - (13) DILIP SHAH
 - (14) NALINA SHAH
 - (15) HETUL SHAH
- (16) DR HETUL SHAH LTD (Company Number 08691381)
 - (17) NEHA SHAH
 - (18) DIPAK SHAH
 - (19) MEERA SHAH
 - (20) MAHESH SHAH
 - (21) MADULABEN SHAH
 - (22) SHEENA SHAH
 - (23) VASANTI SHAH
 - (24) BIPIN SHAH
 - (25) BO SUN
- (26) SRIDHAR VENKITESWARAN

Interested Parties

Simon Jones (instructed by Coyle White Devine Solicitors for the Joint Administrators)
Samuel Parsons (instructed by Acuity Law Limited) for the Interested Parties)

Hearing date: 3 March 2026
Judgment circulated to the parties: 30 March 2026
Judgment handed down: 7 April 2026

Deputy ICC Judge Curl KC:

1. This judgment is about whether or not a company should remain in administration following rejection by its creditors of administrators' proposals made under paragraph 49(1) of Schedule B1 to the Insolvency Act 1986 ("IA 1986"). It arises from an application for directions made under paragraphs 53, 55 and 63 of Schedule B1 by Lloyd Hinton and Kelly Knight as joint administrators ("Administrators") of Kession Capital Limited ("Company").
2. Despite their proposals having been rejected by the Company's creditors, the Administrators by their application urge the court to make an order to "*hold the ring*" (as it has been described) to await the delivery of judgment by the Supreme Court on an appeal brought by the Company, following which a further meeting of creditors should be held. That relief is strenuously opposed by 26 unconnected judgment creditors of the Company ("Interested Parties"). There is no evidence before the court of the views of any of the Company's other creditors. Although framed as an application for directions, this application is in fact a keenly-contested piece of adversarial litigation: the Administrators are on one side and 100% of the creditors to have expressed a view are on the other.
3. Having heard argument on 3 March 2026, I was left in no doubt that the Company should not remain in administration. I made an order at the end of the hearing for the Company's compulsory winding up under paragraph 55(2)(e) of Schedule B1, giving brief reasons at that time for doing so. I indicated that I would give fuller reasons in writing at a later date, which I now do.

CURRENT POSITION

4. The Company was incorporated on 12 March 2012. It was in the business of providing what are described as regulatory hosting services, authorised by the Financial Conduct Authority ("FCA"). The Interested Parties brought a claim against the Company in relation to advice and promotional activities in connection with failed collective investment schemes. On 18 August 2023, Mr Paul Stanley KC (sitting as a deputy High Court judge) entered summary judgment against the Company on various of those claims for in excess of £1 million in liquidated damages and costs, consequential upon a judgment handed down on 6 July 2023: [2023] EWHC 1686 (Ch). The Court of Appeal dismissed the Company's appeal on 12 June 2024: [2024] EWCA Civ 765. A second appeal by the Company to the Supreme Court was heard on 21 July 2025 and, at the date of the argument before me and the order for winding up mentioned at §3 above, judgment was awaited. After this judgment had been circulated to the parties in draft, the Supreme Court handed down judgment on 1 April 2026 unanimously allowing the Company's appeal: *Kession Capital Ltd (in liquidation) v KVB Consultants Ltd* [2026] UKSC 11.
5. For reasons that will become apparent, the Company's success in the Supreme Court does not affect the disposal of the Administrators' application to this court. Indeed, the central argument of the Interested Parties, which I accepted when making the order for winding up on 3 March 2026, was that the outcome in the Supreme Court, whichever way it ultimately went, would not make any relevant difference to what should happen now in the administration. Accordingly, this judgment continues to

reflect the draft circulated prior to the Supreme Court's decision with only minor amendments to reflect the fact that the outcome in that court is now known.

