

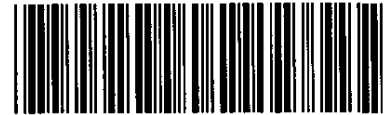
# AM03

## Notice of administrator's proposals



Companies House

MONDAY



A04 \*A7ZKGSCX\* #123  
18/02/2019  
COMPANIES HOUSE

### 1 Company details

Company number 0 1 9 8 2 3 1 7  
Company name in full Lyte Industries (Wales) Limited

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Alistair  
Surname Wardell

### 3 Administrator's address

Building name/number 11/13 Penhill Road  
Street  
Post town Cardiff  
County/Region South Glamorgan  
Postcode C F 1 1 9 U P  
Country

### 4 Administrator's name

Full forename(s) Lucy  
Surname Winterborne

① Other administrator  
Use this section to tell us about  
another administrator.

### 5 Administrator's address

Building name/number 2 Glass Wharf  
Street Temple Quay  
Post town Bristol  
County/Region  
Postcode B S 2 0 E L  
Country

② Other administrator  
Use this section to tell us about  
another administrator.

# AM03 Notice of Administrator's Proposals

6

## Statement of proposals



I attach a copy of the statement of proposals

7

## Sign and date

Administrator's  
Signature

Signature



*Allystan Wardell*



Signature date

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## AM03 Notice of Administrator's Proposals



### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Natasha L McDowall
Company name	Grant Thornton UK LLP
Address	11/13 Penhill Road
Post town	Cardiff
County/Region	South Glamorgan
Postcode	C F 1 1 9 U P
Country	
DX	
Telephone	0161 953 6900



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



### Important information

All information on this form will appear on the public record.



### Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

Our ref AGW/PAM/SLB/EZFL20597007

To The Creditors

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**Recovery and Reorganisation**

Grant Thornton UK LLP  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

T +44 (0)161 953 6900  
F +44 (0)161 953 6317

15 February 2019

Dear Sir / Madam

**Lyte Industries (Wales) Limited - In Administration**

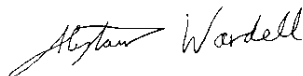
I was appointed as joint administrator of the above company with Lucy Winterborne by the directors on 24 January 2019. Please note that we are both authorised by the Insolvency Practitioners Association to act as insolvency practitioners.

In accordance with paragraph 49(4)(b) of Schedule B1 to the Insolvency Act 1986, I enclose a copy of my statement of proposals for achieving the purpose of the administration

Please note that a decision of creditors, under paragraph 51(1) of Schedule B1 to the Insolvency Act 1986, is sought to approve the statement of proposals and to consider establishing a committee of creditors. Information concerning creditors' committees can be found in Liquidation / Creditors' Committees and Commissioners - A Guide for Creditors published by the Association of Business Recovery Professionals. This can be read at or downloaded from [www.R3.org.uk/publications](http://www.R3.org.uk/publications).

I enclose notice a vote by correspondence regarding approval of the statement of proposals, whether to establish a creditors' committee, the approval of the joint administrators' remuneration and the approval of the joint administrators' pre-appointment costs and expenses.

Yours faithfully  
for and on behalf of Lyte Industries (Wales) Limited



Alistair Wardell  
Joint Administrator

The affairs, business and property of Lyte Industries (Wales) Limited are being managed by Alistair Wardell and Lucy Winterborne, appointed as joint administrators on 24 January 2019.

Enc

## **Lyte Industries (Wales) Limited - In Administration**

### **Notice of vote by correspondence**

Company name	Lyte Industries (Wales) Limited
Company number	01982317
Court name and number	Business and Property Courts in Birmingham 000032 of 2019
Decision date	5 March 2019

NOTICE IS HEREBY GIVEN that under paragraphs 57 and 51 of Schedule B1 of the Insolvency Act 1986 and rules 18.18 and 3.52 of the Insolvency (England and Wales) Rules 2016, decisions of the creditors are sought as follows:

- 1 Whether a creditors' committee be formed
- 2 The approval of these proposals
- 3 That the remuneration of the joint administrators' be fixed at £120,000 plus 30% of future realisations
- 4 That the joint administrators' out of pocket expenses at cost, mileage is charged at 45p per mile, be approved
- 5 That the joint administrators' pre-appointment costs of £20,000 and expenses of £33,132 be approved

A creditor who is entitled to vote should return the voting form provided with this notice to Alistair Wardell at Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB or as an attachment to an email to [cmu@uk.gt.com](mailto:cmu@uk.gt.com) no later than 23.59 on the decision date.

In order for a creditor's vote to be valid a proof of debt must be received no later than the decision date, failing which the creditor's vote will be disregarded. A proof of debt should be delivered to Alistair Wardell at Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB or as an attachment to an email to [cmu@uk.gt.com](mailto:cmu@uk.gt.com). A new proof of debt is not required if the creditor has previously proved in the proceedings. A proof of debt form is enclosed for completion if required.

A creditor whose debt is treated as a small debt in accordance with rule 14.31(1) of the Insolvency (England and Wales) Rules 2016 must deliver a proof of debt if they wish to vote unless a proof of debt has previously been submitted, failing which the vote will be disregarded.

A creditor who has opted out from receiving notices may nevertheless vote if a proof of debt is delivered unless a proof of debt has previously been submitted, failing which the vote will be disregarded.

A vote cast in a decision procedure which is not a meeting may not be changed.

A decision of the convenor is subject to appeal to the court by any creditor in accordance with rule 15.35 of the Insolvency (England and Wales) Rules 2016. An appeal under this rule may not be made later than 21 days after the decision date.

A physical meeting will be held to replace this vote by correspondence if requested not later than five business days after the date of delivery of this notice by not less than one of the following.

- 10% in value of the creditors,
- 10% in number of the creditors,
- 10 creditors

## VOTING FORM

Company name Lyte Industries (Wales) Limited

Please indicate below whether you are in favour of or against the resolution

This form must be received at Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB or as an attachment to an email [cmu@uk.gt.com](mailto:cmu@uk.gt.com) by 23 59 on 5 March 2019 in order to be counted. It must be accompanied by a proof of debt, unless you have previously submitted a proof of debt, failing which your vote will be disregarded.

