

AM03

Notice of administrator's proposals



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 2 7 8 6 4 9 6

Company name in full Halletts Group Ltd

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Conrad

Surname Beighton

3 Administrator's address

Building name/number Leonard Curtis

Street Cavendish House
39-41 Waterloo Street

Post town Birmingham

County/Region

Postcode B 2 5 P P

Country

4 Administrator's name ①

Full forename(s) David

Surname Griffiths

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Leonard Curtis

Street Cavendish House
39-41 Waterloo Street

Post town Birmingham

County/Region

Postcode B 2 5 P P

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

Qualifying report and administrator's statement ^①



I attach a copy of the qualifying report



I attach a statement of disposal

^① As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)

8

Sign and date

Administrator's
Signature

Signature

*Cheng Wen*

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

Ethan Yates

Company name

Leonard Curtis

Address

Cavendish House

39-41 Waterloo Street

Birmingham

Post town

County/Region

Postcode

B 2 5 P P

Country

DX

Telephone

0121 200 2111



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 or email 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



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

**HALLETTS GROUP LTD
(IN ADMINISTRATION)**

Registered Number: 02786496

Court Ref: CR-2023-BHM-000407

High Court of Justice Business and Property Courts in Birmingham - Company & Insolvency
List (CHD)

**Joint Administrators' Report and Statement of Proposals in accordance
with Para 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of
the Insolvency (England and Wales) Rules 2016**

Report date: 18 August 2023

Date report deemed to be delivered to creditors: 22 August 2023

Decision date: 11 September 2023

Leonard Curtis contact details:

Cavendish House, 39-41 Waterloo Street,
Birmingham B2 5PP
Tel: 0121 200 2111

General email: recovery@leonardcurtis.co.uk

Email for requests for a physical meeting: Birmingham.meetingreq@leonardcurtis.co.uk

Ref: B/37/EY/HA74C/1040

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**TO: THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL EMPLOYEES
ALL MEMBERS**

1 INTRODUCTION

General information

- 1.1 I refer to the appointment of David Griffiths and I as Joint Administrators ("the Joint Administrators") of Halletts Group Ltd ("the Company") on 2 August 2023 and now write to present the Joint Administrators' proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 (as amended) ("the Act").
- 1.2 Para 3 of Schedule B1 to the Act requires the Joint Administrators to perform their 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.
- 1.3 Para 51(1) of Schedule B1 to the Act ordinarily requires the Joint Administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. However, this does not apply where the Joint Administrators state that they think:
- a) That the company has sufficient property to enable each creditor of the company to be paid in full; or
 - b) That the company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of a distribution of the prescribed part fund; or
 - c) That neither of the objectives specified in 1.2(a) and 1.2(b) above can be achieved.
- 1.4 I can confirm that in this case the Joint Administrators are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors and accordingly neither of the objectives specified in 1.2(a) and 1.2(b) above can be achieved. A dividend is, however, expected to be paid to HSBC Bank Plc ("HSBC") under the terms of their fixed charge security and their deed of priority that ranks them ahead of the other secured creditors and in line with the objective set out at 1.2(c) above. As a result, there is no requirement to seek a decision from the Company's general body of creditors as to whether they approve the Proposals.
- 1.5 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the Joint Administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. Such a request must be delivered to the Joint Administrators within 8 business days of the date on which this report was delivered and comprise the following:
- A statement of the purpose of the proposed decision; and EITHER
 - A statement of the requesting creditor's claim, together with:
 - A list of the creditors concurring with the request and the amount of their respective claims or values; and
 - Confirmation of concurrence from each creditor concurring. OR
 - A statement of the requesting creditor's debt and that that alone is sufficient without the concurrence of other creditors.
- 1.6 The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.

- 1.7 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 ("the Rules"). Where this is the case, notification of the date on which the Proposals were deemed to have been approved (being 4 September 2023) will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.
- 1.8 The Joint Administrators are required to seek a decision from the Company's creditors to determine, amongst other things, the basis upon which the Joint Administrators will draw their remuneration and Category 2 expenses (including payments to associates). It is our intention to seek these decisions by correspondence as provided for by the Act and Rules. Formal Notice of this Decision Procedure is attached at Appendix I. A voting form is attached at Appendix J. This form should be completed and returned to this office by 23:59 on the Decision Date, being 11 September 2023, with a completed proof of debt form (attached at Appendix K) or your vote will be disregarded, as will any forms returned after the decision date.
- 1.9 Creditors meeting the following minimum criteria may request in writing that the decisions be made at a creditors' meeting, rather than by correspondence:
- a) 10% in value of the creditors; or
 - b) 10% in number of the creditors; or
 - c) 10 creditors
- 1.10 Such a request must be made not later than five business days after the date on which these Proposals were delivered. The deemed date of delivery of this report is given on the front page. Requests should ideally be made to Birmingham.meetingreq@leonardcurtis.co.uk.
- 1.11 In the event that no such request is received, the Joint Administrators will, as soon as reasonably practicable after the Decision Date specified at 1.7 above, report to creditors on the decisions taken.

Notice of an Invitation to Creditors to Form a Creditors' Committee

- 1.12 Creditors are entitled to decide whether a creditors' committee should be established if sufficient creditors are willing to be members of that committee.
- 1.13 Attached at Appendix M is Notice of an Invitation to Form a Creditors' Committee. Any nominations must be delivered to the Joint Administrators by the Decision Date shown on the front of this report and can only be accepted if the Joint Administrators are satisfied as to the creditors' eligibility under Rule 17.4 of the Rules.
- 1.14 In order to assist creditors in making an informed decision on whether they wish to be nominated to serve on a committee, creditors are encouraged to access the document below, which provides information on the rights, duties and functions of creditors' committees.

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/29111/page/1/liquidation-creditors-committees-and-commissioners/>

2 STATUTORY INFORMATION

- 2.1 The administration proceedings are under the jurisdiction of the High Court of Justice Business and Property Courts in Birmingham - Company & Insolvency List (CHD) under Court reference CR-2023-BHM-000407.
- 2.2 During the period of the administration, any act or function required or authorised to be done by the Joint Administrators may be exercised by both or either of them.

2.3 The registered office was changed from 337 Tanworth Lane Shirley, Solihull, West Midlands B90 4DU, to Cavendish House, 39-41 Waterloo Street, Birmingham B2 5PP, on 12 August 2023. The registered number is 02786496. The Company traded as its registered name.

2.4 The Company operated from leasehold premises at 337 Tanworth Lane, Shirley, Solihull B90 4DU, on an informal basis. The Company also operated from another trading site, on an informal basis, which was utilised as a storage area for the Company, located at The Chestnuts, Bransons Cross, Beoley, Redditch B98 9DP.

2.5 The Company's directors and secretary are:

Name	Role	Date Appointed
Lewis Smith & Co	Company secretary	27 July 2010
Chris Paul Jolly	Director	16 April 2015
Paul Albert Jolly	Director	17 July 2023

2.6 The Company's authorised share capital is 700 ordinary £1 shares, 150 £1 preference shares and 150 £1 preference A shares. The shares are reflected as follows:

Name	Class of Share	No. of Shares	% of Total Owned
Chris Jolly	£1 ordinary shares	700	70
Chris Jolly	£1 preference shares	150	15
Chris Jolly	£1 preference A shares	150	15
		1,000	100%

2.7 According to the information registered at Companies House, the Company has the following registered charges:

Chargeholder	Date created	Description	Assets Charged
HSBC Bank Plc	15 November 2011	Fixed and floating charge	All assets and property of the Company
HSBC Bank Plc	1 February 2011	Legal assignment	All monies due or to become due from the Company to the chargeholder
HSBC Invoice Finance UK Limited	11 May 2010	Fixed and floating charge	All assets and property of the Company
Maven Meif (WM) GP (ONE) Limited	13 December 2021	Fixed and floating charge	All assets and property of the Company

2.8 The insolvency proceedings are COMI proceedings.

3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

- 3.1 The Company was incorporated in 1993, when the business was purchased from a third party by Paul Jolly and traded as a freight and haulage company up until 2021. The haulage side of the business ceased in 2021 and the Company diversified into becoming a supplier of bespoke buildings and converter of steel containers into modern work and home spaces. The directors of the Company are Chris Jolly and Paul Jolly and the shareholder is Chris Jolly. The business operated with 11 full and part time staff (including Chris Jolly) from a modular office space, located in Solihull.
- 3.2 The business traded profitably since its incorporation. However, the business was significantly affected by the Covid-19 pandemic which forced a nationwide lockdown in March 2020 for several months. Following this period, the haulage side of the business ceased to trade, with all heavy goods vehicles in its possession either being sold or returned to the respective hire purchase creditor. The directors advised that the Company could no longer trade viably operating solely in haulage, and that diversification was required in order for the Company to continue.
- 3.3 As a result, the Company began supplying cabins and modular buildings for hire, as well as converting steel containers into modular spaces, for work or personal use by customers. The director advised that the Company was able to continue viably after moving into this sector. However, historical debt had accrued, including the loans provided during the Covid-19 pandemic and debts incurred following the end of the haulage side of the business, which had depleted cash resources. Furthermore, the Company suffered a bad debt in the region of £200,000 when one of its contractors became insolvent in January 2023.
- 3.4 As a result of the bad debt, the Company had proposed to enter into a Company Voluntary Arrangement ("CVA"), and this process had begun in January 2023. The Company spent significant time and resources preparing the information necessary for the CVA Proposal, and the directors advised that the advice provided from the CVA nominees was to hold off paying creditors and suppliers, as this would be managed within the CVA. As a result, considerable debt had accrued and it was subsequently deemed that the CVA was no longer feasible due to the significant monthly contributions that would have been payable to creditors, and the CVA was terminated. Following termination, creditor pressure began to increase, with some creditors threatening legal action.
- 3.5 As outlined above, it was clear that the Company was struggling to maintain control of its various liabilities, which was materially affecting its cash flow position. Ultimately, the business could not continue to trade under its current structure and immediate action was necessary to protect the interest of the Company's creditors as a whole.
- 3.6 From the information provided to Leonard Curtis, it was concluded that the Company was or was likely be insolvent in accordance with Section 123 of the Act in so far as 'the company cannot pay its debts as and when they fall due'.
- 3.7 The director provided formal instructions to Conrad Beighton and David Griffiths of Leonard Curtis on 19 July 2023 with a view to placing the Company into administration.

4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

- 4.1 The Company's trading results for the 31 December 2019, 31 December 2020 and 31 December 2021 are presented below:

	Financial statements for the year ended 31 December 2021 £	Financial statements for the year ended 31 December 2020 £	Financial statements for the year ended 31 December 2019 £
Turnover	2,937,353	1,875,350	2,130,283
Cost of Sales	(2,366,206)	(1,378,314)	(1,600,075)
Gross profit	571,147	497,036	530,208
Administrative expenses	(483,379)	(410,401)	(379,336)
Other operating income	73,602	104,576	-
Operating profit	161,370	191,211	150,872
Interest payable and similar expenses	(131,473)	(127,460)	(102,671)
Profit before taxation	29,897	63,751	48,201
Tax on profit	-	-	-
Profit for the financial year	29,897	63,751	48,201
Dividends paid	(20,000)	(30,000)	(38,500)
Retained profit b/f	95,718	61,967	52,266
Retained profit c/f	105,615	95,718	61,967

- 4.2 The balance sheets as at 31 December 2019, 31 December 2020 and 31 December 2021 are also presented below:

	Financial statements as at 31 December 2021	Financial statements as at 31 December 2020	Financial statements as at 31 December 2019
	£	£	£
Fixed assets			
Tangible assets	1,394,181	1,365,074	1,496,739
	<u>1,394,181</u>	<u>1,365,074</u>	<u>1,496,739</u>
Current assets			
Stocks	317,914	304,584	178,875
Debtors	885,514	505,383	441,665
Cash at bank and in hand	16,583	100,453	27,730
	<u>1,220,011</u>	<u>910,420</u>	<u>648,270</u>
Creditors: amounts falling due within one year	(1,176,722)	(955,214)	(889,761)
Net current assets/(liabilities)	<u>43,289</u>	<u>(44,794)</u>	<u>(241,491)</u>
Total assets less current liabilities	<u>1,437,470</u>	<u>1,320,280</u>	<u>1,255,248</u>
Creditors: amounts falling due after more than one year	(1,330,855)	(1,223,562)	(1,192,281)
Net assets	<u><u>106,615</u></u>	<u><u>96,718</u></u>	<u><u>62,967</u></u>
Represented by			
Called up share capital	1,000	1,000	1,000
Profit and loss account	105,615	95,718	61,967
Shareholders' funds	<u><u>106,615</u></u>	<u><u>96,718</u></u>	<u><u>62,967</u></u>

Statement of Affairs

- 4.3 The directors are required to lodge a statement of affairs as at 2 August 2023 which has to be filed with the Registrar of Companies. This document has not yet been received. In the meantime, an estimate of the financial position as at the date of the Joint Administrators' appointment is enclosed at Appendix B, together with a list of creditors including their names, addresses and details of their debts, including any security held.
- 4.4 Please note that no provision has been made in the Estimated Financial Position for costs and expenses of realisation, the costs of the administration and any corporation tax which may be payable. The following comments are considered to be relevant and should be borne in mind when reading the figures:

Secured Creditors

- 4.5 The Company granted a debenture incorporating fixed and floating charges to HSBC Invoice Finance UK Plc ("HIF"), over all property and assets of the Company. The security relates to the Company's invoice finance facility. This charge was created on 11 May 2010 and delivered to Companies House on 13 May 2010. As at the date of the Joint Administrators' appointment, HIF was owed £23,683 against a sales ledger of £93,411. It is understood that some of the ledger is bad debt and will be subsequently written off, but that HIF should be repaid in full from book debt collections.
- 4.6 The Company also granted a debenture incorporating fixed and floating charge to HSBC over all property and assets of the Company. This charge was created on 15 November 2011 and delivered to Companies House on 16 November 2011. The charge is in relation to an overdraft facility with a limit of £50,000 and the Joint Administrators understand that HSBC holds further security in the form of a personal guarantee provided by the director, Chris Jolly. HSBC also holds a deed of priority over their security which was issued on 13 December 2021, which ranks them ahead of the other secured creditors.

- 4.7 The Company also granted a legal assignment to HSBC incorporating fixed and floating charge over all monies due or to become due from the Company to the chargeholder. This charge was created on 1 February 2021 and delivered to Companies House on 3 February 2021.
- 4.8 The Company also granted a debenture incorporating fixed and floating charges to Maven Meif (WM) GP (ONE) Limited ("Maven") over all property and assets of the Company. This charge was created on 13 December 2021 and delivered to Companies House on 13 December 2021. The total sum owed to Maven is £417,743.

Prescribed Part

- 4.9 The net property in this case is expected to be less than the prescribed minimum and the Joint Administrators consider that the cost of making a distribution of the prescribed part in this case to be disproportionate to the benefits. Accordingly, the Joint Administrators do not intend to set aside a prescribed part in this case.

Preferential Claims

- 4.10 The category of claims which have preferential status are those of employees in respect of wages, accrued holiday pay and certain pension contributions.
- 4.11 In conjunction with the appointment of the Joint Administrators and completion of the sale to the Purchaser on 2 August 2023, 11 members of staff were transferred to the Purchaser under the terms of the business and asset sale contract ('the Agreement') and pursuant to the Transfer of Undertakings Protection of Undertakings regulations ("TUPE").
- 4.12 Notwithstanding the TUPE transfer referenced above, no preferential claims are anticipated as it is understood that there were no outstanding wages, accrued holiday nor certain pension contributions that had crystallised upon the appointment of the Joint Administrators.