6. The principal reason why the outcome in the Supreme Court does not affect the disposal of the current application is that the judgment in favour of the 26th Interested Party, Mr Sridhar Venkiteswaran, was not subject to that further appeal, for reasons that are not presently material. What is material is that Mr Venkiteswaran would always have remained a judgment creditor of the Company in a significant sum (£351,449.45 as at the date of the creditors' meeting on 7 August 2025) whatever happened in the Supreme Court. Although the outcome in the Supreme Court could have (and now in fact has) changed the creditor profile in the Company, the evidence before me indicates that the Company's success on that appeal does not affect Mr Venkiteswaran's ability to vote down any further proposals made in the administration. Mr Venkiteswaran is strongly opposed to the Company being or continuing in administration, as is each of the other Interested Parties.
7. Further, it was common ground between the parties that the Company would remain heavily insolvent even if its appeal to the Supreme Court was successful: Mr Venkiteswaran's judgment debt by itself exceeds the Company's disclosed assets. Indeed, Mr Hinton of the Administrators made clear in his evidence in reply dated 3 October 2025 (the last evidence filed in the current application) that he has "*never asserted that the Company will be returned to solvency by the outcome of the Supreme Court hearing.*"
8. As a consequence of the Supreme Court's decision, the summary judgments in favour of those of the Interested Parties whose claims were subject to that appeal have now been set aside. However, counsel for the parties to the application to this court agree that those claims have not been extinguished for all purposes: the claims were put on two further bases, neither of which have been finally determined: see Mr Stanley KC's first instance judgment at [39], [85] and [92] and the judgment of Lord Richards JSC in the Supreme Court at [23]. Although the creditors with those claims no longer have judgments in their favour, the claims continue to be asserted in the Company's insolvency, albeit disputed.

BACKGROUND

Company enters administration

9. On 16 April 2025, Lord Briggs, Lord Hamblen and Lord Burrows JJSC ordered that the stay of execution on Mr Venkiteswaran's judgment that had been in place during the first appeal to the Court of Appeal should not continue. That decision doubtless reflected the fact that Mr Venkiteswaran's judgment debt was by this time final and not subject to the further appeal to the Supreme Court. Following their Lordships' order, Mr Venkiteswaran made demand on the Company for payment by a letter from his solicitors dated 22 April 2025.
10. In an apparent reaction to that demand, the Company entered administration under paragraph 22 of Schedule B1 on 28 April 2025. The Company was caused to take that step by Mr Michael Kessler, its sole director and the holder of 100% of its A shares and 90% of its B shares. It is not disputed for the purposes of today that the Company had no active clients and was not trading at the time of its entry into administration.

Mr Hinton of the Administrators explains in his evidence that Mr Kessler had approached the Administrators' firm following Mr Venkiteswaran's demand for payment "to discuss options available" and the "decision was made to place the Company into administration to allow for the appeal to the Supreme Court to take place."

11. One effect of the Company's entry into administration was that Mr Venkiteswaran's judgment became subject to the statutory moratorium under paragraph 43 of Schedule B1. That meant that the Company's entry into administration, which was avowedly done "to allow for the appeal to the Supreme Court to take place", led to an effective stay on Mr Venkiteswaran's right to enforce, less than two weeks after the Supreme Court had itself ordered that there should be no stay of those rights to abide the appeal.

Administrators' proposals

12. Proposals as required by paragraph 49(1) of Schedule B1 to the IA 1986 were delivered to the Company's creditors by the Administrators on 19 June 2025. At the heart of any administrators' proposals to creditors is the selection of the objective by which they will seek to achieve the purpose of administration set out in paragraph 3 of Schedule B1. This was described by Snowden J (as he then was) in *Davey v Money; Dunbar Assets plc v Davey* [2018] EWHC 766 (Ch), [2018] Bus LR 1903, [323], as "...clearly the substantive cornerstone of the administration regime...". Paragraph 3 provides as follows:

"3 Purpose of administration

- (1) *The administrator of a company must perform his functions with the objective of—*
 - (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.*
- (2) *Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.*
- (3) *The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either—*
 - (a) *that it is not reasonably practicable to achieve that objective, or*
 - (b) *that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole.*