### Resolutions

- |   |                                                                                                                    |             |
|---|--------------------------------------------------------------------------------------------------------------------|-------------|
| 1 | Do you want a creditors' committee to be formed?                                                                   | Yes / No    |
|   | If a creditors' committee is formed I/we<br>nominate the following creditors to serve as members of such committee |             |
| 1 |                                                                                                                    |             |
| 2 |                                                                                                                    |             |
| 3 |                                                                                                                    |             |
| 4 |                                                                                                                    |             |
| 5 |                                                                                                                    |             |
| 2 | The approval of these proposals                                                                                    | For/Against |
| 3 | That the remuneration of the joint administrators' be fixed at £120,000 plus 30% of future realisations            | For/Against |
| 4 | That the joint administrators' out of pocket expenses at cost, mileage is charged at 45p per mile, be approved     | For/Against |
| 5 | That the joint administrators' pre-appointment costs of £20,000 and expenses of £33,132 be approved                | For/Against |

A creditor is eligible to be a member of such a committee if, the person has proved for a debt, the debt is not fully secured; and neither of the following apply: the proof has been wholly disallowed for voting purposes, or the proof has been wholly rejected for the purpose of distribution or dividend. No person can be a member as both a creditor and a contributory. A body corporate may be a member of a creditors' committee, but it cannot act otherwise than by a representative appointed under rule 17.17 of the Insolvency (England and Wales) Rules 2016.

### TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM

Name of Creditor: \_\_\_\_\_

Signature \_\_\_\_\_

Date (D.MM YYYY) \_\_\_\_\_

(If signing on behalf of the creditor, state capacity e.g. director/solicitor)

If you require any further details or clarification prior to returning your vote, please contact Sian Barraclough at the address above. Please note that once cast, a vote cannot be changed or withdrawn.

Office use only.

Date Completed form received  
(D.MM YYYY) \_\_\_\_\_

Initial \_\_\_\_\_

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

**Proof of debt**

Our ref. L20597007/AGW/PAM/SLB/EZF/J/gen2002

**Lyte Industries (Wales) Limited - In Administration**

Date of administration 24 January 2019.		
1	Name of creditor (If a company please also give company registration number)	
2	Address of creditor for correspondence	
3	Email address.	
4	Telephone number	
5	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date of insolvency	£
6	If amount in 5 above includes outstanding uncapitalised interest please state amount	£
7	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form).	
8	Particulars of any security held, the value of the security, and the date it was given.	
9	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
10	Details of any documents by reference to which the debt can be substantiated.	
11	Signature of creditor or person authorised to act on his behalf  _____	
	Name in BLOCK LETTERS  _____	
	Position with or in relation to creditor  _____ Address of person signing (if different from 2 above) _____	

Our ref: AGW/PAM/SLB/EZF/L20597007/

To the creditors

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**Recovery and Reorganisation**

Grant Thornton UK LLP  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

T +44 (0)161 953 6900

F +44 (0)161 953 6317

15 February 2019

Dear Sir / Madam

**Lyte Industries (Wales) Limited - In Administration (the Company)**  
**Business and Property Courts in Birmingham**  
**No 000032 of 2019**

**1 Introduction**

- 1.1 I was appointed as joint administrator of the Company with Lucy Winterborne, by the directors, on 24 January 2019. Please note that we are both authorised by the Insolvency Practitioners Association to act as insolvency practitioners. We are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.
- 1.2 Following on from our appointment we are submitting our proposals pursuant to paragraph 49(1) of Schedule B1 to the Insolvency Act 1986 for achieving the objectives of the administration.
- 1.3 This report contains the information required by rule 3.35 of the Insolvency (England and Wales) Rules 2016.
- 1.4 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them.

**2 Statutory information**

- 2.1 The Company's statutory details are as follows

Registered number	01982317
Date of incorporation	24 January 1986
Authorised share capital	£7,823,030
Issued share capital	£7,823,030

**Directors**

Mr John Greene

**Shareholding**

None





## **5 Assets and liabilities**

- 5.1 The directors have been requested to prepare a statement of affairs of the Company but have not yet done so because they are in the process of updating the Company's books and records. An estimate of the financial position of the Company is attached at Appendix B, together with a list of the names and addresses of the creditors, the amount of their debts and details of any security held.
- 5.2 Appendix B includes details of the prescribed part of the Company's net property under section 176A of the Insolvency Act 1986, being the amount available for the satisfaction of unsecured liabilities. The net property is estimated to be c£595,000 and the prescribed part is therefore estimated at c£122,000. This does not include estimated costs of the administration.
- 5.3 The proceeds of the sale of the assets of the business referred to below were held by our solicitors, DLA Piper UK LLP, and have since been remitted to the estate so they are not shown in the Receipts & Payments Account at Appendix C.

### **Goodwill**

- 5.4 The Company has been suffering trading losses for some time and, due to the cashflow pressures in the business, it faced closure. In these circumstances and with the time constraints of the process, it was not appropriate to obtain a meaningful valuation. The goodwill of the Company was therefore deemed to hold nominal value.
- 5.5 The goodwill of the Company, the business intellectual property, the customer list, the debts, the information technology and the work in progress was sold for £6 as described in the letter at Appendix A.

### **Freehold property**

- 5.6 The Company owned a freehold property at Swansea Enterprise Park. In December 2018, Alder King LLP valued the freehold property on the basis of vacant possession in the range of £2.4 million to £2.9 million before costs, requiring up to 12 months marketing.
- 5.7 The property is subject to a fixed charge in favour of HSBC.
- 5.8 Following a recommendation by Alder King LLP, the property was sold for £2,300,000 as part of the sale of the business.

### **Plant and machinery**

- 5.9 Some of the Company's plant and machinery was subject to finance agreements whilst some was wholly owned. Hilco provided a net total in-situ value for the plant and machinery of £389,000 and a net total ex-situ value of £171,000 following the deduction of the outstanding finance.
- 5.10 Following a recommendation by Hilco, the plant and machinery was sold for £274,994.
- 5.11 In addition, c£27,000 of the finance outstanding was settled upon completion of the sale of the business and assets.

### **Book debts**

- 5.12 The book debts of the Company were c£1.6 million at 17 January 2019, subject to rebates of c£200,000 and other potential offsets.
- 5.13 The debts had been assigned to HSBC Invoice Financing Limited ('HIF') under a confidential invoice discounting agreement.
- 5.14 The book debts were sold for £864,000 which was the total amount owed to HIF upon completion.

### **Stock**

- 5.15 The Company's stock consisted of raw material and imported goods. The book value of this stock in the Company's books and records was £1.7 million. Based on information provided by the Company, Hilco assessed the stock as having in-situ value of £580,000 to £680,000, with an ex-situ value of £150,000 to £250,000.
- 5.16 Following a recommendation by Hilco, all of the Company's stock was sold for £320,000.