Secondary Preferential Creditors

- 4.13 With respect to insolvencies commencing on or after 1 December 2020, HM Revenue and Customs ("HMRC") will rank ahead of floating charge holders and unsecured creditors in respect of certain unpaid taxes that the relevant company collects on behalf of HMRC. These taxes are known as Priority Taxes and include:
- VAT;
 - PAYE (including student loan repayments);
 - Construction Industry Scheme deductions; and
 - Employees' NI contributions.
- 4.14 The liabilities to HMRC in respect of taxes that have secondary preferential status have been estimated by the directors as follows:
- VAT - £229,893
PAYE - £400,268
- 4.15 HMRC will remain an ordinary unsecured creditor in respect of taxes that HMRC collects directly (e.g. corporation tax and employers' national insurance contributions).
- 4.16 Based on the information available, it is considered unlikely that there will be sufficient funds available to enable a distribution to the secondary preferential creditor.

Unsecured Claims

- 4.17 At present, it is considered unlikely that there will be sufficient funds available to enable any form of distribution to unsecured creditors. Creditors should however continue to submit details of their claims using the proof of debt form attached at Appendix K. These claims will be collated and passed to any subsequently appointed Liquidator, should the position change.

Receipts and Payments

- 4.18 A receipts and payments account for the period of administration to date is enclosed at Appendix C.

5 EVENTS FOLLOWING THE JOINT ADMINISTRATORS' APPOINTMENT

Sale of Business

- 5.1 Prior to appointment, the Joint Administrators investigated the possibility of concluding a sale of what remained of the business and assets as it was considered that a sale of all or part of the business as a going concern would allow the following:
- Enhanced asset values;
 - The potential of customer continuity;
 - Minimise preferential creditor claims; and
 - Mitigate any finance creditor shortfalls.
- 5.2 An offer of £75,000 was made by Halletts Spaces Ltd ('the Purchaser') to the proposed Joint Administrators. Following advice from the Joint Administrators' instructed agents, Cerberus Asset Management Limited ("CAM"), who had carried out valuations of the Company's assets and were instructed to assist with a sale of the business and assets, this offer was accepted and the pre-packaged business sale was concluded on 2 August 2023 ('the Sale').
- 5.3 The Purchaser was required to pay the full sum of £75,000 within 7 days of completion of the transaction. The sales consideration was received, in full, on 8 August 2023.
- 5.4 The Purchaser is connected to the Company by way of the previous common directorship and shareholding of Chris Jolly, who is a director and shareholder of the Company. It is also understood that director Paul Jolly, will remain in an advisory role for the Purchaser.
- 5.5 A comprehensive report pursuant to the requirements of Statement of Insolvency Practice 16 ('SIP16'), which provides substantive details in respect of the pre-packaged sale of the business and assets of the Company to the Purchaser, was issued to all known creditors on 8 August 2023. A copy of the information provided in accordance with SIP16 is enclosed in this report at Appendix L. This report includes, but is not limited to:
- The circumstances leading up to engagement of the Joint Administrators by the director;
 - The administration strategy and timing;
 - Valuations of the Company's business and assets;
 - Details of the marketing exercise undertaken by the Joint Administrators and their agents, CAM;
 - Excluded assets; and
 - Full details of the transaction between the Joint Administrators, the Company and the Purchaser. Additional information has been provided in accordance with Statement of Insolvency Practice 13 ('SIP13'), as the Purchaser is a 'connected party' to the Company as outlined at paragraph 5.4 above.

- 5.6 Where a pre-packaged sale has been undertaken, the Joint Administrators should circulate their Proposals as soon as practicable after appointment, and where possible with the above SIP16 report. The Joint Administrators required time to formulate their Proposals and obtain pertinent information from external parties. Accordingly, the Proposals were not issued at the same time as the SIP16 report. It was deemed necessary to give the external parties adequate time to submit relevant information for the Company, and so it was not appropriate to issue the Proposals at the same time as the SIP16 report.

Factored Book Debts

- 5.7 As outlined above, the Company's sales ledger is subject to an invoice financing agreement with HIF.
- 5.8 At the date of the Joint Administrators' appointment, the gross value of the Company's sales ledger was £93,411. The total amount due to HIF under the Company's facility was £23,683.
- 5.9 Based on the information available regarding the collectability of the remaining ledger, it is estimated that HIF will be repaid in full, although it is deemed that some of the sales ledger will be written off due to bad debt. A surplus is expected to be received into the administration and any further collections will be reviewed in due course by the Joint Administrators. Creditors will be updated accordingly.

Director's Loan Account

- 5.10 The value of the director's loan account, as stated in the Company's management accounts as at 31 July 2023, was £86,847. The Joint Administrators are liaising with the director regarding the balance due and will reconcile the loan account where appropriate. Creditors will be updated further in due course.

Leasehold / Trading Premises

- 5.11 The Company vacated the premises at 337 Tanworth Lane, Shirley, Solihull B90 4DU on the appointment of the Joint Administrators and it is understood that there is no formal lease in place. The Joint Administrators do not require the continued use of the premises to achieve the purpose of the administration and have not and will not occupy the premises during the administration.

Professional Advisors ("PA") and / or Subcontractors ("S") used

- 5.12 On this assignment the Joint Administrators have or are proposing to use the advisors detailed below.

Name of Party	PA / S	Service Provided	Basis of Fees
Leonard Curtis Legal	PA	Legal advice, assisting with matters relating to the Joint Administrators' appointment and ancillary advice.	Time costs + disbursements of £4,132.50 plus VAT
Cerberus Asset Management Limited	PA	Asset valuation advice, assistance with asset realisations and ancillary advice.	Fixed fee of £7,500 plus VAT
Cerberus Receivables Management Limited	PA	Undertaking a review of, and assistance with, the collection of the Company's sales ledger.	Fixed fee of £3,500 plus VAT
Evolve IS Limited	PA	Assistance with winding up the Company's pension scheme	Fixed fee of £495 plus VAT

Leonard Curtis Legal Limited ('LCL')

- 5.13 LCL were instructed to assist the Joint Administrators with matters relating to the Joint Administrators' appointment. Substantive details regarding LCL's work in this matter is outlined in section 9 below.
- 5.14 LCL were instructed due to their significant experience in dealing with insolvency matters and having staff available with the appropriate skillset and resource required to assist the Joint Administrators with this matter. The fee proposed is considered to be fair and reasonable based on the level of time that will be spent in assisting the Joint Administrators with this matter, the speed and efficiency with which LCL will be able to provide their services and the competitive rates agreed with LCL which are commensurate with other providers of legal services.
- 5.15 LCL are classed as an associate of the office-holders. Details of Leonard Curtis' policy regarding the use of associates, choice of advisors and the basis for their fees are given in Appendix H.

Cerberus Asset Management Limited ('CAM')

- 5.16 CAM, who are RICS-registered valuers, were instructed on 19 July 2023 to assist with the valuation of the Company's assets, assist with marketing and with the sale of the business. CAM have confirmed their independence to act and have confirmed that they hold the requisite level of professional indemnity insurance. CAM's costs are considered to be fair and reasonable in comparison to those of other agents. Substantive details regarding CAM's work in this matter is outlined in section 9 below.

Cerberus Receivables Management Limited ("CRM")

- 5.17 CRM, who are RICS-registered asset valuers, were instructed to provide assistance with the collection of the Company's sales ledger. CRM has confirmed their independence to act and have confirmed that they hold the requisite level of professional indemnity insurance. In addition, CRM has advised that they have the appropriate level of experience, skill and competence to provide advice on the company's sales ledger. CRM's costs are anticipated to be fair and reasonable and is comparable with the amounts charged by similar providers.

Evolve IS Limited ("Evolve")

- 5.18 Evolve specialises in pension schemes of insolvent companies. The Joint Administrators will shortly be instructing Evolve in this particular case due to their speciality and efficiency in this area. Fixed costs of £495 plus VAT agreed with Evolve represents a fair and reasonable fee and is comparable with the amounts charged by similar providers.

6 ACHIEVING THE PURPOSE OF ADMINISTRATION

- 6.1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
- (a) rescuing the Company as a going concern, or (if this cannot be achieved);
 - (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 (if (a) and (b) cannot be achieved);
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- 6.2 The first objective is not considered to be capable of being achieved given the extent of historic liabilities.
- 6.3 The second objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in administration). In the opinion of the Joint Administrators,

this objective is unlikely to be achieved as there is no prospect of a dividend being available to unsecured creditors.

- 6.4 The third objective is to realise property in order to make a distribution to secured and / or preferential creditors. The third objective is likely to be achieved in this case as there is a distribution to be made to HSBC, in respect of the fixed charge realisations of £7,500 and under their deed of priority, which will be arranged shortly.
- 6.5 The administration has been and will continue to be financed by monies received from asset realisations.

7 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE

- 7.1 The Joint Administrators' Proposals for achieving the objective of administration are attached at Appendix A ('the Proposals').
- 7.2 Ordinarily the Joint Administrators would seek a decision from the Company's creditors as to whether they approve the Proposals. However, in this case, as there is little likelihood of a dividend being available for unsecured creditors and the Joint Administrators anticipate achieving the third objective as set out at section 6.4 above, there is no requirement to seek such a decision from creditors.
- 7.3 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. Such a request must be delivered to the Joint Administrators within 8 business days of the date on which this report was delivered. The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.
- 7.4 If such a decision is requisitioned, creditors will again be invited to consider the appointment of a creditors' committee and to vote on the Joint Administrators' Proposals as set out at Appendix A.
- 7.5 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 ("the Rules"). Where this is the case, notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.
- 7.6 Once approved, the affairs of the Company will be managed in accordance with the Proposals and financed out of asset realisations.
- 7.7 Once the administration has been finalised, and if there are insufficient funds available to allow a distribution to unsecured creditors, the Joint Administrators will file a Notice with the Registrar of Companies that the Company be dissolved. Alternatively, if there are assets still to be realised or investigations concluded but there will be no return to unsecured creditors, the Company may be placed into Compulsory Liquidation.

8 EXTENSION OF ADMINISTRATION

- 8.1 The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.
- 8.2 In certain circumstances it may be necessary to extend the Joint Administrators' term of office. In the circumstances of this case, this may be done for a specified period not exceeding twelve months with the consent of:
- each secured creditor of the Company; and
 - if the company has unsecured debts, the unsecured creditors of the Company.
- 8.3 We do not believe that an extension to the administration will be necessary in this case.

9 PRE-ADMINISTRATION COSTS

9.1 Pre-administration costs are defined as:

- Fees charged; and
- Expenses incurred

by the Administrator, or another person qualified to act as an insolvency practitioner before the Company entered administration (but with a view to its doing so). "Unpaid pre-administration costs" are pre-administration costs which had not been paid when the Company entered administration.

9.2 Time charged and expenses incurred by the Joint Administrators and their agents and solicitors in the period prior to their appointment are summarised below:

Charged by	Services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
Leonard Curtis Recovery	See 9.3 below	21,793.00	-	n/a	21,793.00
Cerberus Asset Management Limited	See 9.6 below	7,500.00	-	n/a	7,500.00
Cerberus Receivables Management Limited	See 9.7 below	3,500.00	-	n/a	3,500.00
Leonard Curtis Legal	See 9.8 below	4,132.50	-	n/a	4,132.50
Total		36,925.50	-	n/a	36,925.50

Work Undertaken by Leonard Curtis Recovery Limited ("LCR")

9.3 LCR was formally engaged by the Company on 19 July 2023 for the purpose of assisting the Company and its director in placing the Company into administration. It was agreed as per the terms of engagement that payment in settlement of such costs would be paid from asset realisations of the administration and subject to approval from the appropriate body of creditors. The Company did not have the cash to settle these costs in the pre-administration period.

9.4 In the period prior to their appointment, the Joint Administrators assisted with formulating an administration strategy and undertaking a discreet marketing exercise before the ultimate sale to the Purchaser. This work together with that of LCL, CRM and CAM was essential in the pre-administration period to market the business and assets for sale, achieve the Sale, ensure continuity of the business and save 11 jobs. Further details in this regard is outlined in sections 5.1 – 5.6 of this report and in the SIP16 report enclosed at Appendix L.

- Attending the initial meetings with the director to discuss the Company's financial position and the options available.
- Liaising with the director on various matters including the strategy of the administration, the information and documentation required for the data room, the preparation of a sales pack, teaser, adverts, queries from interested parties, matters relating to the Company's employees and the formalities of the Joint Administrators' appointment.

- Liaising with LCL regarding planning matters in terms of filing the notice of intention, notice of appointment, discussions in terms of the practicalities and associated issues with the pre-packaged sale.
- Review of the minutes of the board meeting resolving that the Company is insolvent, as prepared by LCL.
- Collating information and documentation to assist with asset realisations.
- Formulating sales particulars and hosting a data room of information in relation to advertising the business and assets.
- Advertising & marketing the business in the short marketing period.
- Monitoring responses and liaising with professional advisors where necessary to undertake a review of the interested party schedule.
- Liaising with HSBC, HIF and Maven to discuss the company's financial position and strategy for the administration.
- Review the drafting and issuing a business sale flyer by CAM.
- Assisting CAM in the advertising & marketing the business in the short marketing period.
- Liaising with agents at CAM regarding the valuation and advice in respect of the physical assets, where appropriate.
- Liaising with agents at CRM regarding obtaining a review of the Company's sales ledger to determine the collectability of the book debts.
- Attending regular internal meetings to discuss the planning and strategy of the proposed administration.
- Setting up the Joint Administrators' records to ensure that all statutory requirements were adhered to.
- Instruction letters and associated dialogue in this regard with LCL, CRM and CAM.
- Correspondence with the director to obtain the information required to assist with the administration appointment.

9.5 Enclosed at Appendix D is an analysis of the Joint Administrators' pre-administration costs. The analysis shows that total pre-administration time costs of £21,793 have been incurred which represents 52.1 hours at a rate of £418.29.

Work undertaken by CAM

9.6 CAM were engaged by LCR on 19 July 2023. CAM was instructed in order to assist LCR in fulfilling the administration strategy, to achieve a purpose of the administration and, specifically, to market the business and assets to achieve a pre-packaged sale, and assist with any ancillary work as required to achieve the sale. The work undertaken by CAM included, but was not limited to:

- Correspondence and discussions with the Joint Administrators and their staff in the weeks leading up to administration regarding the Company's assets, administration timing, marketing strategy and assisting with interested party queries.
- Providing formal valuation reports and letters of recommendation in respect of the offers received and acceptance of the offer from the Purchaser.
- Preparing and issuing sales particulars and documents for a data room of information in relation to advertising the business and assets.
- Liaising with interested parties and reporting to LCR on a daily basis in the marketing period.
- Ad hoc advice/assistance where necessary.
- Attendance at the Company's premises to meet and discuss matters with the director, including correspondence with the director and key staff regarding the same, and facilitating any interested party attendances in the marketing period.

Work undertaken by CRM

9.7 CRM were engaged by LCR on 19 July 2023. CRM was instructed in order to assist LCR in fulfilling the administration strategy, to achieve a purpose of the administration and, specifically, review the Company's sales ledger and invoice financing facility, to advise on the potential collection of the Company's debtors. The work undertaken by CRM included, but was not limited to:

- Undertaking a review of the Company's outstanding sales ledger.
- Telephone and video calls to discuss matters with the directors and the Company's accountant.

- Correspondence and discussions with the Joint Administrators and their staff in the weeks leading up to administration regarding the Company's assets, administration timing, marketing strategy and assisting with interested party queries.
- Ad hoc advice/assistance where necessary.