- (4) *The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if–*
- (a) *he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and*
 - (b) *he does not unnecessarily harm the interests of the creditors of the company as a whole.”*
13. In their proposals, the Administrators selected the objective set out in paragraph 3(1)(c), i.e. to realise property to make a distribution to one or more secured or preferential creditors. As the words of paragraph 3(4) make clear, it is a threshold condition for the selection of that objective that the administrator thinks that it is not reasonably practicable to achieve the objectives in either paragraph 3(1)(a) or (b).
14. The Company had no secured creditor. That being the case, the Administrators explained their selection of the objective in paragraph 3(1)(c) by reference to the presence of a preferential creditor as follows:
- “...we are seeking objective (c) and will do this by realising the Company’s assets to enable a distribution to the preferential creditor.”*
15. Nothing more was said about the preferential creditor until, some pages further on, the proposals recorded that *“The sum of £800 is owed to the employee in respect of the preferential element of wage arrears.”* Although the proposals did not say so anywhere, by the time of the hearing before me it was common ground that the party identified in the proposals only as *“the employee”* was, in fact, Mr Kessler, the director and shareholder who had caused the Company to enter administration. To be clear, then, the Company’s insolvency was brought within the scope of the statutory purpose in paragraph 3(1) of Schedule B1 by the presence of a preferential creditor, who was also the director and majority shareholder, with a claim of just £800. On any view, this was a thin basis on which to bring the Company’s case within the ambit of the administration regime.
16. Mr Hinton does not suggest in either of his witness statements that there has been any material change of circumstance capable of affecting the appropriate objective to pursue, or that the Administrators have changed their mind about their choice of objective, since the proposals were prepared. That the Administrators continue to pursue the objective in paragraph 3(1)(c) of Schedule B1 was restated in unqualified terms in their first progress report dated 26 November 2025, which post-dated both Mr Hinton’s witness statements in the current application.

Mr Venkiteswaran seeks a decision of creditors

17. The default position, set out in paragraph 51(1) of Schedule B1, is that an administrator must seek a decision from the company’s creditors as to whether they approve the proposals. However, by reason of having selected the objective in paragraph 3(1)(c), the exception to the default position provided for by paragraph 52(1)(c) applied and the Administrators were not required to seek such a decision from the Company’s creditors unless, under paragraph 52(2), a request for one was

made by creditors whose debts amounted to at least 10% of the total debts of the Company.

18. By a letter dated 27 June 2025 from the solicitors acting for Mr Venkiteswaran and the other Interested Parties, Mr Venkiteswaran made a request for a decision under paragraph 52(2) of Schedule B1. Those solicitors also indicated by the same letter that Mr Venkiteswaran further intended to request a decision under paragraphs 56 and 97 of Schedule B1 to replace the Administrators. In response to that latter indication, the Administrators' solicitors responded on 18 July 2025 as follows:

“Please advise your client...that a number of additional creditor claims have been received, reviewed but not adjudicated upon, since the proposals were circulated. We mention this purely as a matter of courtesy, as it could and probably would impact upon the outcome of any decision procedure and our clients have no wish to see your client waste money paying a deposit, which may not be recoverable...”

19. Particulars of those “*additional creditor claims*” were not given in the letter. But if one compares the creditors particularised in the statement of affairs appended to the proposals with those ultimately admitted to vote at the creditors' meeting, then it is clear that the only “*additional creditor claims*” to which the Administrators' solicitors could have been referring were additional claims by Mr Kessler himself, whose claim as a creditor increased from £34,895 to £114,895, and an entirely new claim from Tokenise (Group) International Ltd (“TGIL”), a creditor connected to Mr Kessler with a claim of £105,643.99. As both those “*additional creditor claims*” were from creditors connected with the Company neither of them was capable of affecting Mr Venkiteswaran's ability to remove the Administrators. This was a consequence of r.15.34(2) of the Insolvency (England and Wales) Rules 2016 (“IR 2016”), which provides that:

“In the case of administration, a decision is not made if those voting against it include more than half in value of the creditors to whom notice of the decision procedure was delivered who are not, to the best of the convenor's or chair's belief, persons connected with the company.”