### **Contingent claim**

- 5.17 The management of the Company has advised that there is a significant but as yet unquantifiable potential claim in respect of alleged misappropriation of Company funds.
- 5.18 The claim will be investigated, and a recovery will be sought where possible.

### **Secured creditors**

- 5.19 HSBC Bank Plc (HSBC) has several fixed and floating charges over the Company's assets dated 18 June 2011, 22 June 2011, 10 August 2011, 7 January 2012 and 2 November 2012. At the date of the appointment, HSBC was owed £3.78 million.
- 5.20 We expect HSBC to suffer a shortfall, subject to recovery of the contingent claim.

### **Preferential creditors**

- 5.21 Preferential creditors are employees of the Company who have claims in respect of arrears of wages, unpaid holiday pay or unpaid occupational pension scheme contributions.
- 5.22 Although all former employees of the Company transferred to the purchaser following the sale of the business and assets, it is possible that there will be a preferential claim of c£10,000 in respect of unpaid pension contributions prior to the administration.

### **Prescribed part**

- 5.23 In accordance with section 176A of the Insolvency Act 1986, a prescribed part is to be set aside from the floating charge assets and made available to the unsecured creditors of the Company. The prescribed part calculation is applied to the net property available and is calculated at 50% of the first £10,000 of net realisations and 20% of all further amounts, up to a maximum prescribed part of £600,000.
- 5.24 The net property is estimated to be c£595,000 and the prescribed part is therefore estimated at c£122,000. This does not include estimated costs of the administration.

### **Unsecured creditors**

- 5.25 Unsecured creditors are estimated at c£3.6 million as at 24 January 2019 with possible additional claims totalling c£1.6 million
- 5.26 Subject to further realisations and costs, we anticipate a distribution will be made to unsecured creditors by virtue of the prescribed part, which cannot be quantified at this stage.

## **6 Proposals for achieving the objective of the administration**

- 6.1 Following the sale of the business and certain assets of the Company, we will continue to pursue the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
- 6.2 This objective will be achieved by the administrators realising the remaining assets

- 6.3 It is proposed that the administration will end by the Company going into creditors' voluntary liquidation, or if there are no monies available for unsecured creditors other than by virtue of a prescribed part distribution, by the dissolution of the Company. If the Company is placed into creditors' voluntary liquidation, it is proposed that the administrators in office at that date will be appointed liquidators, any act in the liquidation to be done by any one or more of the liquidators. However, creditors may nominate a different liquidator or liquidators if nomination to that effect is received before the approval of these proposals. The administrators will nevertheless be empowered to present a petition for the winding up of the company and to seek their appointment as liquidators if circumstances require.

## **7 Administrators' remuneration and disbursements**

- 7.1 The basis of the administrators' remuneration is to be fixed by the creditors. If a creditors committee is appointed, then this is a matter for the committee.
- 7.2 Pre-administration costs unpaid at the date of appointment of the administrators may also be approved as above under rule 3.52 to rank as an expense of the administration. Approval of the statement of proposals does not constitute approval either of the administrators' remuneration or of unpaid pre-administration costs.
- 7.3 Please see Appendix D for details of our remuneration, expenses and payments made to associates in accordance with Statement of Insolvency Practice 9, which includes details of our proposed fee basis.

## **8 Decision of creditors**

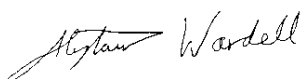
- 8.1 We attach notices for a decision of the creditors as they are required in respect of the resolution below:
- 1 Whether a creditors' committee be formed. Information concerning creditors' committees can be found in Liquidation / Creditors' Committees and Commissioners A Guide for Creditors published by the Association of Business Recovery Professionals. This can be read at or downloaded from <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>
  - 2 The approval of these proposals
  - 3 That the remuneration of the joint administrators' be fixed at £120,000 plus 30% of future realisations
  - 4 That the joint administrators' out of pocket expenses at cost; mileage is charged at 45p per mile, be approved
  - 5 That the joint administrators' pre-appointment costs of £20,000 and expenses of £33,132 be approved

## **9 Data Protection**

- 9.1 Any personal information held by the Company will continue to be processed for the purpose of the administration and in accordance with the requirements of Data Protection law.

Yours faithfully

for and on behalf of Lyte Industries (Wales) Limited



Alistair Wardell  
Joint Administrator

The affairs, business and property of Lyte Industries (Wales) Limited are being managed by Alistair Wardell and Lucy Winterborne, appointed as joint administrators on 24 January 2019



# **Lyte Industries (Wales) Limited - in administration (the Company)**

**Report to Creditors required under  
Statement of Insolvency Practice 16**

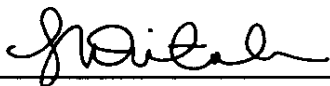
Recovery and Reorganisation  
Grant Thornton UK LLP  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

**Prepared by:** Lucy Winterborne, Joint Administrator

**Contact details:** Should you wish to discuss any matters in  
this report, please do not hesitate to  
contact Natasha L McDowall on  
0161 214 6371.

# 1 Executive summary

- Alistair Wardell and Lucy Winterborne (we) of Grant Thornton UK LLP (Grant Thornton) were appointed as joint administrators of Lyte Industries (Wales) Limited (the Company) on 24 January 2019
- Immediately following the appointment, the business and assets of the Company were sold to Lyte Ladders & Towers Limited
- The transaction completed with the aim of pursuing 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, being a statutory purpose of administration. We are of the opinion that outcome was the best that could reasonably be achieved for creditors as a whole in all the circumstances



---

Lucy Winterborne  
Joint Administrator

30 January 2019

Please note that details of abbreviations and definitions used within this report are included at Appendix C.

## 2 Initial introduction

This section provides detail of how Grant Thornton was introduced to the Company and details of Grant Thornton's prior involvement.

### 2.1 Initial introduction

The joint administrators were initially introduced to the business by HSBC Bank Plc (HSBC), the Company's lender, in October 2018.

### 2.2 Prior involvement with the Company

Grant Thornton was formally engaged:

- In January 2016 to provide financial modelling for the Company
- On 19 October 2018 to carry out an independent business review including an options assessment and to carry out weekly cash flow monitoring from 22 October 2018
- On 20 December 2018 to assist the Company in exploring the possibility of a pre-packaged sale of the business and assets

# 3 Pre-appointment considerations

## 3.1 Nature of the Company's business

The Company was incorporated on 24 January 1986. The trading activity of the Company was the manufacture of aluminium and glass fibre access equipment. Its main operations were based at a 106,000 square foot factory in Swansea, where it employed 184 members of staff.