Work Undertaken by LCL

9.8 LCL was formally engaged by LCR on 19 July 2023. The work undertaken by LCL prior to the Joint Administrators' appointment included, but was not limited to:

- Preparing and filing the notice of intention to appoint an administrator and notice of appointment, as well as advising/assisting with the associated practicalities and serving the relevant parties.
- Preparing and finalising the SPA and all associated sale documents in relation to the Sale and the Agreement, including various advice/discussions with the proposed Joint Administrators and associated documentation including the cross-party guarantee.
- Providing general legal advice in respect of the Joint Administrators' appointment, appointment practicalities, the marketing exercise, administration strategy, timing of appointment and advice in respect of the interest received.

10 JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES

General

10.1 The basis of the Joint Administrators' remuneration may be fixed either as a percentage of the value with which they have to deal ('a percentage basis'), as a set amount, or by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in a Fees Estimate. A combination of these bases may be fixed, with different bases being fixed in respect of different things done by the Joint Administrators. Additionally, where a percentage basis is fixed, different percentages may be fixed in respect of different things done by the Joint Administrators.

Approval by appropriate body

10.2 The Joint Administrators think that the Company has sufficient property to enable a distribution to be made to the secured creditors as detailed at Section 1.4 of this report. In such circumstances, it is for the Creditors' Committee to determine the basis of remuneration. If there is no Committee, or if the Committee fail to make the requisite determination then the basis of remuneration must be fixed by a decision of the creditors.

10.3 The outcome of this decision will be reported to all creditors in due course.

Information to be given to creditors

10.4 The Joint Administrators wish, in this case, to seek the creditors' agreement to their remuneration being fixed by reference to the time properly given by them and their staff in attending to matters as set out in a Fees Estimate. Prior to seeking approval of this basis, the Joint Administrators are required to provide all known creditors with their Fees Estimate and details of the expenses that they consider will be, or are likely to be, incurred during the administration ("Statement of Likely Expenses").

The Fees Estimate

- 10.5 The Joint Administrators' Fees Estimate for the whole of the administration is set out at Appendix E. It includes the following:
- Details of the work that the Joint Administrators and their staff propose to undertake;
 - The hourly rate or rates that Joint Administrators and their staff propose to use; and
 - The time that the Joint Administrators anticipate that each part of the work will take.
- 10.6 Details of the Joint Administrators' time costs to date have also been included for comparison purposes. In summary, time costs of £6,856 have been incurred to date which represents 16.5 at a rate of £415.52 per hour.
- 10.7 The total amount of time costs as set out in the Fees Estimate is £46,285. Once approved by the appropriate body of creditors, the remuneration drawn by the Joint Administrators must not exceed this total amount without prior approval. It should be noted that in some instances payment of these costs will be limited to the amount of realisations available in the administration.
- 10.8 The Fees Estimate is based upon information currently available to the Joint Administrators. Based upon this information, the Joint Administrators do not anticipate that the Fees Estimate will be exceeded. However, should information come to light during the course of the administration which means that the Joint Administrators will be required to undertake work not envisaged at the time that the Fees Estimate was provided, it may be necessary for the Joint Administrators to revert to creditors for further approval.
- 10.9 Details of Leonard Curtis' charge-out rates and policy regarding the recharge of expenses, staff allocation, support staff and the use of subcontractors are attached at Appendix H.
- 10.10 Further guidance may be found in "Administration: A Guide for Creditors on Insolvency Practitioner Fees" (Version 1 – April 2021) which may be downloaded using the following link:
<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/>.

If you would prefer this to be sent to you in hard copy please email ethan.yates@leonardcurtis.co.uk or contact Ethan Yates of this office on 0121 200 2111.

Statement of Likely Expenses

- 10.11 The Joint Administrators' Statement of Likely Expenses is set out for creditor information at Appendix F. To assist creditors' understanding of this information, it has been separated into the following categories:
- (i) Standard Expenses: this category includes expenses payable by virtue of the nature of the administration process and / or payable in order to comply with legal or regulatory requirements.
 - (ii) Case Specific Expenses: this category includes expenses likely to be payable by the Joint Administrators in carrying out their duties in dealing with issues arising in this particular case. Also included within this category are costs that are directly referable to the administration but are not paid to an independent third party (and which may include an element of allocated costs). These are known as "Category 2 expenses" and they may not be drawn without the approval of the creditors in the same way as fees and creditors will be contacted directly in this respect. The basis of the calculation of their recharge is detailed in Appendix H.
- 10.12 The Joint Administrators are also required to disclose to those responsible for approving our remuneration whether any payments we intend to make from an insolvency estate are to associates of Leonard Curtis. Payments to associates are subject to the same level of approval as the office holder's fees and category 2 expenses. Details of Leonard Curtis' policy regarding the use of associates and the level of their fees is given in Appendix H.

Further Updates

- 10.13 The Joint Administrators will provide creditors with an indication of whether the remuneration anticipated to be charged by them is likely to exceed the Fees Estimate, and if so the reasons for this, in their subsequent reports. Information will also be provided in subsequent reports on whether the expenditure detailed in the Statement of Likely Expenses has been or is likely to be exceeded and the reasons why.

11 ESTIMATED OUTCOME FOR CREDITORS

- 11.1 In order to assist the various classes of creditors in assessing the quantum of any dividend which may or may not be payable to them, we have produced an Estimated Outcome Statement. This is attached at Appendix G.
- 11.2 The Estimated Outcome Statement assumes the following:
- a) That asset realisations are in line with those estimated at Appendix B;
 - b) That the Joint Administrators' fees estimate (as detailed at Appendix E) is approved and is not exceeded; and
 - c) That the expenses of the administration are as set out in the Statement of Likely Expenses at Appendix F and are not exceeded.
- 11.3 In summary:
- Secured creditors – A distribution of £7,500 will be paid to HSBC under the terms of their fixed charge security and their deed of priority which ranks them ahead of the other secured creditors. Based on the information currently available, it is unlikely that there will be sufficient funds to enable any further distributions to the secured creditors in the administration.
 - Preferential creditors – There are no preferential creditors anticipated in this case on the basis all employees were transferred to the Purchaser under the terms of the Sale.
 - Secondary Preferential creditors – Based on the information currently available, it is unlikely that there will be sufficient funds to enable a distribution to the secondary preferential creditor.
 - Unsecured creditors – Based on the information available, it is estimated that there will be insufficient funds anticipated to be available to pay a dividend.

12 RELEASE OF THE JOINT ADMINISTRATORS FROM LIABILITY

- 12.1 As soon as all outstanding matters in the administration have been attended to it is anticipated that we will file a notice with the Registrar of Companies in order that the administration will cease and the Company will move automatically to dissolution.
- 12.2 The appointment of the Joint Administrators will cease as soon as this notice is issued.
- 12.3 It is for the creditors to fix the date upon which the Joint Administrators are discharged from liability in respect of any action of theirs during the administration. The relevant form to enable you to consider this decision is attached at Appendix J of this report.

13 VOTING PROCEDURE AND CONCLUSION

- 13.1 It is important that you give careful attention to this report and its appendices.
- 13.2 Details of all decisions to be made by creditors are included on Appendix I – Notice of a Decision Procedure by Correspondence. In order for your vote to count, you should ensure that your completed voting form (see

Appendix J) has been delivered to the Joint Administrators on or before the Decision Date given on the front of this report and in Appendix I. Your vote should be accompanied by a proof of debt, unless one has previously been provided, failing which your vote may be disregarded.

13.3 Creditors' attention is drawn to Chapter 9 of Part 1 of the Rules, which detail the rules for delivery of documents.

13.4 Creditors will be notified of the outcome of the decision procedure in due course.

Should you have any queries or require any further clarification please contact Ethan Yates at my office, **in writing**. Electronic communications should also include a full postal address.

Yours faithfully
for and on behalf of
HALLETTS GROUP LTD


CONRAD BEIGHTON
JOINT ADMINISTRATOR

Conrad Beighton is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 9556 and David Griffiths is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 22930

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

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

It is proposed that:

1. The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the administration.
2. If appropriate, the Joint Administrators take any action they consider necessary with a view to the approval of a CVA or Scheme of Arrangement in relation to the Company.
3. If appropriate, the Joint Administrators file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation ("CVL"). It is further proposed that the Joint Administrators in office at the date of conversion to CVL will become the Joint Liquidators of the Company, and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them. NB. Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved.
4. Alternatively, if appropriate, the Joint Administrators apply to Court under Para 65(3) of Schedule B1 to the Insolvency Act 1986 (as amended) for permission to make a distribution to the unsecured creditors within the administration.
5. In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the administration have been completed, the Joint Administrators file a Notice with the Registrar of Companies that the Company should be dissolved.
6. The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company.
7. The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that the Joint Administrators in office at the date of conversion to compulsory liquidation will become the Joint Liquidators of the Company, and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them.
8. The Joint Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the administration.

APPENDIX B

ESTIMATED FINANCIAL POSITION AS AT 2 AUGUST 2023

	Notes	Book value £	Estimated to Realise £
Assets specifically pledged			
Goodwill and IP	1	-	7,500
Less: amount owing to HSBC Bank Plc	2	(49,394)	(49,394)
Less: amount owing to Maven Meif (WM) GP (ONE) Limited	3	(417,743)	(417,743)
Shortfall as regard secured creditors (c/f)		<u>(467,137)</u>	<u>(459,637)</u>
Assets specifically pledged			
Book Debts	4	93,411	71,864
Less: amount owing to HSBC Invoice Finance (UK) Limited	5	(23,683)	(23,683)
Surplus as regard HSBC Invoice Finance (UK) Limited (c/f)		<u>69,728</u>	<u>48,181</u>
Assets not specifically pledged			
Surplus from HSBC Invoice Finance (UK) Limited	5	48,181	48,181
Plant and Machinery	6	53,536	8,500
Modular Buildings	7	280,316	11,000
The benefit of the equity(if any) in the leased Modular Buildings	8	68,133	8,000
Stock and Work-in-Progress	9	355,524	39,998
Seller's Records	10	-	1
The benefit (subject to the burden) of the Business Contracts	11	-	1
Director's loan account	12	86,847	Uncertain
Funds available to the preferential creditors		<u>892,537</u>	<u>115,681</u>
Preferential Creditors			
Employees' Preferential Claims	13		-
Secondary Preferential Claims - VAT	14		(229,893)
Secondary Preferential Claims - PAYE	14		(400,269)
Net property available for prescribed part (c/f)			<u>(514,481)</u>
Less: Prescribed part calculation (c/f)	15		-
Available for floating charge creditors (b/d)			(514,481)
Amount due to secured creditors (c/f)			<u>(459,607)</u>
Available for unsecured creditors			<u>(974,088)</u>
Unsecured creditors			
Trade and Expense Creditors	16		(1,254,541)
Employee's Unsecured Claims	17		-
Deficiency as regards unsecured creditors			<u>(2,228,629)</u>
Issued share capital			<u>(1,000)</u>
Estimated deficiency as regards to members			<u><u>(2,229,629)</u></u>

ESTIMATED FINANCIAL POSITION

All book values have been taken from the Company's latest financial information or from valuations obtained upon administration by independent valuers. It should be noted that no provision has been made for the costs and expenses of the administration.

Assets Specifically Pledged

1. Goodwill and Intellectual Property

This category of asset is not capitalised in the financial statements to 31 December 2021 nor in the Company's latest management accounts. The estimated to realise value has been taken from the Agreement, entered into between the Company and the Purchaser, and the sale consideration apportioned to this asset in conjunction with the valuation undertaken by CAM and as agreed between the respective parties.

2. HSBC Bank Plc

The Company granted a debenture to HSBC, incorporating fixed and floating charges over all of the Company's assets, in respect of an overdraft facility with a £50,000 limit. This charge was created on 15 November 2011 and delivered to Companies House on 16 November 2011.

3. Maven Meif (WM) GP (ONE) Limited

The Company granted a debenture to Maven, incorporating fixed and floating charges over all of the Company's assets. This charge was created on 13 December 2021 and delivered to Companies House on 13 December 2021.

4. Book Debts

As outlined throughout this report, the Company's debtors are subject to an invoice finance facility with HIF. The book value for debtors represents the total value of the sales ledger at the date of the Joint Administrators' appointment. The estimated to realise value of the Company's debtors represents the gross ledgers being marked down by a general provision of 20% for the purpose of this estimated financial position, to allow for bad debt and disputes.

5. HSBC Invoice Finance (UK) Limited

The Company granted a debenture to HIF, incorporating fixed and floating charges over all of the Company's assets, in respect of invoice financing facility. This charge was created on 11 May 2010 and delivered to Companies House on 13 May 2010.

Assets not Specifically Pledged

6. Plant and Machinery

The book value has been provided from the latest set of management accounts dated 28 February 2023. The estimated to realise value has been taken from the Agreement, entered into between the Company and the Purchaser, and the sale consideration apportioned to this asset in conjunction with the valuation undertaken by CAM and as agreed between the respective parties.

7. Modular Buildings

The book value has been provided from the latest set of management accounts dated 28 February 2023. The estimated to realise value has been taken from the Agreement, entered into between the Company and the Purchaser, and the sale consideration apportioned to this asset in conjunction with the valuation undertaken by CAM and as agreed between the respective parties.

8. The benefit of the equity (if any) in the leased Modular Buildings

The book value has been provided from the latest set of management accounts dated 28 February 2023. The estimated to realise value has been taken from the Agreement, entered into between the Company and the Purchaser, and the sale consideration apportioned to this asset in conjunction with the valuation undertaken by CAM and as agreed between the respective parties.

9. Stock and Work-in-Progress

The book value has been provided from the latest set of management accounts dated 28 February 2023. The estimated to realise value has been taken from the Agreement, entered into between the Company and the Purchaser, and the sale consideration apportioned to this asset in conjunction with the valuation undertaken by CAM and as agreed between the respective parties.

10. Seller's Records

The Company did not list this as an asset in its accounts and so a book value could not be obtained. The estimated to realise value has been taken from the Agreement, entered into between the Company and the Purchaser, and the sale consideration apportioned to this asset in conjunction with the valuation undertaken by CAM and as agreed between the respective parties.

11. The benefit (subject to the burden) of the Business Contracts

The Company did not list this as an asset in its accounts and so a book value could not be obtained. The estimated to realise value has been taken from the Agreement, entered into between the Company and the Purchaser, and the sale consideration apportioned to this asset in conjunction with the valuation undertaken by CAM and as agreed between the respective parties.

12. Director's loan account

The Company's management accounts as at 31 July 2023 attribute a value of £86,847 to the loan account. The recoverability of the loan account is currently uncertain and creditors will be updated in due course.

13. Preferential Creditors

The only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay and certain pension contributions.

No preferential claims are anticipated as it is understood that there were no outstanding wages, accrued holiday or certain pension contributions that had crystallised upon the appointment of the Joint Administrators for the former staff who were made redundant prior to the Sale, and any employees upon completion of the Sale were transferred to the Purchaser in accordance with TUPE.

14. Secondary Preferential Creditors

The directors estimated the liability owing to HMRC as follows:

PAYE - £400,269

VAT – 229,893

15. Prescribed Part

As the net property is below the minimum prescribed amount, there will be no need to set aside a prescribed part in this case.

16. Trade and Expense Creditors

Details of the Company's trade and expense creditors have been extracted from the Company's books and records as provided by the directors. A detailed list of these amounts has been provided below. The values shown should not be regarded as agreed amounts.

17. Employees' Unsecured Claims

In conjunction with the appointment of the Joint Administrators and completion of the sale to the Purchaser on 31 March 2023, 35 of the Company's staff were transferred to the Purchaser under the terms of the business and asset sale contract ('the Agreement') and pursuant to the Transfer of Undertakings Protection of Undertakings regulations ('TUPE'). Accordingly, no unsecured employees' claims are anticipated.