20. Leaving connected creditors out of account, as required by r.15.34(2), the Interested Parties were (and are) able to control more than half in value of the creditors in the Company's insolvency. That is the case even if the Interested Parties other than Mr Venkiteswaran are also left out of account: on that hypothesis, Mr Venkiteswaran alone was (and is) able to control more than half in value of the unconnected creditors. As noted earlier, that position has not been affected by the outcome in the Supreme Court, as Mr Venkiteswaran's claim was not subject to that appeal. Mr Venkiteswaran's position before me, through his counsel, is that he does not want the Administrators to remain in office or for the Company to remain in administration at all.
21. It was common ground before me that the Administrators and their solicitors had overlooked the effect of r.15.34(2), a point to which I must return below. Mr Parsons submitted on behalf of the Interested Parties that Mr Venkiteswaran did not ultimately follow through with his intention to seek to replace the Administrators at the creditors' meeting by reason of the Administrators' solicitors having heavily (and incorrectly)

implied that the “*additional creditor claims*” would be capable of maintaining the Administrators in office in the face of Mr Venkiteswaran’s attempt to replace them. In fact, if the rules were applied correctly, they could not do so.

Creditors’ meeting

22. A virtual meeting to consider the proposals took place on 7 August 2025. The Interested Parties criticise the proceedings at that meeting on a number of bases. I set out two that are significant for present purposes.

23. First, the Interested Parties criticise Mr Hinton’s valuation of creditor claims for voting purposes. It is common ground that the relevant rules are rr.14.14 and 15.31(2). Part 14 of the IR 2016, in which r.14.14 is found, is titled “*Claims by and distributions to creditors in a moratorium, administration, winding up and bankruptcy*”. Rule 14.14 is concerned with estimating the value of a debt for the purposes of voting in a decision procedure. So far as relevant, it provides as follows:

“14.14 Moratorium, administration and winding up: estimate of value of debt

(1) *In the case of a decision procedure in respect of a moratorium under Part A1 of the Act, an administration or in a winding up, the office-holder must estimate the value of a debt that does not have a certain value because it is subject to a contingency or for any other reason.*

(2) *The office-holder may revise such an estimate by reference to a change of circumstances or to information becoming available to the office-holder.*

...”

24. Part 15 of the IR 2016, which contains r.15.31(2), is titled “*Decision making*”. Rule 15.31(2) is concerned with the treatment of “*unliquidated or unascertained*” claims in a decision procedure:

“A creditor may vote in respect of a debt of an unliquidated or unascertained amount if the convenor or chair decides to put upon it an estimated minimum value for the purpose of entitlement to vote and admits the claim for that purpose.”

25. At the meeting, the Interested Parties other than Mr Venkiteswaran were each admitted to vote for £1 only and marked “*disputed*”. The Administrators’ intention to value the Interested Parties’ claims for voting purposes in this way had been foreshadowed in their solicitors’ letter dated 4 July 2025, which indicated that the Administrators “*...are willing to include them with a nominal value of £1 ascribed to each of those Claimants*” on the ground that “*...those claims are clearly subject to a dispute at present*”. When the Interested Parties’ solicitors challenged this, the Administrators’ solicitors stated in further letters of 18 July and 6 August 2025 that “*...it is common practice and perfectly acceptable to ascribe a nominal value of £1 to each claim.*” Mr Hinton’s evidence in support of the application stated only that “*the*

claims that are subject to the appeal to the Supreme Court...were noted for £1” but did not add any reasoning to say why this was done, beyond exhibiting his solicitors’ letters. In my judgment, this assertion of law and practice was not only unreasoned but incorrect, as is now common ground between the parties.