## 3.2 Causes of the Company's distress

The insolvency of the Company is attributed, by the directors, to:

- Incorrect calculation of cost of sales, resulting in trading losses; and
- Cashflow pressure caused by a recent discovery of a historical overstatement of stock by c£6 million which resulted in a breach of its lending facilities.

Historically, the former major shareholders of the business provided additional funding to the business having injected c£10 million previously. However, following the stock discrepancy, the shareholders withdrew funding support.

## 3.3 Actions taken by the Company

On 19 October 2018, Grant Thornton was engaged to assist the Company's lender in understanding the Company's immediate short-term cash position and potential funding requirements, and assessing its options based on the Company's financial position.

Grant Thornton was further engaged to undertake an accelerated sales process of the business and assets of the Company through a pre-pack administration process.

## 3.4 Alternative courses of action considered by the proposed administrators

### **Sale of share capital**

In October 2018, the major shareholders of the Company engaged advisers to assist with a debt or equity raise. The advisers were unsuccessful in raising additional funding but sold the majority of the Company's shares on the basis that the new shareholders would provide additional funding.

In November 2018, HLD Group Limited (HLD) acquired 70% of the shares of the Company and an unsecured claim of c£1.6 million against the Company for £1. The Company had an immediate cash funding requirement of £1.5 million, but HLD did not provide additional funds.

The remaining 30% of the shares are owned by a former director and did not form part of the above transaction.

In November 2018, a share sale option had been fully explored and it was no longer considered an option.



### **Raising additional funding**

In December 2018, the Company approached Development Bank of Wales to provide additional funding for working capital purposes. It was determined that timing and criteria did not allow funding to be available.

The Company had also approached its bankers to provide additional funding to support working capital whilst a sale process was undertaken. In view of the breach in the lending facility, this request was declined.

### **Administrators to trade the business and offer it for sale as a going concern**

There was deemed to be limited potential for the administrators to trade the business for the following reasons:

- no external funding was available to support trading in administration
- ongoing trading losses
- the on-going running costs and level of ransom payments to creditors made ongoing trading prohibitive

Requests for additional funding had been made to the secured creditor in the weeks leading up to administration and it was determined that trading in an administration was not feasible due to the additional funding requirements that could not be met and the losses that would be incurred.

### **Closure of the business**

An immediate closure of the business was considered, however, this would not have delivered a better outcome to creditors compared with a successful sale process. The prepack sale allowed business continuity, on-going employment (thereby reducing termination costs in the administration) and minimal disruption to customers. Had the business closed, additional creditor claims would have arisen as a result of redundancy costs potentially up to c£2 million.

## **3.5 Consultation with major creditors and key stakeholders**

The Company's major creditor is HSBC, which has several outstanding fixed and floating charges over the Company's assets, summarised as follows:

### **HSBC Security Summary**

Date charge registered	Particulars of charge
18 June 2011	Legal Mortgage over the property at Beaufort Reach, Siemens Way, Swansea Enterprise Park
22 June 2011	Debenture - fixed and floating charge over the undertaking and all property and assets present and future
10 August 2011	A fixed equitable charge over all debts purchased or purported to be purchased by the security holder
10 August 2011	Floating charge - all assets
07 January 2012	Any credit balance due to the company for the purchase of debts
02 November 2012	Assignment over any credit balance in relation to their agreement with HSBC Invoice Finance (UK) LTD for the purchase of debts

The major unsecured creditor was HLD in the sum of £1.6 million which was consulted as part of the sales process.

## **3.6 Previous connected insolvencies**

The business/assets had not been acquired from an insolvency process in the past two years.

# 4 Valuation of the business and assets

## 4.1 Basis of valuations

We obtained valuations of the assets in order to perform financial analysis to enable us to decide as to whether the transaction would be in the best interests of the creditors as a whole.

A break-up valuation reflects the value of the assets should the Company cease to trade. This is used to estimate the outcome for creditors should the transaction not occur, and the Company proceed into liquidation. This is usually the worst-case position for creditors.

A going concern valuation reflects the value of the assets where a transaction includes a trading business. This is typically of greater value than a break-up basis due to the attributing of value to goodwill and future income streams. A going concern value is used to provide a guide to administrators as to the value of individual assets being sold as part of a wider transaction.

We consider that we obtained fair market value through the marketing process undertaken (as described in section 5), as, ultimately, the assets are worth what a party will pay for them in the circumstances, taking into account the distressed nature of the business. We considered the price achieved (considered to be fair market value) against the break-up value to ensure that the transaction provided a better position for the creditors.

## 4.2 Goodwill

The Company has been suffering trading losses for some time and, due to the cashflow pressures in the business, it faced closure. In these circumstances and with the time constraints of the process, it was not appropriate to obtain a meaningful valuation. The goodwill of the Company was therefore deemed to hold nominal value.

## 4.3 Freehold property

The Company owned a freehold property at Swansea Enterprise Park. In December 2018, Lee Lapham of Alder King LLP valued the freehold property on the basis of vacant possession in the range of £2.4 million to £2.9 million requiring up to 12 months marketing. Lee Lapham is a member of the Royal Institute of Chartered Surveyors. Alder King LLP has confirmed its independence in this matter and that it carries adequate professional indemnity insurance.

The property is subject to a fixed charge in favour of HSBC.

## 4.4 Stock/plant and machinery

Ian Bacon, John Boorman, Andrew Clarke, Andy Hancock, Mark Newman of Hilco Global were engaged in order to provide a professional valuation of the Company's stock/plant and machinery. Ian Bacon and Andrew Clarke are members of the Royal Institute of Chartered Surveyors. Hilco Global has confirmed its independence in this matter and that it carries adequate professional indemnity insurance.

### Stock

Based on information provided by the Company, Hilco assessed the stock as having in-situ value of £580,000 to £680,000, with an ex-situ value of £150,000 to £250,000.

### Plant and machinery

Some of the Company's plant and machinery was subject to finance agreements whilst some was unencumbered. The plant and machinery was valued by Hilco.

#### Summary of Plant & Machinery Valuation

£'000	In-situ Value	Ex-situ Value
Unencumbered Assets	125	46
Encumbered Assets	297	158
Less Finance Outstanding	(33)	(33)
<b>Total</b>	<b>389</b>	<b>171</b>

As at the date of appointment the outstanding finance totalled £33,000 of which £27,000 was settled directly by the purchaser upon completion of the sale of the business and assets.