APPENDIX B (CONTINUED)

CREDITORS LIST FOR THE ESTIMATED FINANCIAL POSITION

Name	Address				Per Statement of Affairs	
Secured Creditors						
HSBC Invoice Finance Limited	1 Centenary Square	Birmingham		B1 1HQ	23,683.00	
Maven Capital Partners UK LLP	6th Floor Saddlers House	44 Gutter Lane	London	EC2V 6BR	417,743.42	
HSBC Bank Plc	Customer Credit Services	PO Box 6277	Coventry	CV3 9JS	49,394.00	
					490,820.42	
Secondary Preferential Creditors						
HM Revenue and Customs - VAT	Value added tax			BX9 1AX	229,893.00	
HM Revenue and Customs - PAYE	DM PAYE			BX9 1AX	400,268.82	
					630,161.82	
Unsecured Creditors						
A Star All Solutions Ltd T/A A Star All Loos & A Star All	Springfield Farm	Nuneaton road	Nuneaton	CV10 0QU	324.00	
A.C Services Banbury	Grove End	Edgehill	Banbury	OX15 6DH	1,290.00	
Accelero Logistics	80 Owen Rd	Wolverhampton		WV3 0AL	348.00	
Advance Couriers	Office 2 91 Main Road	Meriden	West Midlands	CV7 7NL	150.00	
AJP Logistics Ltd	Trafford Park	Stretford	Manchester	M17 1HA	312.00	
akso nobel	Bordesley Green Rd	Birmingham		B9 4TQ	2,786.64	
Allround Logistics Ltd	Third Floor	Suite 26	The Ace Centre	Cross Street Nelson	BB9 7NN	84.00
Aquatec Coating	Ash Road South	Wrexham Industrial Estate	Wrexham	LL13 9UG	3,112.86	
Arm Transport Ltd	2 Preston St	Manchester		M18 8DB	474.00	
AsgCouriers Ltd	29 Spout Lane	Walsall		WS1 4HU	84.00	
Asm Logistics	Freedom House	Hawkins Rd	Colchester	CO2 8JY	1,500.00	
Auto Smart International	Lynn Lane	Shenstone	Lichfield	Staffs	WS14 0DH	1,906.26
B R Saunders transport ltd	Dometo House	Molesey Rd	Walton-on-Thames		KT12 3PW	1,800.00
Baker Ward	Hampton Works	Alcester Rd	Hollywood	Birmingham	B47 5HE	2,676.00
Bal Transport	92 Dilloways Lane	Willenhall			WV13 3HJ	300.00
Baron Trans Ltd	16 Eldart Close	Tilehurst	Reading	England	RG30 4BX	384.00
Baxcrest Ltd	Howle Manor	Howle	Newport	Shropshire England	TF10 8AY	1,728.00

Halletts Group Ltd - In Administration

Bentons Haulage Limited	Tamworth Rd	Birmingham			B46 2LH	17,508.00
Bevan Transport Ltd	Downfield Farm	The Pry	Swindon		SN5 4JP	630.00
Birmingham Aluminium Systems	48-50 Park St	Birmingham	Oldbury		B69 4LQ	6,780.00
Blue Lion Haulage	Poveys Yard	Iver			SL0 0LR	348.00
Brookdale Transport	Astley Way	Swillington	Leeds		LS26 8XT	1,500.00
Browne Jacobson	15th Floor	103 Colmore Row	Birmingham		B3 3AG	1,200.00
Bull Haulage Ltd	77 Wonastow Rd	Monmouth			NP25 5TW	78.00
Central Hub Logistics Limited	30 Armstrong	Lichfield Road Industrial Estate	Tamworth		B79 7TA	248.00
Central Hydraulic Loaders Ltd	Hedging Lane	Tamworth			B77 5EX	1,229.71
Cleveland Containers (1)	23a Falcon Court	Stockton-on-Tees			TS18 3TX	31,474.57
Creative Freight Limited	Creative Freight Ltd	Pool Road	Nuneaton	England	CV10 9AE	216.00
Cubo Solutions	Unit 1 Plaskets Close	Kilbegs Business Park	Antrim	Co Antrim	BT41 4NN	600.00
D & G Noble Ltd	CP Farm	Woburn Rd	Wootton		MK43 9EL	4,872.00
Darin Transport	56 Lythalls Lane	Coventry	West Midlands	United Kingdom	CV6 6FP	594.00
David Stanley Transport	9 Hermitage Industrial Estate	Vulcan Way	Coalville		LE67 3FW	3,174.00
Direct Transport Solutions	The Garretts Green Cargo Centre	Bannerley Road	Garretts Green	Birmingham	B33 0SL	138.00
E.n. Transport Limited	19 Kingsclere Square	Sunderland	United Kingdom		SR5 4AG	408.00
EH Smith	156-161 Brighton Road	Birmingham			B12 8QN	438.30
Elite Express Logistics	Unit B4	Harlow Business Centre	Lovet Rd	Harlow	CM19 5AF	456.00
Erbil Transport	6 Jade Close	Coventry	England		CV1 5TR	288.00
esa couriers limited	3 Chicksands Ave	Monkston	Milton Keynes		MK10 9DP	330.00
Eurotrans Express	Euro Hub	Units 10, 11 & 12	Holland Industrial Park	Wednesbury	WS10 8LN	1,020.00
Explore Transport Ltd	Arden Brickworks	Coventry Rd	Bickenhill	Hampton in Solihull	B92 0DY	2,148.00
FCI Exito Advisors Limited	84 Brook Street	London	England		W1K 5EH	5,000.00
Finish Logistics	215 Tame Rd	Birmingham			B6 7DQ	906.00
Fleet Services (Midlands)	9 Riverside	Waters Meeting Road	Bolton	Lancashire	BL1 8TU	9,905.60
FLR Group	Unit 25	Monkspath Business Park	Highlands Rd	Shirley Solihull	B90 4NZ	305.10
Focused Media Group	378 Darwen Road		Bolton	Greater Manchester	BB3 2PS	1,800.00
Freight2go Europe Ltd	141 Great Bridge Street,	West Bromwich			B70 0DA	594.00
G & A Freight Ltd	31 Martin Street,	Wolverhampton			WV4 6HQ	72.00
G & M Davies Ltd	The Paddock	Bryn Fynnon Farm	Forestry Road	Llanferres, Mold	CH7 5SH	7,219.20
Galloons 2011 Ltd	1 Belton Close	Hockley Heath	Solihull		B94 6QU	3,348.00
Green Clover Developments Ltd	Seafeld Lane	Beoley	Redditch	Worcestershire	B98 9DB	190.00
GTS (Reading) Ltd	Rag Hill	Aldermaston		Reading	RG7 4NU	288.00
Hiab Limited	Cargotec Industrial Park	Ellesmere	Shropshire		SY12 9JW	1,740.35
HNS Logistics Ltd	23 Rochester Croft	Walsall	England		WS2 8YA	288.00

Halletts Group Ltd - In Administration

Hood (Cov) Limited	Unit 1 Springfield Business Park	Springfield Road	Coventry	United Kingd	United Kingd CV1 4GL	1,104.00
Howdens	40 Portman Square	London			W1H 6LT	3,326.71
Hub 2 Home Ltd	Cinnamon House Cinnamon Park	Crab Lane	Warrington	Cheshire	WA2 0XP	276.00
JB Interior Services	14 The Oaks Clews Road	Redditch	England		B98 7ST	31,324.40
JE Electrical	Unit 1 96 Bell Lane	Kitts Green	Birmingham	West Midlands	B33 0HX	6,335.34
John Brindley Limited	The Close	Aston Lane	Sharnford	Leicestershi	England LE10 3PA	1,860.00
JT Cabins	30 Meadowsweet Way	Horton Heath	Eastleigh	Hampshire	SO50 7PD	9,360.00
K Transport Services (Midlands) Limited	Old Stafford Rd	Coven	Wolverhampton		WV10 7PH	3,240.00
Kabinwall	King Charles House	Castle Hill	Dudley	West Midlands	DY1 4PS	6,013.08
Kam & Co	59 St James Road	Burton On Trent	United Kingdom		DE13 8HZ	72.00
Klugman Distribution Services	12 Westbury Farm Close	Offley	Hitchin	England	SG5 3FL	120.00
KSA Group Ltd	Units 7-8 The Chandlery	The Quayside	Berwick Upon Tweed	Northumberland	TD15 1HE	16,457.16
Lewis Smith & Co	74 Grange Rd	Dudley			DY1 2AW	1,396.00
Lifting Equipment	30 Harborough Road	Kingsthorpe	Northampton	Northamptonshire	NN2 7AZ	1,383.20
Lucky Transport	53 Farndale Avenue	Wolverhampton	England		WV6 0TW	270.00
Marshalls Logistics	1 Pedders Close	Colchester	Essex		CO3 4QX	288.00
Mercian Skip hire	24 Ebury Road	Birmingham			B30 3JJ	122.40
Midland Truck & Hire	The Maltings 2 Anderson Road	Bearwood	Birmingham	West Midlan	England B66 4AR	167.00
Mint Logistics	Unit 6a Stag Industrial Estate	Oxford Street	Bilston	West Midlan	United Kingd WV14 7HZ	600.00
MKF Transport	Bowden House	36 Northampton Road	Market Harborough	Leicestershi	United Kingd LE16 9HE	264.00
Mkl. P Limited	Suite 2	Mercer House	780a Hagley Road West	Birmingham	England B68 0PJ	144.00
Molfie Ltd	4 Northwest Business Park	Servia Hill	Leeds	Leeds	LS6 2QH	660.00
MPR Commercials	112 Chaffcombe Road Sheldon	Birmingham	England		B26 3YD	17,598.55
National Logistics	61-64 Sapcote Trading Center	Powke Lane	Cradley Heath		B64 5QX	324.00
Next Units	239 Stratford Rd	Shirley	Solihull		B90 3AH	8,489.39
Non-stop transport	83-85	Cobalt Square	Hagley Rd	Birmingham	B16 8QG	408.00
P & S Bird	Shot Farm	Southend Road	Wickford	Essex	England SS11 8RZ	420.00
PG Road Transport Ltd	31 Sycamore Road	Tipton	West Midlands		DY4 9RN	306.00
phoenix worldwide	Iver Grove (Main Building)	Wood Lane	Iver	Buckingham	England SL0 0LB	48.00
Pirtek Birmingham	Boulbee Business Units	Unit 5	Nechells Pl	Birmingham	B7 5AR	99.14
Polanka Xpress	17 College Drive	Dunstable	United Kingdom		LU5 4UA	300.00
Progressive Logistics	Bank Chambers	3 Churchyardside	Nantwich	Cheshire	CW5 5DE	180.00
Pugh's Transport	Broadway Ln	Fladbury	Pershore		WR10 2QF	1,470.00
R & S Recycling Limited	The Chestnuts	Beoley Ln	Beoley	Redditch	B98 9DP	4,440.00
R K Transport Services Ltd	13-14 Temple Bar	Willenhall	Wolverhampton	West Midlands	WV13 1SD	8,950.00

Halletts Group Ltd - In Administration

R Tech	38 Seaforth Drive	Hinckley	Leicestershire	England	LE10 0XJ	90.60
R&S Recycling	The Chestnuts	Bransons Cross	Farm	Beoley Redditch	B98 9DP	18,270.00
Red Dog Transport Ltd	25 Wollaton Road	Beeston	Nottingham	England	NG9 2NG	5,754.00
Richard Lester Transport Ltd	Fan Rd	Staveley	Chesterfield		S43 3PT	1,710.00
Saige Longlife Decking Ltd	Vicarage Barns	Lower Quinton	Stratford-upon-Avon		CV37 8SG	3,467.34
Sameday Haulage	102 Broadway West	Walsall	West Midlands	England	WS1 4DN	264.00
Screwfix	Trade House	Mead Avenue	Yeovil		BA22 8RT	5,451.81
Selco Builders Warehouse	Boundary House	2 Wythall Green Way	Wythall	Birmingham	B47 6LW	7,404.75
Shan Logistics Ltd	79 Ellesmere Road	Birmingham	England		B8 1NF	480.00
Share Haulage Ltd	8 Main Street	Bilton	Rugby	Warwickshir England	CV22 7NB	1,056.00
Sheldon Haulage Ltd	18 - 22 Stoney Lane Yardley	Birmingham	West Midlands	England	B25 8YP	336.00
Silver X	81 Burton Road	Derby	Derbyshire	United Kingdom	DE1 1TJ	954.00
Solihull Blinds	85 Skelcher Road	Shirley	Solihull	West Midlands	B90 2EY	5,175.68
Solihull MBC	Council House	Manor Square	Solihull		B91 3QB	11,272.00
South Wales Maintenance & Engineering Limited	Bradbury House	Mission Court	Newport	Gwent United Kingd	NP20 2DW	2,933.00
Speedy Haulage 365	61 Bradford Street	Walsall	England		WS1 3QD	180.00
Sprint Cargo	55 Clydesdale Avenue	Newcastle	England		ST5 9FN	234.00
Starkey electrical	Unit 4a	Birkdale Avenue	Selly Oak Birkdale Avenue	Selly Oak Birmingham	B29 6UB	12,103.26
Stelmach Transport	590 Kingston Road	London	United Kingdom		SW20 8DN	108.00
Teldon Express	10 Tile Grove	Birmingham			B37 6LD	66.00
Time Logistics	Langley Brook Business Park	Middleton	Tamworth	Staffordshire England	B78 2BP	630.00
Tony Carter Transport Ltd	52-56 Coatsworth Road	Gateshead	Tyne & Wear		NE8 1QN	600.00
Tower Logistics	Brightwell Grange Britwell Road	Burnham	Slough	England	SL1 8DF	258.00
Transcare Team	Unit 16 Fleming Court Business Centre	Leigh Road	Eastleigh	Hants England	SO50 9PD	178.80
tt transport	14 Chuters Grove	Epsom	Surrey	England	KT17 4AS	144.00
V&s Courier Express	4 Ambassador Road	Hanley	Stoke-On-Trent	United Kingdom	ST1 3DX	162.00
Villamead Limited	217 Long Lane	Halesowen	England		B62 9JT	10,711.80
Vittoria Midlands	Unit 4-5 Vittoria Street	Smethwick	Warley	England	B66 2ND	1,308.00
WAC Light Haulage Ltd	The Coach House	Greensforge	Kingswinford	West Midlands	DY6 0AH	45,992.00
Wex Europe Services (UK) Limited	7th Floor	Hyphen Building	75 Mosley Street	Manchester England	M2 3HR	8,977.96
Witter Vision Ltd	81 Probert Road	Wolverhampton	England		WV10 6UB	180.00
WS Transportation	Griffin House Lyncastle Way	Barley Castle Trading Estate	Appleton	Warrington England	WA4 4ST	3,030.00
Bickford Truck Hire	Paradise Lane	Off New Road	Featherstone	Wolverham West Midlan	WV10 7NZ	1,414.07

Halletts Group Ltd - In Administration

Iwoca Ltd	10 Queen Street Place	London			EC4R 1AG	226,000.00
HM Revenue and Customs - Corporation tax	CT Services				BX9 1AX	32,763.00
Mitsubishi HC Capital UK Plc	Novuna house	Thorpe Road	Staines-Upon-Thames	Surrey	TW18 3HP	46,000.00
Simply Finance	The Embassy Tea House	195-205 Union Street			SE1 0LN	11,409.95
Hitachi Capital (UK) Plc	Hitachi Capital House	Thorpe Road	Staines-Upon-Thames	Surrey	TW18 3HP	16,149.31
BNP Paribas Leasing Solutions	Northern Cross	Basing View	Basingstoke	Hampshire	RG21 4HL	4,911.66
Together Finance	The Exchange	26 Haslucks Green Road	Shirley	Solihull	B90 2EL	500,000.00
Investec Wealth & Finance	The Colmore Building	20 Colmore Circus	Queensway	Birmingham	B4 6AT	12,000.00
						1,254,541.95
Total Creditors						2,375,524.19

APPENDIX C

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS FROM
2 AUGUST 2023 TO 18 AUGUST 2023

	Estimated to realise	Fixed charge - 02/08/2023 to 18/08/2023	Floating charge - 02/08/2023 to 18/08/2023	Total - 02/08/2023 to 18/08/2023
	£	£		
RECEIPTS				
Goodwill	-	7,500.00	-	7,500.00
Debtors *	48,181.00	-	-	-
Plant and Machinery	60,000.00	-	8,500.00	8,500.00
Modular Buildings	25,000.00	-	11,000.00	11,000.00
The benefit of the equity(if any) in the leased Modular Building	5,000.00	-	8,000.00	8,000.00
Stock and Work-in-Progress	40,500.00	-	39,998.00	39,998.00
Seller's Records	-	-	1.00	1.00
The Benefit (subject to the burden) of the Business Contracts	-	-	1.00	1.00
Director's Loan Account	Uncertain	-	-	-
	<u>178,681</u>	<u>7,500.00</u>	<u>67,500.00</u>	<u>75,000.00</u>
PAYMENTS				
		<u>-</u>	<u>-</u>	<u>-</u>
BALANCE IN HAND				<u><u>75,000.00</u></u>

*As outlined throughout this report, the Company's debtors are subject to an invoice finance facility with HIF.