26. Both sides now accept that the correct legal position in relation to the valuation of creditor claims for voting purposes is as summarised at paragraphs 42 to 49 of Mr Parsons’ skeleton argument for the Interested Parties. I am grateful to Mr Jones for his constructive approach to this part of the case, which saved considerable time at the hearing. In short, the Administrators’ error was to approach the creditor claims of the Interested Parties other than Mr Venkiteswaran as if (a) the claims were unliquidated or unascertained; and (b) the Administrators were unable to put an estimated value on those unliquidated or unascertained claims. In fact, the Interested Parties’ claims at the time of the creditors’ meeting were both liquidated and ascertained: they had been embodied in judgments for precise monetary amounts, so they could hardly have been crystallised more clearly both as to their existence and their quantum. Although they were subject to a dispute (which the Company, acting by the Administrators, had pursued to a hearing in the Supreme Court by the time the meeting took place), that dispute did not render those claims unliquidated or unascertained. In any event, the maximum effect of success for the Company in the Supreme Court would (as has now happened) be only that the orders for summary judgment made by Mr Stanley KC would be set aside: the creditor claims themselves would not be extinguished. There is no reason to suppose (or at least none was suggested to me) that an officeholder would, in that event, be unable to put an estimated value on those claims for voting purposes.
27. The correct approach to the valuation of disputed (as distinct from unliquidated or unascertained) debts for voting purposes, which is now accepted by both sides, is summarised at paragraphs 46 and 47 of Mr Parsons’ skeleton argument as follows:

“If the administrator is in doubt about admitting a claim, it should be marked as objected to, but the creditor should be allowed to vote, subject to the vote being declared invalid if the objection is later upheld: IR 2016, r.15.33(3). As Harman J observed in Re a Debtor (No.222 of 1990), ex parte Bank of Ireland [1992] BCLC 137, 144:

The scheme is quite clear...the chairman must look at the claim; if it is plain or obvious that it is good he admits it, if it is plain or obvious that it is bad he rejects it, if there is a question, a doubt, he shall admit it but mark it as objected.

The statutory scheme is such that “a creditor is not to be deprived of his right to vote unless his claim is plainly or obviously bad”: Ulster Bank Ltd v Taggart [2018] NIMaster 7 at [13].”

28. The Interested Parties further point out that three connected creditor claims (for which Mr Hinton held proxies) were all admitted to vote at the creditors’ meeting at face value. These were Mr Kessler for £114,895 and two companies of which Mr Kessler is a director and beneficial owner, Tokenise UK Ltd for £219,063 and TGIL for £105,643.99. The Interested Parties question the decision to allow these connected creditors to vote at face value, particularly given the unexplained increase in Mr

Kessler's claim from £34,895 to £114,895 between his preparation of the statement of affairs and the creditors meeting, and his failure to mention the claim of TGIL in the statement of affairs at all. These criticisms of the Administrators by the Interested Parties are not addressed in the Administrators' evidence. In particular, and despite the point having been put in issue by the Interested Parties, there is no evidence from the Administrators of any step having been taken by them to seek an explanation from Mr Kessler for, or otherwise to inquire into, the material increase in his claim or the emergence of TGIL's new claim after the statement of affairs had been prepared by him. This contrasts with the exacting (and it is now accepted legally flawed) approach to the claims of the Interested Parties.

29. The Interested Parties' second criticism of the creditors' meeting is that the Administrators overlooked the application of r.15.34(2) of the IR 2016. I set out that rule earlier in this judgment in the different context of Mr Venkiteswaran's desire to replace the Administrators. Mr Ursell's evidence for the Interested Parties is that:

“Had it not been for an objection on behalf of the Interested Parties at the Creditors' Meeting, by reference to rule 15.34(2) of the Insolvency (England and Wales) Rules 2016..., it was clear that Mr Hinton intended to declare the Proposals approved in light of the votes cast in favour of the Connected Parties.”

30. Although Mr Hinton did not challenge the factual basis of this account, his evidence in reply described the Interested Parties' position in this respect as *“quite bizarre”*, on the ground that it amounted to the Interested Parties advancing a criticism of him for having acceded to a request (i.e. that Mr Hinton should conduct the creditors' meeting in accordance with the IR 2016) that the Interested Parties themselves had made.
31. In answer to the Interested Parties' complaints, Mr Jones submitted on behalf of the Administrators that no harm was ultimately done: as to the first criticism, the proposals were rejected in any event, even with all the Interested Parties other than Mr Venkiteswaran admitted to vote only for £1; and, as to the second, the Administrators did not resist the application of r.15.34(2) once their error had been pointed out to them and the connected and unconnected votes were ultimately correctly treated. In my judgment, it is not quite as straightforward as that for at least two reasons.
32. The first reason is that, as described above, Mr Venkiteswaran abandoned his intention to requisition a decision procedure to replace the Administrators at the creditors' meeting in response to the Administrators' solicitors' warnings about the apparently material emergence of *“a number of additional creditor claims”*. It is now common ground that those creditors, being connected creditors, were in fact incapable of affecting whether or not the Administrators could have been removed by Mr Venkiteswaran (i.e., they plainly could have been) once proper heed was taken of r.15.34(2). Accordingly, in my judgment the r.15.34(2) point did have an impact on what happened at the creditors' meeting.
33. The second reason is that the Administrators' submissions, taken at their highest, do not really engage with the gravamen of the Interested Parties' complaint: the Interested Parties are aggrieved that mistakes of this kind were made at all. As to the r.15.34(2) point in particular, I consider it to be relevant that, had the Interested