## 4.5 Book debts

The book debts of the Company were c£1.6 million at 17 January 2019.

The debts had been assigned to HSBC Invoice Financing Limited (HIF) under a confidential invoice discounting agreement.

HIF engaged a firm of independent debt collectors which assessed that, in a close down scenario, HIF may not recover the funds of c£864,000 advanced against debtors.

# 5 Marketing of the business and assets

## 5.1 Marketing strategy

The timeframe available for marketing was driven by the level of distress within the business, and directors' compliance with their statutory and fiduciary duties.

Due to the very limited timeframe available to complete a transaction, we concluded that potential trade buyers would unlikely be in a position to conclude a transaction sufficiently quickly. A targeted selection of distressed financial investors was therefore approached.

We did not approach the Company's customer base as there was concern that this would damage the value of the business and accelerate its decline. However, we are aware that the directors of the Company approached a supplier, but no offer was made as a result of these brief discussions.

It was concluded that marketing more widely or to include online communication would have been detrimental to the sale of the business.

From 24 December 2018, we approached 22 potential purchasers of which ten expressed an interest and signed non-disclosure agreements to receive additional information about the business.

As administration seemed inevitable and the directors feared continued trading would put them at personal risk, the directors filed a Notice of Intention to Appoint Administrators on 2 January 2019. A second Notice of Intention to Appoint Administrators was filed on 15 January 2019.

## 5.2 Offers received

- **Buyer A** provided an offer on 1 January 2019 which was for all of the assets of the business, including an unquantified contingent claim (the Claim) for a consideration of the total amount of debt owing to HSBC discounted by 15%. Following extensive negotiations, **Buyer A** subsequently increased its offer on 17 January 2019 with the consideration being equal to the total amount owing to HSBC, and the Claim being excluded
- On 11 January 2019 **Buyer B** offered £4,500,000 for the business and assets including the Claim, (subject to due diligence). This offer was rejected as it did not provide sufficient value
- **Buyer C** offered a consideration of £3,600,000 at a very late stage, on 21 January 2019. This offer was for all of the assets of the business excluding the Claim. We progressed this offer, but we were not prepared to prejudice the offer from Buyer A for an amount which provided no better value for creditors and a transaction which could potentially not be deliverable

Hilco Global and Alder King LLP recommended acceptance of Buyer A's offer. Contracts were issued on 18 January 2019. As at 24 January 2019, the only deliverable offer was that from Buyer A as it could access the funding required and did not require any further due diligence.

# 6 The transaction

## 6.1 Details of the transaction

Date of transaction	24 January 2019
Identity of purchaser	Lyte Ladders & Towers Limited
Purchaser's connection to the Company	No connections
Directors' relationship with Purchaser	The directors of the Company are expected to be appointed as directors of the purchaser.
Assets sold and consideration	All of the assets and undertaking of the business excluding the non-quantified contingent claim.
Consideration related to assets subject to fixed charges	
Goodwill	£1
Freehold Property	£2,300,000
Consideration related to assets subject to floating charges	
Book debts	£864,000
Plant and machinery	£274,994
Stock	£320,000
Other assets	£5
Terms of consideration	The total consideration was paid on completion.
Connected party transactions	None
Providers of finance to the transaction	Breal Consulting Limited, Secure Trust Bank Plc

# 7 Pre-pack pool

## 7.1 Connected party transactions

The purchaser was not a party connected with the Company and there was therefore no approach was made to the pre-pack pool, a body of independent reviewers of pre-packaged sales of businesses from cases of Company administration.

# 8 Other information for creditors

## 8.1 Future correspondence

All future creditors' reports will be shared through the creditors' portal which can be found at

[www.grantthornton.co.uk/portal](http://www.grantthornton.co.uk/portal)

The unique passwords are being notified to creditors separately. (Any creditor that does not have a unique creditor's password should contact Natasha McDowall of this office by email at [cmu@uk.gt.com](mailto:cmu@uk.gt.com)).

The officers of the Company are required to furnish us with a statement of affairs as required by the Insolvency Act 1986, and we shall shortly be uploading our statement of proposals for the administration which will incorporate a summary of the directors' statement of affairs, or an estimated summary of the financial position.

Within the proposals, further details of the administration will be provided in addition to information about our fees.

*Background information regarding the fees of administrators can be found at*

[https://www.r3.org.uk/media/documents/publications/professional/Guide to Administrators fees April 2017.pdf](https://www.r3.org.uk/media/documents/publications/professional/Guide%20to%20Administrators%20fees%20April%202017.pdf).

Creditors can find a guide to their rights in an administration at

[https://www.r3.org.uk/media/documents/publications/professional/Creditors Administration.pdf](https://www.r3.org.uk/media/documents/publications/professional/Creditors%20Administration.pdf).

A creditor has a right to opt out of receiving further documents about the proceedings (with some exceptions). Further information is provided in appendix B.

## 8.2 Making a claim in the administration

Creditors can log onto the portal to submit their claim directly. Alternatively, a proof of debt form can be provided and submitted manually.

## 8.3 Bad debt relief

Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with section 36 of the Value Added Tax Act 1994. In broad terms relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account. Insolvency practitioners have no role in administering VAT bad debt relief. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.

## 8.4 Retention of title claims

If you contend that you have any form of security or reservation of title in respect of goods supplied, please contact us immediately, in writing, with full details of your claim. We would advise you that, pursuant to paragraph 43 of Schedule B1 to the Insolvency Act 1986, you will not be able to enforce any security or reservation of title claim without our consent or the permission of the court.

## **8.5 Investigations into the Company's affairs**

We shall be pleased to receive, from any creditor, any useful information concerning the Company, its dealings or conduct, which may assist us in any investigations into the Company's affairs.

## **8.6 Contact from third parties**

Please be aware fraudsters have been known to masquerade as the legitimate joint administrators. The fraudster will contact creditors asking for an upfront fee or tax. An administrator would never ask for such a payment nor instruct a third party to make such a request.

## **8.7 Data Protection**

Any personal information held by the Company will continue to be processed for the purposes of the administration of the Company and in accordance with the requirements of data protection law.