SUMMARY OF JOINT ADMINISTRATORS' PRE-ADMINISTRATION COSTS

	Director		Senior Manager		Administrator 3		Total		Average
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Hourly Rate £
Strategy & purpose evaluation	89	4,895.00	181	8,416.50	92	2,254.00	362	15,565.50	429.99
Preparation of documents	-	-	73	3,394.50	53	1,298.50	126	4,693.00	372.46
Chargeholder	-	-	26	1,209.00	-	-	26	1,209.00	465.00
Court related issues	-	-	7	325.50	-	-	7	325.50	465.00
<hr/>									
Total	89	4,895.00	287	13,345.50	145	3,552.50	521	21,793.00	
<hr/>									
Average Hourly Rate (£)		<u>550.00</u>		<u>465.00</u>		<u>245.00</u>		<u>418.29</u>	
<hr/>									
All Units are 6 minutes									

APPENDIX D (CONTINUED)

DETAILED ANALYSIS OF PRE-ADMINISTRATION COSTS

The narrative below should be read in conjunction with the narrative in the main body of this report and the Joint Administrators' initial letter to creditors appended at Appendix L.

Strategy & Purpose Evaluation

This category includes time spent planning the strategy and the administration, including but not limited to:

- Liaising with the directors on various matters including the strategy of the administration, the information and documentation required for the data room, the preparation of a sales pack, teaser, adverts, queries from interested parties, matters relating to the Company's employees and the formalities of the Joint Administrators' appointment.
- Liaising with LCL regarding planning matters in terms of filing the notice of appointment, discussions in terms of the practicalities and associated issues with the pre-package sale.
- Review of the minutes of the board meeting resolving that the Company is insolvent, as prepared by LCL.
- Collating information and documentation to assist with asset realisations.
- Formulating sales particulars and hosting a data room of information in relation to advertising the business and assets.
- Monitoring responses, liaising with interested parties and liaising with professional advisors where necessary to undertake a review of the interested party schedule.
- Drafting and issuing a business sale flyer.
- Advertising & marketing the business in the short marketing period.
- Liaising with agents at CAM and CRM regarding the valuation and advice in respect of the physical assets and sales ledger where appropriate.
- Attending regular internal meetings to discuss the planning and strategy of the proposed administration.
- Attendance at the Company's premises in the weeks leading up to the appointment, including discussion with the director to agree and pursue the pre-pack administration strategy.
- Setting up the Joint Administrators' records to ensure that all statutory requirements were adhered to.
- Instruction letters and associated dialogue with LCL, CRM and CAM.
- Correspondence with the directors to obtain the information required to assist with the administration appointment.
- Periodic discussions with the directors to discuss all aspects of the proposed administration.

Preparation of Documents

This category includes time spent dealing with the formalities of the administration appointment, including but not limited to:

- Setting up case files to ensure that all statutory requirements were adhered to.
- Instruction letters to LCL, CRM and CAM.
- Correspondence with the directors to obtain the information required to assist with the administration appointment.
- Drafting the SIP16 letter and Joint Administrators' Report and Statement of Proposals to ensure the documents are issued in a timely manner following the administration and sale.

Chargeholder

This category includes time spent dealing with the company's secured creditors, HIF, HSBC and Maven, including but not limited to:

- Initial correspondence in relation to the administration.
- Arranging calls with the directors to discuss the Company's financial position and strategy for the administration.
- Liaising with the chargeholders regarding the Notice of Intention to Appoint and the Deed of Release documentation.

Court Related Issues

This category includes time spent dealing with any issues that may have arisen in relation to the filing of the NOI and the administration appointment, including but not limited to:

- Filing the NOI at court and chasing for immediate confirmation of the filing, as a response was delayed.

JOINT ADMINISTRATORS' FEES ESTIMATE INCORPORATING TIME INCURRED TO DATE

	Fees Estimate			Incurred To Date			Variance
	Total			Total			
	Units	Cost	Average Hourly Rate	Units	Cost	Average Hourly Rate	Cost
	No	£	£	No	£	£	£
Statutory and Review	235	8,494.00	361.45	1	46.50	465.00	(8,447.50)
Receipts and Payments	87	2,615.50	300.63	-	-	-	(2,615.50)
Insurance	15	367.50	245.00	6	191.00	318.33	(176.50)
Assets	252	8,885.00	352.58	25	1,349.50	539.80	(7,535.50)
Liabilities	217	6,545.50	301.64	1	55.00	550.00	(6,490.50)
Debenture Holder	81	3,149.50	388.83	17	790.50	465.00	(2,359.00)
General Administration	67	2,191.50	327.09	-	-	-	(2,191.50)
Appointment	106	4,050.00	382.08	80	3,566.00	445.75	(484.00)
Planning and Strategy	40	1,376.00	344.00	-	-	-	(1,376.00)
Post Appt Creditor Decisions	129	4,755.50	368.64	35	857.50	245.00	(3,898.00)
Investigations	108	3,855.00	356.94	-	-	-	(3,855.00)
Total	1,337	46,285.00	346.19	165	6,856.00	415.52	(39,429.00)
All Units are 6 minutes							

APPENDIX E (CONTINUED)

JOINT ADMINISTRATORS' FEES ESTIMATE

DETAILS OF WORK PROPOSED TO BE UNDERTAKEN

Statutory and Review

This category of activity encompasses work undertaken for both statutory and case management purposes. Whilst this work will not directly result in any monetary value for creditors, it will ensure that the case is managed efficiently and resourced appropriately, which will be of benefit to all creditors. The work to be carried out under this category will comprise the following:

- Case management reviews. These will be carried out periodically throughout the life of the case. In the early stages of the case this will involve weekly team meetings to discuss and agree case strategy and a month 1 review by Leonard Curtis' Compliance team to ensure that all statutory and best practice matters have been dealt with appropriately. As the case progresses we will as a minimum carry out six monthly reviews to ensure that the case is progressing as planned.
- Allocation of staff, management of staff, case resourcing and budgeting
- Review of time costs data to ensure accurate posting of time and to ensure compliance with Statement of Insolvency Practice 9.
- Review of work carried out by more junior members of staff to ensure quality of work and adherence to standards, legislation and best practice.
- The team is required under the Company Directors' Disqualification Act 1986 to review the Company's records and consider information provided by creditors on the conduct of the directors involved in the Company during the three years leading up to the insolvency. This will result in the preparation and submission of statutory returns or reports on all directors to the Insolvency Service. Evidence of unfit conduct can result in directors being disqualified for periods of up to 15 years.
- Review of directors' sworn statement of affairs and filing of document at Companies House in accordance with statutory requirements.
- Completion of case closing procedures at the end of the case.

Of the above, the following has been completed to date:

- Allocation of staff, management of staff, case resourcing and budgeting.
- Review of time costs data to ensure accurate posting of time and to ensure compliance with Statement of Insolvency Practice 9.
- Review of work carried out by more junior members of staff to ensure quality of work and adherence to standards.

Receipts and Payments

This category of work will not result in a direct financial benefit for creditors. However, close monitoring of case bank accounts is essential to ensure that bank interest is maximised where possible, estate expenses are properly managed and kept to a minimum and amounts payable to creditors are identified and distributed promptly.

- Opening of case bank account.
- Management of case bank account to ensure compliance with relevant risk management procedures.
- Regular review of case bank account by senior member of staff to ensure that fixed and floating charge assets have been properly identified and prescribed part funds have been set aside where appropriate.
- Preparation of periodic receipts and payments accounts for inclusion in statutory reports.
- Timely completion of all post appointment tax and VAT returns; and
- Managing estate expenses.

Of the above, the following has been completed to date, but has not yet been posted to Leonard Curtis' time allocation:

- Opening of case bank accounts.
- Preparation of periodic receipts and payments accounts for inclusion in statutory reports.

Insurance

Insolvency Practitioners are obliged to comply with certain statutory requirements when conducting their cases. Some of these requirements are in place to protect company assets (see insurance and bonding matters below), whilst requirements in respect of company pension schemes are there to protect the pension funds of Company employees. Whilst there is no direct financial benefit to Company creditors in dealing with these, close control of case expenditure is crucial to delivering maximum returns to the appropriate class of creditor.

- Calculation and request of joint administrators' bond in accordance with the Insolvency Practitioners' Regulations 2005. A Bond is a legal requirement on all administrations and is essentially an insurance policy to protect creditors against the fraud or dishonesty of the Insolvency Practitioner. The bond is calculated by reference to the value of assets which are estimated before costs to be available to unsecured creditors;
- Periodic review of bonding requirements to ensure that creditors are appropriately protected. The bond is reviewed upon each large receipt of monies into the case in accordance with best practice.
- Completion and submission of statutory notifications under the Pensions Act 2004. This includes liaising with the Company directors to establish the existence of Company pension schemes, making the statutory notifications under s22 and s120 of the pensions legislation; liaising with pensions providers to understand the nature of the scheme, and submitting claims to the Redundancy Payments Service for reimbursement of unpaid contributions to the scheme.
- Liaising with Evolve for the prompt wind up of the Company's pension schemes.

Of the above, the following has been completed to date:

- Periodic review of insurance requirements over physical assets, to minimise costs to the estate.
- Calculation and request of joint administrators' bond in accordance with the Insolvency Practitioners' Regulations 2005.
- Completion and submission of statutory notifications under the Pensions Act 2004.

Assets

The work set out in this category may bring a financial benefit for creditors. This may be a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be set aside for the benefit of unsecured creditors) or may, depending on realisations, costs and the extent of any 3rd party security, result in a distribution to the preferential and / or unsecured creditors, although only a secured distribution is currently anticipated in this case.

- Agreeing strategy for realisation of Company assets.
- Instruction of and liaising with agents as required.
- Liaising with Company's bankers regarding pre-appointment bank accounts.
- Corresponding with director regarding outstanding director's loan account.

Of the above, the following has been completed to date:

- Agreeing strategy for realisation of Company assets.
- Instruction of and liaising with agents as required.
- Corresponding with the director regarding the collection of the director's loan account.

Liabilities

This category of time includes both statutory and non-statutory matters and will not necessarily bring any financial benefit to creditors generally. The more employees and creditors a company has, the more time and cost will be involved in dealing with those claims.

Statutory

- Processing of claims from the Company's creditors.
- Processing of claims from the Company's employees.
- Preparation, review and submission of pre-appointment tax and VAT returns.
- Preparation and submission of periodic progress reports to creditors. This is estimated to include the Joint Administrators' Proposals and a final account at the conclusion of the administration.

Non-statutory

- Dealing with enquiries from the Company's creditors via email, telephone and post.

All of the above are still currently ongoing.

Debenture Holder

The work summarised below will not necessarily result in any financial benefit for all creditors but is required to ensure that the Company's affairs are dealt with in an orderly and efficient manner.

- Providing updates on the progress of the administration to the secured creditors.
- Reviewing and completing deeds of releases over the creditors' securities.
- Dealing with enquiries from the secured creditors; and
- Reviewing and agreeing the secured creditors claims.

All of the above are currently still ongoing.

General Administration

This category of work does not result in a direct financial benefit for creditors; however it is necessary for these tasks to be completed in order to ensure the smooth and efficient progression of the administration:

- General planning matters.
- Setting up and maintaining the Joint Administrators' records.
- Arranging collection and storage of company records.
- Dealing with general correspondence and communicating with directors and shareholders.

Of the above, the following has been completed to date, but has not yet been posted to Leonard Curtis' time allocation:

- Dealing with general correspondence and communicating with directors and shareholders.
- Setting up and maintaining the Joint Administrators' records.

Appointment

There are certain tasks which the Joint Administrators have a statutory obligation to undertake during the administration process. Other tasks are completed in order to ensure the administration is progressed to the benefit of all creditors and stakeholders. Actions completed to date are both statutory and non-statutory and include the following; they will not result in a direct financial benefit for creditors:

- Statutory notifications to creditors and other interested parties following the Joint Administrators' appointment.
- Preparation of case plan.
- Formulation of case strategy, including recording of any strategic decisions.

All of the above tasks have been completed to date.

Planning and Strategy

This category of work does not result in a direct financial benefit for creditors; however it is necessary for these tasks to be completed in order to ensure the smooth and efficient progression of the administration:

- Correspondence with professional advisors
- Preparation of documents
- Preparation of case plan; and formulation of case strategy; and
- Meetings in regards to the ongoing strategy.

All of the above are currently ongoing.

Post Appointment Creditors' Decisions

This category of activity encompasses work undertaken for statutory reasons. This work will not directly result in any financial benefit for creditors.

- Preparation of Joint Administrators' Proposals for achieving a statutory purpose of the administration.
- Preparation of Fees Estimate and Statement of Expenses in accordance with Insolvency (England and Wales) Rules 2016.
- Convening a decision by correspondence to agree Fees Estimate with appropriate body of creditors.
- Reporting on outcome of voting.

Of the above, the following work has been completed to date:

- Preparation of Joint Administrators' Proposals for achieving a statutory purpose of the administration; and
- Preparation of Fees Estimate and Statement of Expenses in accordance with Insolvency (England and Wales) Rules 2016.

Investigations

Some of the work administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 ("CDDA") and Statement of Insolvency Practice 2 – Investigations by Office Holders in administration and Insolvent Liquidations. It may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Joint Administrators can pursue for the benefit of creditors.

- Collecting and reviewing the Company's records.
- Conducting initial investigations into the Company's affairs/records to identify the possibility of further realisations and enable the submission of returns due under the Company Directors Disqualification Act 1986.

JOINT ADMINISTRATORS' STATEMENT OF LIKELY EXPENSES

Standard Expenses

Type	Description	Amount £
Bond Fee	Insurance bond	100.00
Document Hosting	Hosting of documents for creditors	28.00
Software Licence Fee	Case management system licence fee.	87.00
Statutory Advertising	Advertising	204.00
Storage Costs	Storage of books and records	200.00
Postage	Cost of sending out correspondence in the post	250.00
Bank charges	Standard bank charges incurred	25.00
	Total standard expenses	894.00

Case Specific Expenses

Type	Description	Amount £
Pre-appointment agents' fees – Cerberus Asset Management Limited	See detailed narrative at section 9 of this report	7,500.00
Pre-appointment agents' fees – Cerberus Receivables Management Limited	See detailed narrative at section 9 of this report	3,500.00
Pre-appointment legal fees – Leonard Curtis Legal	Costs of appointed solicitors, including validation of appointment. Payment to associate requiring specific creditor / committee approval.	4,132.50
Post-appointment legal fees – Leonard Curtis Legal Limited	Costs for time incurred dealing with post appointment matters and reviewing the Company's fixed charge security	2,500.00
Professional costs – Evolve IS Limited	Assistance with winding down the Company's pension scheme	495.00
	Total case specific expenses	18,127.50

ESTIMATED OUTCOME STATEMENT

	Secured Creditors			Preferential	Secondary Preferential	Unsecured
	£ HSBC	£ Maven	£ HIF (book debts)	£	£	£
Amount estimated to be available to class of creditor from administration (Appendix C)	7,500	-	71,864	-	-	-
Amount due to creditor (Appendix B)	49,394	467,137	23,683	-	630,161	1,544,310
Estimated combined recovery of liability from the administration and debtor collections (as a %)	15.2%	-	100%	-	-	-

LEONARD CURTIS POLICY REGARDING FEES AND EXPENSES

The following Leonard Curtis policy information is considered to be relevant to creditors:

Staff Allocation and Charge Out Rates

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by the appropriate body of creditors that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters as set out in a fees estimate, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to request and obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rates given below.