Parties not arranged (at their own expense) for the attendance at the creditors' meeting of their own independently-instructed licensed insolvency practitioner, who was able to give them accurate technical advice in real time (including spotting that the Administrators had failed to apply r.15.34(2)), the proposals would have obtained purported approval on an irregular basis. If that had happened, it would have proved costly and time-consuming to unwind things when the irregularity was spotted, if it ever was. In my judgment, a creditor should not be required to police the procedure at a creditors' meeting conducted by a licensed insolvency practitioner in this way. Creditors attending a meeting chaired by a licence-holder are entitled to expect the chair to know the rules and apply them, without having to take along their own licence-holder to ensure this happens.

34. For the avoidance of doubt, I do not regard the Interested Parties' concern over the r.15.34(2) error to be "*quite bizarre*", as Mr Hinton described it in his witness statement in reply. In my view, the qualified status of connected creditors' voting rights for certain purposes is not an obscure part of the insolvency regime. I would expect most people engaged in the practice of insolvency, and certainly all licence-holders, to know about it. If there is anything bizarre around this part of the case, it is the fact that a mistake of this nature came to be made by an experienced appointment-taker in circumstances where, had the error not been detected, it would have been decisive of the outcome. Given that the mistakes discussed under this heading were made, it is not difficult to appreciate why the Interested Parties do not have confidence in the Administrators.

THIS APPLICATION FOR DIRECTIONS

35. Against that factual background, the Administrators applied for directions. As already noted, their position was that the court should "*hold the ring*", notwithstanding the creditors' rejection of their proposals, and order that a further creditors' meeting should take place once the Supreme Court handed down its judgment. As mentioned at the start of this judgment, since the Administrators' application was argued and this judgment circulated in draft, the Supreme Court has allowed the Company's appeal.
36. At the commencement of the hearing, I sought to understand why administration was said to be appropriate for the Company. I invited Mr Jones to make submissions not only on his clients' reasons to keep the Company in administration but also, more generally, on why it was thought to be a suitable case for administration, as opposed to liquidation, in the first place. Mr Jones submitted that the primary reason for the Company to enter administration rather than to commence liquidation was, as made clear in the proposals, to allow for the appeal to the Supreme Court to be fought. As a reason for the Company to be in administration as opposed to liquidation, this did not, in my judgment, move the dial either way: the appeal could equally have been pursued by a liquidator: see paragraph 4 of Schedule 4 to the IA 1986.
37. There was also, Mr Jones submitted, value in the preservation of the Company's FCA authorisation. While the fact of the Company's authorisation by the FCA was mentioned in the Administrators' proposals, preservation of it was not identified as a reason for the Company to enter administration. It appears first to have been deployed as a reason for the Company to be in administration in a letter from the Administrators' solicitors dated 4 July 2025. That letter also put forward a further

linked reason for the use of administration, which was that refinancing of the Company might be possible. So far as relevant, the letter said:

“...If the Company wins the Supreme Court case, it may be that there may be someone willing to inject funds into the Company to pay off any remaining creditors to maintain the FCA authorisations/licences. If the Company is put into compulsory liquidation the FAC [sic] authorisations/licences will automatically be cancelled, which may leave an office holder exposed to a claim in damages.”