# A Statutory information

## Company information

Company name	Lyte Industries (Wales) Limited
Date of incorporation	24 January 1986
Company registration number	01982317
Present registered office	4 Hardman Square Spinningfields Manchester M3 3EB

## Administration information

Administration appointment	The administration appointment in the High Court of Justice, Business and Property Courts in Birmingham 000032 of 2019
Appointor	The directors
Date of appointment	24 January 2019
Joint Administrators' names	Alistair Wardell Lucy Winterborne
Joint Administrators' address(es)	11/13 Penhill Road, Cardiff, South Glamorgan, CF11 9UP 2 Glass Wharf, Temple Quay, Bristol, BS2 0EL
Functions	In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them.
Current administration expiry date	24 January 2020

## B Opting out of creditor notices

Entitlement of creditors to opt out of receiving further documents relating to the administration

Administrators Alistair Wardell and Lucy Winterborne

Postal address 4 Hardman Square, Spinningfields, Manchester, M3 3EB

Email address for contact cmu@uk.gt.com

A creditor has the right to elect to opt out of receiving further documents about the proceedings unless:

- 1 the Insolvency Act 1986 requires a document to be delivered to all creditors without expressly excluding opted-out creditors
- 2 it is a notice relating to a change in the office holder or the office-holder's contact details
- 3 it is a notice of a dividend or proposed dividend or a notice which the court orders to be sent to all creditors, or to all creditors of a particular category to which the creditor belongs.

Opting out will not affect the creditor's entitlement to receive dividends should any be paid to creditors.

Unless the Insolvency (England and Wales) Rules 2016 provide to the contrary, opting out will not affect any right the creditor may have to vote in a decision procedure or to participate in a deemed consent procedure in the proceedings although the creditor will not receive notice of it.

A creditor who opts out will be treated as having opted out in respect of any consecutive insolvency proceedings of a different kind in respect of the Company.

In order to opt out please contact us in writing (by post or by email) at the relevant address given above. You may do this at any time. You may revoke the election to opt out at any time by a further notice in writing.

### **Explanatory Note**

As administrators of the Company, we are required to issue six monthly progress reports and upon the conclusion of the administration. If you opt out, you will not receive these. If further decisions are sought from the creditors, you will not receive notice of these, although you would still be entitled to participate if you learned of the decision procedure informally. Opting out will not impact on the procedure of agreeing your claim in the event that a dividend becomes payable and you will receive notice of intended dividends and payment of dividends.

## C Definitions

The Company	Lyte Industries (Wales) Limited
HLD	HLD Group Limited
HSBC	HSBC Bank Plc
SIP	Statement of Insolvency Practice
VAT	Value Added Tax

## D Notice about this report

This report has been prepared by Lucy Winterborne, the joint administrator of Lyte Industries (Wales) Limited – in administration, solely to comply with the joint administrators' statutory duty to report to creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 do so at their own risk. To the fullest extent permitted by law, the joint administrators do not assume any liability in respect of this report to any such person.

Alistair Wardell and Lucy Winterborne are authorised in the UK to act as Insolvency Practitioners by the Insolvency Practitioners Association.

The joint administrators are bound by the Insolvency Code of Ethics.

The joint administrators act as agents for the Company and contract without personal liability. The appointment of the joint administrators is personal to them and to the fullest extent permitted by law, Grant Thornton UK LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

Please note you should read this report in conjunction with any other reports that may have been issued by the joint administrators to the Company's creditors, which can be found on the Grant Thornton portal. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT. For definitions of abbreviations please refer to Appendix C.



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Assets	Book Value	Estimated to Realise £
<b>Assets subject to fixed charge:</b>		
Freehold Land & Property	3,095,000	2,300,000
HSBC Bank Plc - Mortgage		<u>(1,332,000)</u>
Surplus c/d		968,000
 Book Debts	 1,637,000	 864,000
HSBC Invoice Finance Limited		<u>(864,000)</u>
		NIL
 HSBC Bank Plc - Supplier Loan		 <u>(1,592,000)</u>
Deficiency c/d		(624,000)
 <b>Assets subject to floating charge:</b>		
Plant & Machinery	2,436,000	274,994
Stock	1,795,000	320,000
 <b>Uncharged assets:</b>		
Other assets		6
 <b>Estimated total assets available for preferential creditors</b>		 <u><u>595,000</u></u>

Lyte Industries (Wales) Limited  
Estimated Statement Of Affairs as at 24 January 2019

Liabilities

Estimated to  
Realise  
£

**Estimated total assets available for preferential creditors** 595,000

**Liabilities**

Preferential Creditors - NIL

**Estimated deficiency/surplus as regards preferential creditors** 595,000

Debts secured by floating charges pre 15 September 2003 NIL

Other Pre 15 September 2003 Floating Charge Creditors NIL

595,000

Estimated prescribed part of net property where applicable (to carry forward) (121,999)

**Estimated total assets available for floating charge holders** 473,001

Debts secured by floating charges post 14 September 2003 (3,788,000)

Deficiency b/d (624,000)

Finance Outstanding (6,000)

**Estimated deficiency/surplus of assets after floating charges** (3,944,999)

Estimated prescribed part of net property where applicable (brought down) 121,999

**Total assets available to unsecured creditors** 121,999

Lyte Industries (Wales) Limited - in administration  
 Joint Administrators' receipts and payments account  
 from 24 January 2019 to 13 February 2019

Receipts	Statement of Affairs (£)	Total (£)
Freehold Land & Property	2,300,000.00	0.00
Book Debts	864,000.00	0.00
Plant & Machinery	274,994.00	0.00
Stock	320,000.00	0.00
Other assets	6.00	0.00
		<hr/>
		0.00
		<hr/>
<b>Payments</b>		
HSBC Bank Plc - Mortgage	(1,332,000.00)	0.00
HSBC Invoice Finance Limited	(864,000.00)	0.00
HSBC Bank Plc - Supplier Loan	(1,592,000.00)	0.00
Finance Outstanding	(6,000.00)	0.00
Unsecured Creditors (All)	(3,666,248.30)	0.00
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<b>Balance - 13 February 2019</b>		<hr/>
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**Made up as follows**

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# Payments, remuneration and expenses to the joint administrators or their associates

## Statement of Insolvency Practice 9 disclosure

This appendix has been prepared in conjunction with the requirements of the Insolvency Act 1986, the Insolvency (England and Wales) Rules 2016 (the Rules) and Statement of Insolvency Practice 9 (SIP9). In summary, it covers

- pre-appointment costs
- fee basis
- work done by the joint administrators and their team during the period
- disbursements and expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees)

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Creditor approval is also sought for payment of pre-appointment expenses of £33,132.

Notice of the respective decision procedure is attached.