The following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

	1 March 2021 onwards	
	Standard	Complex
	£	£
Director	550	688
Senior Manager	465	581
Manager 1	415	518
Manager 2	365	456
Administrator 1	295	369
Administrator 2	265	331
Administrator 3	245	306
Administrator 4	175	219
Support	0	0

In respect of assignments pre-dating 1 March 2022, office holders' remuneration may include costs incurred by the firm's in-house legal team, which may be used for non-contentious matters pertaining to the insolvency appointment.

Use of Associates

We are required to disclose to those responsible for approving our remuneration whether any payments we intend to make from an insolvency estate are to Associates of Leonard Curtis (LC). The term "Associate" is defined in s435 of the Insolvency Act 1986, but we are also required to consider the substance or likely perception of any association between the appointed insolvency practitioner, their firm (LC) or an individual within the firm and the recipient of a payment. Payments to Associates are subject to the same level of approval as the office holder's fees and category 2 expenses (see table on the next page for further details).

Leonard Curtis Legal Limited (LC Legal) are part of the Leonard Curtis group; as such they are an "Associate" of LC. Where LC Legal are instructed to assist an office-holder in a particular matter from 1 March 2022 onwards, details of their proposed costs will be provided to creditors and specific approval for payment will be sought.

Additionally, Pelstar Limited (Pelstar) provides insolvency case management software and document hosting facilities to LC. Until 31 December 2022, LC employed an individual who is married to a director of Pelstar, and as such, whilst not meeting the legal definition of "Associate", we were aware that there was a perceived association between LC and Pelstar and specific approval of their costs were sought accordingly. As this individual is no longer employed by LC, this is no longer required and Pelstar costs invoiced with effect from 1 January 2023 will be paid without prior approval.

Use of Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Use of Subcontractors

Where we subcontract out work that could otherwise be carried out by the office holder or his/her staff, this will be drawn to the attention of creditors in any report which incorporates a request for approval of the basis upon which remuneration may be charged. An explanation of why the work has been subcontracted out will also be provided.

Categorisation of Expenses

We are required to provide creditors with an estimate of the expenses we expect to be incurred in respect of an assignment and report back to them on actual expenses incurred and paid in our periodic progress reports. There are two broad categories of expenses: standard expenses and case specific expenses. These are explained in more detail below:

- a) **Standard Expenses** – this category includes expenses which are payable in order to comply with legal or regulatory requirements and therefore will generally be incurred on every case. They will include:

Type	Description	Amount																								
AML checks via Smartsearch	Electronic client verification in compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	£5.00 plus VAT per search Note that with effect from 1 April 2021, these costs are no longer recovered from the estate.																								
Bond / Bordereau fee via AUA Insolvency Services	Insurance bond to protect the insolvent entity against any losses suffered as a result of the fraud or dishonesty of the IP	£10.00 to £1,200.00 dependent on value of assets within case																								
Company searches via Companies House	Extraction of company information from Companies House	£1.00 per document unless document can be accessed via the free service																								
Document hosting via Pelstar Limited	Hosting of documents via a secure portal for access by creditors/shareholders. Costs are charged per upload plus VAT and are generally dependent upon the number of creditors. The costs are commensurate with those charged by other providers of comparable services.	<table><tr><th>Type</th><th>First 100</th><th>Every addtl 10</th></tr><tr><td>ADM</td><td>£14.00</td><td>£1.40</td></tr><tr><td>CVL</td><td>£7.00</td><td>£0.70</td></tr><tr><td>MVL</td><td>£7.00</td><td>£0.70</td></tr><tr><td>CPL</td><td>£7.00</td><td>£0.70</td></tr><tr><td>CVA</td><td>£10.00</td><td>£1.00</td></tr><tr><td>BKY</td><td>£10.00</td><td>£1.00</td></tr><tr><td>IVA</td><td colspan="2">£10 p.a. or £25 for life of case</td></tr></table>	Type	First 100	Every addtl 10	ADM	£14.00	£1.40	CVL	£7.00	£0.70	MVL	£7.00	£0.70	CPL	£7.00	£0.70	CVA	£10.00	£1.00	BKY	£10.00	£1.00	IVA	£10 p.a. or £25 for life of case	
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BKY	£10.00	£1.00																								
IVA	£10 p.a. or £25 for life of case																									
Software Licence fee hosting via Pelstar Limited	Payable to software provider for use of case management system. The costs are commensurate with those charged by other providers of comparable services.	£87.00 plus VAT per case																								
Postage via Royal Mail or Postworks	Cost of posting documents which are directly attributable to a case to external recipients	Calculated in accordance with applicable supplier rates and dependent on the number of pages and whether the document is sent by international, first or second class post.																								
Post re-direction via Royal Mail	Redirection of post from Company's premises to office-holders' address	0-3 months £216.00 3-6 months £321.00 6-12 months £519.00																								

Statutory advertising via advertising agents	Advertising of appointment, notice of meetings etc. - London Gazette - Other	£91.80 - £102.00 plus VAT per advert Dependent upon advert and publication
Storage costs	Costs of storage of case books and records	£5.07 plus VAT per box per annum plus handling charges

- b) Case-specific expenses – this category includes expenses (other than office-holders' fees) which are likely to be payable on every case but which will vary depending upon the nature and complexity of the case and the assets to be realised. They will include but may not be restricted to:

Type	Description	Amount
Agents' fees	Costs of appointed agents in valuing and realising assets	Time costs plus disbursements plus VAT
Debt Collection fees	Costs of appointed debt collectors in realising debts	Generally agreed as a % of realisations plus disbursements plus VAT
Legal fees	Costs of appointed solicitors. Will generally comprise advice on validity of appointment, drafting of sale contracts, advice on retention of title issues and advice on any reviewable transactions. Where the solicitor appointed is LC Legal, any fee payable for work completed is classed as a payment to an associate and requires specific creditor / committee approval as detailed above.	Time costs plus disbursements plus VAT
Other expenses	See Category 1 and 2 expenses notes below	See Category 1 and 2 expenses notes below

Please note that expenses are generally categorised as Category 1 or Category 2:

- a) Category 1 expenses: These are payments to independent third parties providing the service to which the expense relate. These may include, for example, advertising, external room hire, storage costs, postage costs, telephone charges, travel expenses (excl. mileage), and equivalent costs reimbursed to the office holder or his or her staff. Category 1 expenses may be paid without prior approval.
- b) Category 2 expenses: These are costs that are directly referable to the appointment in question, but not paid to an independent third party. They may include costs which have an element of shared cost. The following items of expenditure are recharged on this basis and are charged at HMRC approved rates:

Business mileage	45p per mile
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Payments to Associates (as defined above) are categorised by LC in the same way as Category 2 expenses. Category 2 expenses and payments to Associates may only be drawn if they have been approved in the same manner as an office holder's remuneration.

NOTICE OF A DECISION PROCEDURE BY CORRESPONDENCE

Re: HALLETTS GROUP LTD (IN ADMINISTRATION) ("the Company")

Previously known as: HALLETTS BIRMINGHAM LTD

Registered number: 02786496

Court details: High Court of Justice Business and Property Courts in Birmingham - Company & Insolvency

List (CHD) Court Ref: CR-2023-BHM-000407

**NOTICE TO CREDITORS OF A DECISION PROCEDURE TO BE CONSIDERED BY CORRESPONDENCE
IN ACCORDANCE WITH RULES 15.8 AND 18.18 OF THE INSOLVENCY (ENGLAND AND WALES) RULES
2016**

We, Conrad Beighton and David Griffiths, of Leonard Curtis, Cavendish House, 39-41 Waterloo Street, Birmingham B2 5PP, were appointed Joint Administrators of the Company on 2 August 2023.

NOTICE IS HEREBY GIVEN pursuant to Rules 15.8 and 18.18 of the Insolvency (England and Wales) Rules 2016 that the creditors are being asked to make a decision as to whether they agree the basis of the Joint Administrators' remuneration and approve three other decisions by way of correspondence.

To participate in the vote creditors will need to have delivered a completed voting form to my office at Cavendish House, 39-41 Waterloo Street, Birmingham B2 5PP or via email to ethan.yates@leonardcurtis.co.uk by 23:59pm on 11 September 2023 (the Decision Date) together with a proof of debt form if one has not previously been lodged. Failure to deliver a proof of debt will result in your vote being disregarded.

NB. Creditors' attention is drawn to Chapter 9 of Part 1 of the Rules, which detail the rules for delivery of documents.

The resolutions to be considered are:

1. In the absence of a creditors' committee, that the remuneration of the Joint Administrators be fixed by reference to time properly spent by them and their staff in attending to matters as set out in the Fees Estimate (for an amount not exceeding £46,285).
2. That the unpaid pre-administration costs as detailed in the Joint Administrators' Statement of Proposals (totalling £36,925.50 be approved for payment as an expense of the administration).
3. That the basis of the recharge of the Joint Administrators' category 2 expenses and payments to associates be payable by reference to the information set out in the Joint Administrators' Statement of Proposals and that they be authorised to pay or be reimbursed such expenses as and when funds permit.
4. That the Joint Administrators be discharged from liability in respect of any action(s) of theirs as Administrators pursuant to the provisions of paragraph 98(2)(b) of Schedule B1 to the Insolvency Act 1986, immediately upon their appointment ceasing to have effect.

Statutory Information and Creditors' Entitlement To Vote

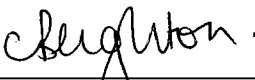
In accordance with Rule 15.8 of the Insolvency (England and Wales) Rules 2016 please be aware of the following information:

- Creditors are only entitled to vote if they have delivered a proof of debt prior to the decision date and the claim has been accepted in whole or in part, together with a voting form. Whilst I am permitted to agree claims below £1,000 without a proof of debt, a creditor whose claim is less than £1,000 is not able to vote without having

lodged a proof of debt. Creditors who have opted out from receiving notices may, nevertheless, vote if a proof of debt has been lodged.

- Creditors must deliver their voting form no later than 23:59pm on 11 September 2023 (the Decision Date). Forms should be posted to Halletts Group Ltd at Leonard Curtis, Cavendish House, 39-41 Waterloo Street, Birmingham B2 5PP. Alternatively votes can be submitted by email to ethan.yates@leonardcurtis.co.uk.
- I am obliged to advise creditors that applications to have any decision reviewed must be made to High Court of Justice Business and Property Courts in Birmingham – Company & Insolvency List (CHD) under reference CR-2023-BHM-000407. Any such application should be made within 21 days of the decision date.
- If creditors are not satisfied with the decision procedure being used, they may request a physical meeting be convened providing their claim is 10% of the value of the creditors or 10% of the number of creditors request the same or 10 individual creditors request that a meeting be convened. All requests to hold a physical meeting should be made in writing but can be made by email to Birmingham.meetingreq@leonardcurtis.co.uk. Requests for a physical meeting should be made within five business days of delivery of this notice.

Dated 18 August 2023 _____

Signed  _____

**CONRAD BEIGHTON
JOINT ADMINISTRATOR**

Contact details

Conrad Beighton and David Griffiths
Leonard Curtis
Cavendish House
39-41 Waterloo Street
Birmingham
B2 5PP
Tel: 0121 200 2111

VOTING FORM FOR CREDITORS

Re: HALLETTS GROUP LTD (IN ADMINISTRATION) ("the Company")

Previously known as: HALLETTS BIRMINGHAM LTD

Registered number: 02786496

**Court details: HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN BIRMINGHAM –
COMPANY & INSOLVENCY LIST (CHD) REF: CR-2023-BHM-000407**

Please indicate whether you are in favour or against each of the decisions set out below.

Please note that this form should be returned prior to 23:59pm on 11 September 2023 to my offices at Cavendish House, 39-41 Waterloo Street, Birmingham B2 5PP. Alternatively the form can be submitted by email to ethan.yates@leonardcurtis.co.uk. In order for your vote to be valid a proof of debt should also have been lodged.

RESOLUTIONS TO BE CONSIDERED

Decision 1

In the absence of a creditors' committee, the remuneration of the Joint Administrators be fixed by reference to time properly spent by them and their staff in attending to matters as set out in the Fees Estimate (for an amount not exceeding £46,285).

I am *in Favour / Against

Decision 2

That the unpaid pre-administration costs as detailed in the Joint Administrators' Statement of Proposals (totalling £36,925.50 be approved for payment as an expense of the administration).

I am *in Favour / Against

Decision 3

That the basis of the recharge of the Joint Administrators' category 2 expenses and payments to associates be payable by reference to the information set out in the Joint Administrators' Statement of Proposals and that they be authorised to pay or be reimbursed such expenses as and when funds permit.

I am *in Favour / Against

Decision 4

That the Joint Administrators be discharged from liability in respect of any action(s) of theirs as Administrators pursuant to the provisions of paragraph 98(2)(b) of Schedule B1 to the Insolvency Act 1986, immediately upon their appointment ceasing to have effect.

I am *in Favour / Against

****delete as appropriate***

TO BE COMPLETED BY CREDITOR:

Dated: _____

Signed: _____

Name of creditor: _____

Position: _____

Proof of Debt – General Form
Relevant date: 2 August 2023

recovery@leonardcurtis.co.uk quoting ref: HA74C/EY/PROOF

Name of Company in Administration:

Halletts Group Ltd

Company registered number:

02786496

1. Name of creditor (if a company, provide registration number)

2. Correspondence address of creditor (including email address)

3. Total amount of claim (£) at relevant date (include any Value Added Tax)

4. If amount in 3 above includes outstanding uncapitalised interest, state amount (£)

5. Details of how and when the debt was incurred (if you need more space attach a continuation sheet to this form)

6. Details of any security held, the value of the security and the date it was given

7. Details of any reservation of title claimed in respect of goods supplied to which the debt relates

8. Details of any document by reference to which the debt relates

9. Signature of creditor (or person authorised to act on the creditor's behalf)

10. Date of signing:

11. Address of person signing (if different from 2 above)

12. Name in BLOCK LETTERS

13. Position with, or relation to, creditor

Notes:

1. There is no need to attach them now but the office-holder may ask you to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the chairman or convenor of any qualifying decision procedure.
2. This form can be authenticated for submission by email by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office-holder. If completing on behalf of the company, please state your relationship to the company.
3. **Please e-mail completed form to:**

recovery@leonardcurtis.co.uk quoting ref: HA74C/EY/PROOF

**INFORMATION IN RELATION TO THE PRE-PACKAGED SALE
OF THE BUSINESS AND ASSETS IN ACCORDANCE WITH
THE PROVISIONS OF STATEMENT OF INSOLVENCY PRACTICE 16**

Please ask for : Ethan Yates
Our ref : B/37/EY/HA74C/1040
Your ref :



8 August 2023

**TO ALL CREDITORS
TO ALL EMPLOYEES
TO THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES**

Dear Sir(s)/Madam

**HALLETT'S GROUP LTD - IN ADMINISTRATION ("THE COMPANY")
FORMERLY: HALLETT'S BIRMINGHAM LTD
COMPANY NUMBER: 02786496**

I write to advise you that David Griffiths and I were appointed as Joint Administrators of the Company on 2 August 2023. Attached is formal Notice of our Appointment.