38. Quite apart from the fact that neither of these reasons (i.e. preservation of the FCA authorisation or the possibility of refinancing) had been cited in the proposals delivered to creditors just over two weeks earlier on 19 June 2025, in the present factual context neither makes sense as a justification for administration.
39. As to the FCA authorisation, it is impossible to see what value there could be in retaining it on the evidence before me, given that it was and is common ground that (a) the Company had no ongoing business at the point at which it entered administration; (b) the Company is insolvent whatever the outcome in the Supreme Court; (c) the Administrators have formed the view that rescue as a going concern is not reasonably practicable; and (d) such FCA authorisations are not transferable. When invited to address this difficulty, Mr Jones submitted that the FCA authorisation *“is not something that can be put to one side as valueless.”* Without some reasoned elaboration for how that could be so, which was not forthcoming, I am unable to accept that submission on the material before me. There is no rational basis to think that preservation of the FCA authorisation could have any value to the Company, given the facts just summarised.
40. I should add for completeness that Mr Jones very properly corrected in his submissions the suggestion by the Administrators’ solicitors in their letter dated 4 July 2025 that the commencement of liquidation would lead to the automatic cancellation of the FCA authorisation. It is now accepted by the Administrators that this is not necessarily the case. This does not, however, affect the basic point, which is that the FCA authorisation is non-transferable and the Administrators do not suggest that the Company is going to start trading again.
41. As to refinancing, the suggestion by the Administrators’ solicitors that *“someone”* might *“inject funds into the Company”*, subject to the outcome of the appeal to the Supreme Court, appeared to be not only entirely speculative but also inconsistent with the evidence of the underlying facts. Most obviously, and as with the point about the preservation of the FCA authorisation, the suggestion was at odds with the Administrators’ selection of the objective in paragraph 3(1)(c): had refinancing by *“someone”* in order to preserve the Company’s non-transferable FCA authorisation been thought by the Administrators to be a realistic possibility, then they would not have rejected rescue as a going concern as a possibility in their proposals. But, as noted earlier, (a) there has been no suggestion of any material change of circumstance since the preparation of the proposals to cause the Administrators to change their mind about the non-availability of rescue as a going concern; and (b) the pursuit of the objective in paragraph 3(1)(c) of Schedule B1 was restated in unqualified terms in the Administrators’ progress report dated 26 November 2025.

42. Further, no candidate for “*someone*” has ever been identified and nor was any factual basis advanced to support the refinancing theory. In particular, there was no suggestion that Mr Kessler might provide such funding if the appeal to the Supreme Court were successful: had that been in contemplation, Mr Kessler would doubtless have given an indication to that effect to the Administrators by now and they would have mentioned it in the proposals or at least in their evidence in support of this application. Neither Mr Kessler nor the creditors connected to him have filed evidence or expressed any view either way on the current application.
43. Although Mr Hinton’s evidence did not adopt his solicitors’ suggestion that the Company might be refinanced to preserve the FCA authorisation, Mr Hinton did offer a view about what might happen if (as has now happened) the Company won its appeal in the Supreme Court. Mr Jones referred to this evidence in his submissions. Mr Hinton’s evidence is that, in the event that the Supreme Court allowed the Company appeal, then:
- “...all parties to the litigation would have to determine the next steps to be taken. The Respondents [i.e. the Interested Parties] (as claimant in the underlying High Court litigation) would have to determine whether to continue all or part of their claims; the Supreme Court finding in the Company’s favour would not result in the claims being dismissed, only in a summary judgment being set aside. The Administrators would also need to consider whether it remains appropriate for the Company to continue to defend any remaining litigation. It may be an opportune moment for all parties to enter into a compromise agreement.”*
44. I do not consider this reasoning to be well-founded. No explanation has been provided to support Mr Hinton’s apparent assumption that, if the appeal were allowed, the Interested Parties’ claims would either have to continue to be litigated or become subject to a “*compromise agreement*”. The ordinary position in an insolvency would be for such claims to be determined according to the statutory machinery for adjudicating proofs of debt and for the creditors thereby admitted for dividend purposes to share in a *pari passu* distribution. No reason has been identified to think that a different course either could or should be taken in this case. Given that Mr Venkiteswaran’s judgment debt is outside the scope of the Supreme Court appeal and will exceed the Company’s assets come what may, it is impossible to understand (absent any further reasoning or elaboration in support) how a “*compromise agreement*” could get off the ground in the absence of further funding, or why such an alternative scheme of distribution might be thought desirable given that the Company has no continuing business and rescue as a going concern is not pursued.