Details of the pre-appointment costs are provided below

Cost	Work done	Why the work was necessary pre-appointment and how it furthered the achievement of an objective of administration	Incurred			Paid		Unpaid	
			Grade	Hrs	£	Name of payer and relationship to estate	Pre/post administration		£
Grant Thornton UK LLP fees	<ul style="list-style-type: none"><li>Administration eligibility assessment</li><li>Pre-packaged sale</li><li>Pre-appointment formalities and practicalities</li></ul>	<ul style="list-style-type: none"><li>To confirm that an objective of administration could be achieved and that administration, therefore, was an option for the company</li><li>To assist management with gathering and preparing information, including valuations, for potential acquirers, identification of and introduction to potential acquirers</li><li>To assist management with: preparation, issue and filing of required documents and notices, liaising with key stakeholders, and to advise directors (as a board) of their general responsibilities with regard to insolvency</li></ul>	Partner	48	24,480				
			Manager	103	45,526				
			Executive	100	29,349				
			Total	250	99,355	62,390	The Company	Pre-administration	36,965

Grant Thornton UK  
LLP expenses:

DLA Piper UK LLP	<ul style="list-style-type: none"><li>Legal documentation relating to appointment and sale</li><li>To assist with the preparation and filing of required documents relating to appointment</li><li>To assist with the sale agreement</li></ul>	24,000	0	-	-	24,000
Hilco Global	<ul style="list-style-type: none"><li>Valuation services</li></ul>	3,500	0	-	-	3,500
Alder King LLP	<ul style="list-style-type: none"><li>Valuation services</li></ul>	1,000	0	-	-	1,000
Sterling Technology Limited	<ul style="list-style-type: none"><li>Dataroom facility</li></ul>	4,632	0	-	-	4,632
Total Expenses						33,132

Notes.

- Partner includes director
- Manager includes associate directors and managers
- Executive includes assistant managers and executives

## Post-appointment costs

### Fee basis of the joint administrators

#### **Proposed fee basis**

We propose that the remuneration of the joint administrators be fixed at £120,000 plus 30% of future realisations.

We provide details of the work we propose to undertake and details of the expenses we consider will be, or are likely to be, incurred – please see the table below.

We expect this fee basis to produce a fair and reasonable reflection of work anticipated to be undertaken for the following reasons:

- we considered the work we had undertaken to date and the work required to complete the administration, based on our considerable previous experience of similar appointments
- nature of the assets of the business including the potential contingent claim

#### **Likely return to creditors**

The timing and quantum of future dividends is currently unknown.

## Work done by the joint administrators and their team during the Period

We are required to detail costs of actual work done in the Period, including any expenses incurred in connection with it, as against any fees estimate provided. We have not provided a fee estimate because time costs do not form part of our proposed fee basis. We are also required to provide narrative explanation of the work done. The following table sets out this information. Details of expenses incurred in connection with work done are provided in the 'Disbursements and expenses' section below.

Area of work	Work done	Why the work was necessary	Financial benefit to creditors
<b>Assets</b>			
<b>Sale of business</b>	<ul style="list-style-type: none"> <li>Liaising with suppliers of the Company regarding sale of business</li> </ul>	<ul style="list-style-type: none"> <li>To ensure that supplier queries are dealt with appropriately</li> </ul>	<ul style="list-style-type: none"> <li>This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors</li> </ul>
<b>Stock &amp; work in progress</b>	<ul style="list-style-type: none"> <li>Corresponding with the purchaser of the business</li> </ul>	<ul style="list-style-type: none"> <li>To confirm details of the sale of the business</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process</li> </ul>
<b>General</b>	<ul style="list-style-type: none"> <li>Review of the SJP16 disclosure regarding the sale of the business</li> </ul>	<ul style="list-style-type: none"> <li>To confirm details of the sale of the business</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process</li> </ul>
<b>Insurance</b>	<ul style="list-style-type: none"> <li>Arranging appropriate insurance cover</li> </ul>	<ul style="list-style-type: none"> <li>To mitigate risk from loss from an insurable event</li> <li>To comply with regulation and law</li> </ul>	<ul style="list-style-type: none"> <li>This work is necessary to realise financial value for the estate and for a distribution to creditors should sufficient funds become available</li> </ul>
<b>Investigations</b>			
<b>Claims</b>	<ul style="list-style-type: none"> <li>Meeting with solicitors</li> </ul>	<ul style="list-style-type: none"> <li>To obtain information in relation to possible actions the Company may be able to take</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to realise financial value for the estate and for a distribution to creditors should sufficient funds become available</li> </ul>
<b>Creditors</b>			
<b>Secured</b>	<ul style="list-style-type: none"> <li>Reporting to secured creditors</li> </ul>	<ul style="list-style-type: none"> <li>To comply with our requirements with reporting to the secured creditors</li> <li>To keep the secured creditors informed as the key stakeholders in the administration due to their fixed and floating charges over the company's assets</li> <li>To obtain the secured creditors approval before any major decision in the administration is taken</li> </ul>	<ul style="list-style-type: none"> <li>This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors</li> </ul>
<b>Unsecured</b>	<ul style="list-style-type: none"> <li>Liaising with creditors regarding their claims in the estate and their queries</li> </ul>	<ul style="list-style-type: none"> <li>To ensure all unsecured creditor claims are dealt with appropriately</li> </ul>	<ul style="list-style-type: none"> <li>This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors</li> </ul>
<b>Retention of title</b>	<ul style="list-style-type: none"> <li>Liaising with creditors claiming retention of title, including review of correspondence and supporting documents provided</li> </ul>	<ul style="list-style-type: none"> <li>To assess the validity of claims</li> </ul>	<ul style="list-style-type: none"> <li>This work was necessary to discharge the office holders' duties. As explained under 'Why the work was necessary', although it might not add financial value to the estate it adds value to the insolvency process</li> </ul>