You are receiving this notice because the Company's records show that you are a creditor of the Company. The Company's creditors will fall into one of the following categories:

- Secured creditors – a creditor who has the benefit of a security interest over some or all of the assets of the Company (e.g. banks, factoring providers);
- Preferential creditors – creditors who have a preferential right to payment out of the Company's assets once realised (e.g. employees in respect of arrears of pay and holiday pay, subject to certain limits);
- Secondary preferential creditors - creditors who have a secondary preferential right to payment out of the Company's assets once realised (e.g. HM Revenue & Customs for any claims in respect of VAT, PAYE (including student loan repayments), Employees' NI contributions and CIS deductions); and
- Unsecured creditors – a creditor other than a preferential creditor or secondary preferential creditor that does not have the benefit of any security interests in the assets of the Company (e.g. ordinary trade suppliers; employees (to the extent that their claims are not preferential)).

In our role as Joint Administrators, we are obliged to perform our functions and responsibilities in the interests of the Company's creditors as a whole and, where the objective of the administration is to realise property in order to make a distribution to secured or preferential creditors (including secondary preferential creditors), we have a duty not to unnecessarily harm the interests of creditors as a whole.

Where a sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an Administrator and the Administrator effects the sale immediately on, or shortly after, appointment this is known as a pre-packaged sale or "pre-pack".

Statement of Insolvency Practice 16 requires administrators to provide creditors with a detailed explanation and justification of why a pre-packaged sale was undertaken, so that creditors can be satisfied that we have acted, where necessary, with due regard for their interests. Additional statutory obligations are placed upon Administrators (and purchasers) where a pre-packaged sale is agreed to a connected party (as defined in para 60(A)(3) of Schedule B1 to the Insolvency Act 1986) (as amended) ("the Act").

Leonard Curtis Recovery Limited
Company number: 4200478 (England) Reg Office: Riverside House, Inwell Street, Manchester, M3 5EN
All Leonard Curtis Recovery Limited Insolvency practitioners, with the exception of Barry Stewart and George Lafferty, are licenced in the UK by the ICAEW. Barry Stewart and George Lafferty are licenced in the UK by ICAS.
All insolvency practitioners are bound by the Insolvency Code of Ethics
www.leonardcurtis.co.uk

39-41 Waterloo Street
Birmingham B2 5PP

Tel: 0121 200 2111
Fax: 0121 200 2122

In this case, a sale of the Company's business and assets to Halletts Spaces Ltd ("the Purchaser") was completed on 2 August 2023. Set out at Appendix A is a summary of the circumstances and information relevant to this sale that we are required to disclose.

It should be noted that the Purchaser is a connected party by way of the common directorship and shareholding of Chris Jolly.

With regard to orders placed by the Company prior to administration but not yet delivered, suppliers should obtain confirmation from the Purchaser that the goods or services are still required and, if so, an order may be placed with the purchasing company. It should be noted that goods sold and delivered by the Company since administration commenced must be paid for in full and cannot be set off against any claims against the Company.

You will appreciate that, as a result of the administration, your previous account with the Company is frozen and neither the Joint Administrators nor the Purchaser are in a position to deal with claims of unsecured creditors. Nevertheless, the Joint Administrators should be grateful if you would let us have a detailed account of the amount owing to you as at the date of administration. Your account, and any future correspondence in connection with the Company, should be sent to our address. Please remember to provide your full name, address, telephone number and email address for our records. If you are claiming title to goods supplied by you, please let the Joint Administrators have full details, including your conditions of sale. If you believe you have a claim to goods it is imperative that you contact us as soon as possible and, if necessary, arrange a date to identify the goods in question. Failure to do so may prejudice your claim if any goods to which you claim title have been sold. We will not be liable in the event that goods are sold prior to notice of any valid retention of title claim being received.

Under the provisions of Paragraph 43 of Schedule B1 to the Act, no steps may be taken by any creditor to enforce any security over the Company's property or to repossess goods in the Company's possession under any hire purchase agreement (which includes conditional sale agreements, chattel asset leasing agreements and retention of title agreements) without the consent of the Joint Administrators or leave of the Court.

Also, no other proceedings and no execution or other legal process may be commenced or continued, and no distress may be levied against the Company or its property except with the consent of the Joint Administrators or leave of the Court.

Where a pre-packaged sale has been undertaken, the Joint Administrators should circulate their Proposals as soon as practicable after appointment, and where possible with this notification. The Joint Administrators are currently in the process of formulating our proposals and these along with details of a decision procedure for their approval will be sent to creditors as soon as practicable. At that time, the Joint Administrators will be seeking, from the appropriate body of creditors, approval of the basis upon which their remuneration is to be calculated. A Creditor's guide to Administrators' fees (Version 1 issued 1 April 2021), which sets out the rights of creditors in this respect, is available from our office free of charge or may be downloaded from:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/>

You are also encouraged to read the following, which provides a step-by-step guide designed to help creditors navigate through an insolvency process:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/28872/page/1/administration/>

If you have any information regarding the conduct of the directors which you feel should be brought to our attention, any concerns regarding the way in which the Company's business has been conducted or information on potential recoveries or any particular matters which you consider require investigation, please send full details to this office at the address given below. This request forms part of our statutory investigation procedures and does not necessarily imply any criticism of the directors.

Data Protection

Finally, when submitting details of your claim in the administration, you may disclose personal data to us. The processing of personal data is regulated in the UK by the General Data Protection Regulation as supplemented by the Data Protection Act 2018, together with other laws which relate to privacy and electronic communications. We act as Data Controller in respect of personal data we obtain in relation to this administration and are therefore responsible for complying with Data Protection Law in respect of any personal data we process. Our privacy notice, which is attached to this letter at Appendix B, explains how we process your personal data. Terms used in this clause bear the same meanings as are ascribed to them in Data Protection Law.

Insolvency practitioners at Leonard Curtis are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

We remind you that the Joint Administrators are agents of the Company and contract without personal liability.

Yours faithfully
for and on behalf of
HALLETTS GROUP LTD


CONRAD BEIGHTON
JOINT ADMINISTRATOR

Conrad Beighton and David Griffiths are authorised to act as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales under office holder numbers 9556 and 22930 respectively

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

Enc

APPENDIX A

**HALLETTS GROUP LTD ("the Company")
(IN ADMINISTRATION)**

**INFORMATION REGARDING THE PRE-PACKAGED SALE OF THE BUSINESS AND ASSETS OF
HALLETTS GROUP LTD**

1 INITIAL INTRODUCTION

- 1.1 The Company was introduced to Conrad Beighton ('CB') by Peter Stiffins of Edwards Pearson & White LLP on 20 June 2023. Peter Stiffins was introduced to the business via an associate who was interested in investing in the business.
- 1.2 CB was first contacted by the Company's director, Mr Chris Jolly ('CJ'), via a telephone conversation on 20 June 2023, in order to arrange a meeting to discuss the Company's financial position.
- 1.3 CB attended a meeting with CJ at the Company's trading premises on 3 July 2023 in order to discuss the Company's financial position and the appropriate options. At this stage, CJ made reference to a proposed Company Voluntary Arrangement ('CVA') that had been in the course of preparation since January 2023.
- 1.4 Following the meeting, CJ continued to liaise with CB via email and telephone to discuss the overall position, and the proposed CVA that had been recommended by another firm of insolvency practitioners. On 11 July 2023, CJ advised CB that the CVA was no longer viable, following which CB advised that CJ should take steps to place the Company into administration. The proposed CVA was subsequently cancelled on 12 July 2023 and CJ confirmed that steps would be taken to place the company into administration. Leonard Curtis was formally engaged on 18 July 2023. As creditors were made aware that the CVA had been terminated, pressure from creditors began to increase.
- 1.5 Following a further meeting at the Company's trading premises on 18 July 2023, a Notice of Intention to Appoint Administrators ('NOI') was subsequently filed by the director on 21 July 2023, on the basis there was a clear intention to place the Company into administration.
- 1.6 Prior to the administration appointment, and for the purpose of filing the NOI, Mr Paul Jolly was appointed as a director on 17 July 2023. This was to ensure that there was a quorate directors' board meeting for the purpose of filing the NOI. It should be noted that Paul Jolly is CJ's father.
- 1.7 Other than the above, we do not believe that there are any significant personal or professional relationships between the Company, its directors or Leonard Curtis. The Joint Administrators confirm that they have carried out the appropriate conflict review and conflict searches prior to accepting the engagement.

2 PRE-APPOINTMENT CONSIDERATIONS

The extent of the Joint Administrators' involvement prior to the appointment and the Role of the Insolvency Practitioner ("IP")

- 2.1 Following instruction, the Joint Administrators wrote formally to the directors of the Company informing them that their role before any formal appointment would involve providing the following services:
 - i) advising them on which insolvency process would be most appropriate for the Company;
 - ii) dealing with all formalities relating to the appointment of administrators including giving appropriate notification of the intention to make such appointment to secured creditors and other parties entitled to receive notice;
 - iii) preparing any report(s) necessary and attending Court hearings if appropriate;

- iv) advising them on the financial control and supervision of the business between the date of our engagement and the date of the appointment of administrators;
- v) advising them on whether an early sale of the Company's business and trading assets would be likely to be in the interests of creditors.

- 2.2 The Joint Administrators made it clear that these services were to be given for the benefit of the creditors of the Company and that their role was not to advise the directors in their personal capacity. The Joint Administrators recommended that they seek their own independent advice if they were uncertain on any matter, particularly if they had expressed, or were likely to express, an interest in purchasing the Company's business and trading assets.
- 2.3 The Joint Administrators also wrote to all interested parties who we believed to be connected to the Company advising them of the IPs' obligations under Statement of Insolvency Practice 16 ("SIP 16") regarding the marketing of the business and assets of the Company. The Joint Administrators advised of the potential for enhanced stakeholder confidence in preparing a viability statement showing how the purchasing entity would survive for at least 12 months from the date of purchase. The Joint Administrators also advised of the provisions of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021 which state that administrators are unable to complete a sale of a substantial part of a Company's property to a connected person within the first eight weeks of administration without either the approval of the Company's creditors or a written qualifying report from an Evaluator ("Evaluation Report").
- 2.4 Finally, the Joint Administrators explained that initially an IP acts as professional adviser to the Company with responsibilities only to it and its directors. At this stage of the process the IP will assist the directors in making the right decision about what is the correct option for them to pursue in the best interests of creditors having regard to the Company's circumstances. In this case, the Joint Administrators advised the directors that the Company was insolvent and that immediate steps be taken to place it into administration.
- 2.5 Once the Company has been placed into administration, the IP becomes administrator with different functions and responsibilities. The administrator is obliged to perform his or her functions and responsibilities in the interests of the Company's creditors as a whole and, where the objective of the administration is to realise property in order to make a distribution to secured or preferential creditors (including secondary preferential creditors), he has a duty not to unnecessarily harm the interests of creditors as a whole.

Background

- 2.6 The Company was incorporated in 1993, when the business was purchased from a third party by Paul Jolly and traded as a freight and haulage company up until 2021. The haulage side of the business ceased in 2021 and the Company diversified into becoming a supplier of bespoke buildings and converter of steel containers into modern work and home spaces. The directors of the Company are Chris Jolly and Paul Jolly and the shareholder is Chris Jolly.
- 2.7 The business operated with 11 full and part time staff (including Chris Jolly) from a modular office space, located in Solihull. The business was financed using funds from working capital in the business, loans from the secured creditors, and predominantly using its invoice finance facility with HSBC Invoice Finance (UK) Limited ("HIF").
- 2.8 Based on the information available from the directors, the business was trading profitably since its incorporation. However, the business was significantly affected by the Covid-19 pandemic which forced a nationwide lockdown in March 2020 for several months. Following this period, the haulage side of the business ceased to trade, with all heavy goods vehicles in its possession either being sold or returned to the respective hire purchase creditor. The directors advised that the Company could no longer trade viably operating solely in haulage, and that diversification was required in order for the Company to continue.

- 2.9 As a result, the Company began supplying cabins and modular buildings for hire, as well as converting steel containers into modular spaces, for work or personal use by customers. The director advised that the Company was able to continue viably after moving into this sector.
- 2.10 The business managed the financial impact of the pandemic into 2021 and 2022, however, the following issues were noted by CJ in the first meeting:
- Forecasted sales were down due to the lack of consumer demand following the pandemic. This had worsened recently with the cost of living crisis and general consumer demand for products supplied by the business;
 - Historical debt had accrued, including the loans provided during the Covid-19 pandemic and debts incurred following the end of the haulage side of the business, which had depleted cash resources.
 - The Company suffered a bad debt in the region of £200,000 when one of its contractors became insolvent in January 2023.
- 2.11 CJ also advised that the Company had proposed to enter into a CVA, and this process had begun in January 2023. The Company had spent significant time and resources preparing the information necessary for the CVA Proposal, and the directors advised that the advice provided from the CVA nominees was to hold off paying creditors and suppliers, as this would be managed within the CVA.
- 2.12 As a result, considerable debt had accrued and, following advice, CJ was of the opinion that the proposed CVA term was unfeasible and not capable of success. The CVA was subsequently terminated by the Company. Following termination, creditor pressure began to increase, with some creditors threatening legal action.
- 2.13 As outlined above, it was clear that the Company was struggling to maintain control of its various liabilities, which was materially affecting its cash flow position. Ultimately, the business could not continue to trade under its current structure and immediate action was necessary to protect the interest of the Company's creditors as a whole.
- 2.14 Based on the information provided by the directors and the Company prior to the administration, the Company's creditor position was summarised as follows:

As at 30 June 2023	£'000
Trade & expense – general	428
HMRC – VAT & PAYE	625
Hire purchase companies	150
Overdraft facility	42
Long term loans	1,164
	2,409

- 2.15 From the information provided to the Joint Administrators, it was concluded that the Company was insolvent on both a balance sheet and cash flow basis, in accordance with Section 123 of the Act in so far as 'the company cannot pay its debts as and when they fall due'.

Alternative courses of action considered by the Administrator

- 2.16 The following courses of alternative action were considered with management prior to our appointment and the pre-packaged sale:

Do Nothing

- 2.17 The directors could choose to do nothing. However, without further injection of capital, it was likely that the Company would soon run out of cash.
- 2.18 As outlined above, a CVA was proposed in January 2023 and the director had begun preparing the necessary documents and information required to begin the process. Due to the length of time taken to finalise the proposal, the Company accumulated liabilities to both unsecured creditors and HM Revenue & Customs, which led to increased pressure on the Company, including threats of recovery action. Whilst some form of payment plan and/or settlement could have been agreed between certain parties upon the termination of the CVA (although cash resources were already tight), this would not have prevented other creditors taking recovery action.
- 2.19 Therefore, doing nothing would likely have resulted in the creditor position worsening, risking winding up petitions being issued, and asset values diminishing.
- 2.20 It should be noted that on the basis the Company was insolvent, the directors had an overriding duty to best protect the Company's assets and to minimise the Company's liabilities to its creditors and members generally.
- 2.21 It was considered that doing nothing was not a realistic option, and not in the interests of the Company's creditors as a whole.