CONCLUSION

Winding up order

45. In my judgment, the Administrators’ position on this application has failed to engage adequately with the central fact in the case, which is that there is no reasonable prospect that any proposals that do not provide for the Company immediately to commence liquidation will receive creditor approval, regardless of the outcome in the Supreme Court.

46. That being the case, I decided at the end of the hearing on 3 March 2026 not to grant the relief sought by the Administrators and instead made an order for the commencement of the compulsory winding up of the Company under paragraph 55(2)(e) of Schedule B1 to the IA 1986. The jurisdiction to make such an order on an application of the present kind is well-established by authority: see *Re BTR (UK) Limited* [2012] EWHC 2398 (Ch), [2012] BCC 864, [80], per HHJ Behrens (sitting as a High Court judge); and *Re Fortuna Fix Limited* [2020] EWHC 2369 (Ch), [137], per ICC Judge Jones. I also acceded to the Interested Parties' submission as to the identity of the Company's liquidators and made an order under s.108(2) of the IA 1986 appointing Huw Powell and Paul Wood of Begbies Traynor (Central) LLP as joint liquidators of the Company in place of the Official Receiver. In summary, my reasons for disposing of the application in that way are as follows:
- a. The basis for bringing the Company within the statutory purpose of administration was tenuous from the outset, relying as it did on the status of Mr Kessler as a preferential creditor for £800 to bring it within the objective in paragraph 3(1)(c) of Schedule B1.
 - b. The Administrators' proposals have been rejected by the creditors.
 - c. No reason referable to the statutory purpose of administration or to the interests of the Company's creditors as a whole capable of withstanding rational scrutiny has been advanced for the Company to remain in administration.
 - d. 100% of the creditors to have expressed a view on the current application are opposed to the Company remaining in administration and support immediate winding up.
 - e. In particular, Mr Venkiteswaran, whose votes will be decisive of the approval or rejection of any further proposals made in administration even if (as has now happened) the Company's appeal to the Supreme Court succeeds, has made it clear that he is opposed to the Company remaining in administration.
 - f. To the extent it is necessary to show exceptional circumstances to make an order for compulsory winding up without an extant petition, then these are established by the absence of the following: (i) any rational basis for the Company to remain in administration; (ii) any creditor support for continued administration; or (iii) any reasonable prospect that it will be possible to obtain creditor approval for any further proposals under paragraph 49 of Schedule B1 that provide for anything other than immediate winding up.

Costs and expenses

47. Mr Parsons made clear by his skeleton argument that the Interested Parties sought not only their own costs of the present application from the Administrators but also orders that the Administrators should recoup as expenses of the administration neither (a) any costs they are ordered to pay to the Interested Parties as adverse costs; nor (b) their own costs of pursuing the application, citing *Re Capitol Films Ltd* [2010] EWHC 3223 (Ch), [2011] 2 BCLC 359, [101]-[104], per Mr Richard Snowden QC (sitting, as he then was, as a deputy High Court judge). Further, the Interested Parties issued on

21 January 2026 an application in the administration under paragraph 18.34(1) of Schedule B1 raising various points about the Administrators' expenses. No evidence had been filed by either side in relation to that application and I adjourned it at the end of the hearing on 3 March 2026.

48. After circulation of this judgment in draft, the parties reached agreement on these further consequential matters and filed a consent order. Under the consent order, the Administrators have agreed to waive recovery from the administration estate of (a) their fees in acting as such since 28 April 2025; and (b) their legal disbursements in relation to the current application. They have also agreed to pay a sum in relation to the Interested Parties' costs of these proceedings. I approved that consent order at the same time as handing down this judgment on 7 April 2026. Accordingly, the matter is now concluded.