## Take-on

<b>Appointment formalities</b>	<ul style="list-style-type: none"><li>• Advertising appointment</li><li>• Filing appointment documents</li></ul>	<ul style="list-style-type: none"><li>• To comply with insolvency law and regulations</li></ul>	<ul style="list-style-type: none"><li>• This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors</li></ul>
<b>Case set-up</b>	<ul style="list-style-type: none"><li>• Setting up insolvency practitioner's software and transaction processing software</li><li>• Setting up document and mail merge templates for standard letters</li><li>• Detailing strategy and trading notes</li></ul>	<ul style="list-style-type: none"><li>• To write to all parties involved in an administration, record and process creditor claims, record receipts and payments during trading etc.</li><li>• To comply with regulations</li></ul>	
<b>Reports, circulars notices &amp; decisions</b>	<ul style="list-style-type: none"><li>• Notifying creditors of appointment</li></ul>	<ul style="list-style-type: none"><li>• To comply with insolvency law and regulations</li></ul>	
<b>Treasury, billing &amp; funding</b>	<ul style="list-style-type: none"><li>• Opening an estate account</li><li>• Ensuring appropriate specific penalty bonding is in place</li></ul>	<ul style="list-style-type: none"><li>• To process payments and account for receipts</li><li>• To comply with insolvency regulation</li></ul>	
<b>Tax</b>	<ul style="list-style-type: none"><li>• Initial case review for tax purposes</li></ul>	<ul style="list-style-type: none"><li>• To comply with tax legislation</li></ul>	
<b>Pensions</b>	<ul style="list-style-type: none"><li>• Initial review of pension schemes and any contractual liabilities</li></ul>	<ul style="list-style-type: none"><li>• To comply with pension related legislation</li></ul>	

## Statement of expenses and disbursements incurred in the Period

This table provides details of expenses and disbursements incurred in the Period in connection with the work done by the joint administrators, description of which is provided in the 'Work done' section above.

Category	Incurred in the Period (£)	Cumulatively incurred as at Period end (£)	Of which paid by the estate as at Period end (£)
<b>Category 1 disbursements</b>			
Statutory Advertising	74	74	74
<b>Total expenses and disbursements</b>	<b>74</b>	<b>74</b>	<b>74</b>

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment and fall into two categories:

### Category 1 disbursements

These are also known as 'out of pocket expenses' and are payments to independent third parties where there is specific expenditure directly referable to the insolvent estate; they can be drawn without prior approval and consist of the following categories

- Travel and subsistence – these costs, which exclude mileage, are incurred by staff in attending trading premises or meetings, for example
- Office costs – these are costs such as postage or courier charges which are incurred in managing the case
- Statutory costs – these are costs such as bonding and advertising relating specifically to the case, which are required by statute

They also include expenses which have been paid using a Grant Thornton Loan, the balance of which (if any) can be seen on the joint administrators' receipts and payment account at Appendix C.

### Category 2 disbursements

These are expenses that are directly referable to the insolvent estate but not a payment to an independent third party. They may include shared or allocated costs that may be incurred by an office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as an office holder's remuneration

To the extent that recovery of category 2 disbursements is sought, this will be for mileage only. Accordingly, a resolution is sought from creditors in relation to such disbursements

Sub-contracted out work

We confirm that, in the Period, we have not sub-contracted out any work that could otherwise have been carried out by us or our team.

Payments to associates

Where we have enlisted the services of others we have sought to obtain the best value and service. In the interest of transparency, we disclose below services we have sought from within our firm or from a party with whom (to the best of our knowledge) our firm, or an individual within our firm, has a business or personal relationship:

Service provider	Services enlisted
Grant Thornton UK LLP	<ul style="list-style-type: none"><li>Tax work/advice (narrative is included within the above narrative of work done)</li><li>Pensions work/advice (narrative is included within the above narrative of work done)</li></ul>

Relationships requiring disclosure

We confirm that we are not aware of any business or personal relationships with any parties responsible for approving the joint administrators' fee basis, or who provide services to us as joint administrators, which may give rise to a potential conflict.



## Information for creditors

Provided below is information to help creditors to understand their rights in insolvency and regarding officeholders' fees, and the roles and functions of committees.

R3 is the trade association for the UK's insolvency, restructuring, advisory and turnaround professionals. Amongst other things, R3 has made available written guidance for stakeholders affected by insolvency, in particular creditors, for some of which the web links are provided below.

Where web links are provided for the information, we will supply this information by post, free of charge on request.

'Office holder' means, for example, the appointed administrator(s), liquidator(s) or trustee(s) in bankruptcy.

### R3 creditor guides

- Rights of creditors during an insolvency process guides <https://www.r3.org.uk/what-we-do/publications/professional/creditors-guides>
- Background information regarding the fees of officeholders: <https://www.r3.org.uk/what-we-do/publications/professional/fees>
- Liquidation/Creditors' committees and commissioners <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

### Creditors' and members' rights to request information about remuneration or expenses under r18.9 of the Rules

- (1) The following may make a written request to the office-holder for further information about remuneration or expenses (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1)(b), (c) or (d) or a final report under rule 18.14:
  - (a) a secured creditor;
  - (b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question),
  - (c) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company,
  - (d) any unsecured creditor with the permission of the court, or
  - (e) any member of the company in a members' voluntary winding up with the permission of the court.
- (2) A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report by the person, or by the last of them in the case of an application by more than one member or creditor.
- (3) The office-holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by:
  - (a) providing all of the information requested;
  - (b) providing some of the information requested; or
  - (c) declining to provide the information requested.
- (4) The office-holder may respond by providing only some of the information requested or decline to provide the information if:
  - (a) the time or cost of preparation of the information would be excessive; or
  - (b) disclosure of the information would be prejudicial to the conduct of the proceedings;

- (c) disclosure of the information might reasonably be expected to lead to violence against any person, or
- (d) the office-holder is subject to an obligation of confidentiality in relation to the information.

(5) An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.

(6) A creditor, and a member of the company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of

(a) the office-holder giving reasons for not providing all of the information requested; or

(b) the expiry of the 14 days within which an office-holder must respond to a request.

(7) The court may make such order as it thinks just on an application under paragraph (6).

### **Creditors' and members' rights to challenge the office-holder's remuneration and expenses under r18.34 of the Rules**

(1) This rule applies to an application in an administration, a winding-up or a bankruptcy made by a person mentioned in paragraph (2) on the grounds that

- (a) the remuneration charged by the office-holder is in all the circumstances excessive,
- (b) the basis fixed for the office-holder's remuneration under rules 18.16, 18.18, 18.19, 18.20 and 18.21 (as applicable) is inappropriate; or
- (c) the expenses incurred by the office-holder are in all the circumstances excessive

(2) The following may make such an application for one or more of the orders set out in rule 18.36 or 18.37 as applicable:

- (a) a secured creditor,
- (b) an unsecured creditor with either:
  - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
  - (ii) the permission of the court, or
- (c) in a members' voluntary winding up
  - (i) members of the company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the company, or
  - (ii) a member of the company with the permission of the court

(3) The application by a creditor or member must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3, or final report or account under rule 18.14 which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report").