Obtain Investment / Funding

- 2.22 There were two main options available:

1. Funding

- 2.23 Given the Company's limited and niche fixed asset position, it was considered unlikely that any "high street" lender would offer a facility which generated additional working capital. A high proportion of the Company's tangible assets, including vehicles, were also subject to finance and hire.
- 2.24 With limited assets available to use as security, any funding would likely to have required a personal guarantee from the director, with higher interest rates. Furthermore, the recent trading performance of the business would be scrutinised by a funder and the increased risk in lending would favour higher interest rates. The Company had already obtained a number of secured and unsecured loans.
- 2.25 Given the extent of the Company's liabilities, it is highly likely that any further funding would have been utilised immediately by existing debts and accruing current liabilities.

2. Equity Investment / Divestment

- 2.26 Although the likelihood of obtaining the required investment into a distressed business with the Company's profitability and financial position was unlikely, this is something that was explored in a pre-pack administration scenario and in testing the market for potential purchasers of the business.
- 2.27 There was, however, a risk that any realisation from a part-sale of the business would be utilised immediately by existing historical debt as outlined above.
- 2.28 The Company had been approached by a potential investor, but their view was that they were unwilling to invest given the debt position of the business.

Continue to Trade and Agree Payment Plans with Creditors

- 2.29 If it were deemed that the Company could have avoided an insolvency process, it may have been able to continue trading and agree payment plans with its creditors which were acceptable.
- 2.30 Based on the information provided and confirmed by the directors, the Company's aged payables including its suppliers, HMRC, loans and other overheads were increasing, and the Company would very soon be in a position whereby it could not make any further payments in respect of such liabilities.
- 2.31 Any individual payment plans would not have prevented other creditors from taking enforcement action against the Company (including through bailiff action or by issuing a winding up petition) which could put the continuation of the Company and/or its business in jeopardy. In the event of default, those respective creditors would have initiated recovery action.
- 2.32 From initial discussions and information provided by the directors, they were concerned that the cash position was tight, being mindful of the limited availability within its overdraft facility with HSBC Bank Plc (HSBC[®]) and that individual repayment plans were unlikely to relieve the overall cash pressures. Any action in this regard would have been a short-term solution given the position with regards to the Company's various liabilities, as outlined above. As such, any informal payment plans were not a realistic or feasible option.

Sale of the Shares to a Third Party

- 2.33 Given the distressed position of the business, a sale of its shares by the sole shareholder was considered. In the circumstances, however, this was not deemed to be viable for the following reasons:
- Any prospective purchaser of the shares would have to inject significant capital into the business at the outset to satisfy the Company's indebtedness to creditors and to facilitate ongoing trading. Any purchaser is acquiring shares of a company that is insolvent, and may immediately consider new executive and management level changes to improve the business (requiring further capital to satisfy any restructuring costs, including redundancies); and
 - Additional funding would be required to make necessary changes to improve the Company's turnover and profit margins. This may have included the rescheduling of some of the Company's non-current liabilities.
- 2.34 The Company was likely to represent a high-risk investment based on its financial position. It was considered extremely unlikely that a share sale would complete, subsequently, this process was discounted. Notwithstanding the above, the marketing campaign detailed below would allow for any potentially interested parties to make an offer for the shares of the Company.

Company Voluntary Arrangement ("CVA")

- 2.35 As outlined above, the Company had originally explored the possibility of a CVA in January 2023 and was in the process of preparing the proposal to creditors. Following meetings with the director prior to appointment, it was established that the extent of the preferential and unsecured creditors was significant. As a result, the required monthly contributions in a CVA would be substantial. During a CVA, the Company would also need to remain viably trading, whilst making large monthly contributions to creditors bound by the CVA, and it was unlikely that this would be successful. If the Company defaults from paying the monthly contributions, this could result in a breach of the CVA and ultimately creditors taking action to place the Company into compulsory liquidation.

- 2.36 Fundamentally, for the reasons already explored above, the directors have reiterated that the Company was loss-making in its current structure. Therefore, being mindful of its aged payables ledger, the requirement to meet substantial monthly contributions at a level acceptable for creditors, plus the extent of its long term liabilities, it is unlikely that a CVA would have been feasible in these circumstances.

Creditors' Voluntary Liquidation ("CVL")

- 2.37 CVL is usually an option when there is no prospect of any recovery of the business and the Company has, or will, cease to trade.
- 2.38 The CVL process is commenced by the directors who convene formal decisions of shareholders and creditors, usually 10-14 days later. During this period the Company remains under the control of the directors until a liquidator is appointed by way of creditor / shareholder decision.
- 2.39 Prior to entering into CVL, trading would cease and all employees would generally be made redundant.
- 2.40 A period of trading in liquidation would not be viable given the risk of losses being incurred. This risk would be significant, given that we would expect a number of clients to not trade with the business during a liquidation period, as well as the increased professional costs, which would be likely to worsen the position for creditors. A liquidation process is not generally appropriate for ongoing trading.
- 2.41 A sale of the business and assets out of liquidation would be challenging, given the notice to be provided to creditors and customers and the 'outside world' prior to the formal appointment of a liquidator. This is particularly relevant given the competitive market in which the Company operates, which could result in asset values diminishing overnight. In addition, any liquidator would require significant funding to continue trading.
- 2.42 Based upon the information available, it was considered that a liquidation process would not be appropriate as the cessation of the business would be likely to negatively impact upon the value of the Company's assets and would likely have resulted in there being no business available for sale.
- 2.43 Ultimately, a CVL of the Company was not an appropriate option in these circumstances.

Whether efforts were made to consult with major creditors and the outcome of any consultations

- 2.44 The Company has an invoice finance facility with HIF, an overdraft facility with HSBC, and a loan facility with Meif (Wm) Gp (One) Limited ("Maven"), all containing security in the form of fixed and floating charges, as detailed at paragraph 2.51.
- 2.45 Following consent from the director, Leonard Curtis contacted HIF and HSBC to discuss the Company's current financial position and the strategy regarding the proposed prepack administration, as the Company was relying upon its drawdown facility to deal with daily cash requirements and working capital. A copy of the Company's cashflow was subsequently provided to HIF and HSBC for some background on the trading period and drawdowns required in order for the Company to continue trading during the period it was marketed and up until the pre-packaged sale. Statutory notice was subsequently served to HIF and HSBC, once the NOI had been filed by court.
- 2.46 Contact was also made with Maven to discuss the proposed administration strategy and periodic updates were provided on the progress and timeline of the sale. Statutory notice was served on Maven, once the NOI had been filed at court.
- 2.47 Without financial support from HIF and HSBC, the Company would not have been able to continue trading in the immediate short term. It should be noted that, following discussions with Leonard Curtis, HIF, HSBC and Maven had no objection to the administration process or the appointment of the Joint Administrators.

Why it was not appropriate to trade the business, and offer it for sale as a going concern, during the Administration

2.48 The Joint Administrators considered whether it would be appropriate to trade the business as a going concern during administration, whilst concluding a sale to a purchaser or continuing to market the business for sale. After consulting with the directors and independent valuation agents at Cerberus Asset Management Limited ("CAM"), it was concluded that this would not be the optimal process for the following reasons:

- A period of uncertainty whilst trading during administration was likely to have led to a loss of customers, due to a loss of confidence and misunderstanding of the administration process and adverse publicity upon the appointment of the Joint Administrators. This is notwithstanding the relevant insolvency clauses in the terms of the Company's contracts and supply agreements.
- Trading the business would have been unlikely to result in an improved offer for the business and assets, and could have resulted in a lower offer being received, if any, given the significant risk of materially impacting the value of assets for sale (as outlined above).
- The directors have advised that they would not be in a position to provide further funding during the administration. Any credit balances held in the bank accounts would have been used by the bank to offset against existing indebtedness and not been available to assist with funding trading.
- The administration costs which would be incurred in the trading period would have been significant, and any trading period would be unlikely to result in a trading profit. Costs would include the requirement to resource, insure and monitor the business during the trading period. In addition to the Joint Administrators' remuneration, there would have been an increase in professional costs, and any other advisors necessary to assist the Joint Administrators with the process. Therefore, the trading process would likely have resulted in an overall loss, thereby worsening the outcome for creditors as a whole.

2.49 As can be seen above, a number of considerations were made by the Joint Administrators in the period prior to the administration, and the assessment of the position was that there was no certainty that trading in administration could continue, as it would increase costs and most likely reduce asset values. It was deemed more appropriate to market the business for sale in the period prior to administration, and for a sale to be completed immediately on administration. This would have the effect of maximising realisations, whilst mitigating costs.

Details of requests made to potential funders to fund working capital requirements

2.50 As outlined above in sections 2.45 & 2.46 the Joint Administrators corresponded with the Company's secured creditors, HIF and HSBC, to discuss the use of further drawdowns and the overdraft facility, which was done to ensure the Company could continue trading without disruption prior to the administration and sale.

Details of registered charges and dates of creation

2.51 According to Companies House, the following charges are registered against the Company:

Date of creation	Chargee	Type of charge	Amount secured and assets charged
13 December 2021	Meif Wm Debt LP Acting by its General Partner Maven Meif (Wm) Gp (One) Limited	Fixed and floating charge	All assets and property of the Company
15 November 2011	HSBC Bank Plc	Fixed and floating charge	All assets and property of the Company

1 February 2011	HSBC Bank Plc	Legal assignment	All monies due or to become due from the Company to the chargeholder
11 May 2010	HSBC Invoice Finance (UK) Ltd	Fixed and floating charge	All assets and property of the Company

Details of any acquisition of business assets from an insolvency practitioner

- 2.52 The Joint Administrators confirm that the business, or business assets, of the Company were not acquired from an insolvency practitioner within the 24 months prior to our appointment.

3 MARKETING OF THE BUSINESS AND ASSETS

- 3.1 The marketing strategy was proportionate and was completed so as not to run the risk of devaluing the Company's assets for sale. Given the competitive nature of the market the Company operates in, it was crucial not to reveal the name of the Company at the initial stage of issuing a teaser/flyer to potentially acquisitive parties, as this would have significantly damaged the value of the assets available for sale, specifically the goodwill of the Company.
- 3.2 The proposed Joint Administrators placed a confidential advert in the following places:
- www.charlestaylor.co.uk – the website of Charles Taylor Auctioneers ("CT"), a trading style of CAM, an independent auctioneer and valuation agent.
 - www.cerberusam.com – the website of CAM.
 - www.leonardcurtis.co.uk – the website of Leonard Curtis
 - www.uk.businessesforsale.com – online marketplace advised by R3 (Association of Business Recovery Professionals).
- 3.3 In addition, a flyer was circulated to Leonard Curtis' database of contacts on 24 July 2023, which includes over 1,250 contacts made up of accountants, intermediaries, funders, investors and parties with a particular interest in opportunities such as this.
- 3.4 The marketing flyer was issued on 24 July 2023 and requested best and final offers by 12:00pm on 31 July 2023.
- 3.5 Interested parties were required to sign a non-disclosure agreement ("NDA") prior to accessing a sales pack for the business, which had been produced by Leonard Curtis. The sales pack held relevant information pertaining to the Company which any potential purchaser would need to offer for the Company's business and assets. As outlined above, it was essential to not disclose the Company's financial history and trading information without receipt of a valid NDA, in order to protect and preserve the Company's goodwill.
- 3.6 CAM received four requests for an NDA from unconnected interested parties. From those requests, four NDAs were signed and returned. The four parties were then provided with the sales particulars and sent a copy of the Company's sales pack. CAM also received a request from one connected party, following which a signed NDA was returned and the sales pack issued.

Outcome of Marketing

- 3.7 Of the four expressions of interest received, no unconnected parties submitted an offer by the deadline. A connected party, Halletts Spaces Ltd, expressed an interest and on 28 July 2023 submitted an offer in the sum of £75,000, in order to acquire the Company's business and assets as a whole.
- 3.8 Based on formal advice received from the Joint Administrators' agents, CAM, the offer from the Purchaser was accepted as it represented the best offer available in the timescale required.

- 3.9 It was considered that exposing the opportunity to acquire the business and assets of the Company would allow the open market to determine the best achievable price for assets. The marketing campaign aimed to broadcast the opportunity to acquire the business and assets to the open market, whilst maintaining costs at an appropriate level having regard to the estimated realisable value of the assets on offer and to not damage any estimated realisable value of those assets on an in-situ basis as a result.
- 3.10 The Joint Administrators considered that the period in which the business was marketed for sale to be proportionate to the Company's financial position, having due regard to the interests of creditors and are satisfied with the adequacy and independence of the marketing undertaken.

Rationale for Marketing Strategy

- 3.11 When determining the strategy for marketing the business and assets for sale, the following was considered:
- CAM have sector specific knowledge and experience in managing asset sales and is supported by a team of individuals certified by, and registered with, the Royal Institute of Chartered Surveyors ('RICS').
 - CAM have a nationwide presence and a significant and longstanding history of assisting insolvency practitioners with business and asset sales.
 - Charles Taylor is an auctioneer and valuation agent with a history of carrying out both asset-only sales and business and asset sales in conjunction with both directors and insolvency practitioners.
 - CAM frequently market business and asset sales through their website.
 - Leonard Curtis Recovery Limited is a leading national business solutions practice which has an established history of providing business acquisition opportunities to the open market.
 - UK businesses for sale is a web-based insolvency marketplace that specialises in matching potential buyers and funders to suitable business opportunities.
 - UK businesses for sale would provide a high level of exposure to applicable parties nationwide.
 - By advertising the business and assets in the manner set out above, the Joint Administrators anticipated the greatest level of exposure to potential interested parties.
- 3.12 The length of the marketing period in this case was determined by the following factors:
- Requirement to agree a sale as soon as possible and in any event by no later than 31 July 2023, given the requirement for the Company to rely on the financial support of HSBC and HIF in the period. The Company did not have the cash resources to trade the business beyond this date.
 - Advice from CAM recommending that seven days was sufficient to test the market in this scenario, given the timescale available to complete a sale following the deadline for best and final offers.
 - Typically, in these circumstances, any material interest in a company's business and assets is established within a matter of days and so it is not considered that advertising the business for longer than this period would create any more benefit or credibility to the marketing process, which was further confirmed by the low level of interest received.
 - The Company did not have sufficient cash reserves to continue ongoing trade for a prolonged period (as outlined above), nor to allow the Joint Administrators to trade in administration.
- 3.13 The Joint Administrators can confirm that in their opinion they consider that the marketing undertaken conformed with the marketing essentials set out in the Appendix to SIP16.

4 VALUATION OF THE BUSINESS AND ASSETS

- 4.1 CAM has knowledge and experience in managing asset sales and is supported by a team of individuals certified by, and registered with, the Royal Institute of Chartered Surveyors ('RICS'). On 19 July 2023, the Joint Administrators instructed CAM to prepare a valuation report on the Company's assets.

- 4.2 In accepting the instructions, CAM confirmed their independence to act and have confirmed that they hold the requisite level of professional and indemnity insurance.

The valuations obtained of the business or the underlying assets

Category of Asset	Note	Book Value £	Open Market (In-situ) (note 1) £	Open Market (Ex-situ) (note 2) £	Market Value (Ex-situ subject to marketing constraint) (note 3) £	Value Achieved £
Assets						
Plant and Machinery	1	53,536	8,700	4,000	1,900	8,500
Modular Buildings, including containers and domes	2	280,316	11,500	4,500	3,000	11,000
The Benefit of the equity (if any) in the leased Modular Buildings	3	68,133	8,000	4,000	2,000	8,000
Stock and Work-in-Progress	4	355,524	40,500	26,000	18,000	39,998
Intellectual Property and Goodwill	5	-	7,500	1,000	400	7,500
Seller's Records	6	-	-	-	-	1
The Benefit (subject to the burden) of the Business Contracts	7	-	-	-	-	1
Total		757,509	76,200	39,500	25,300	75,000

Note 1: Open Market (In-situ) – Assuming that all assets are sold together as a whole, in their existing location, as part of a sale as a going concern.

Note 2: Open Market (Ex-situ) – Assuming that assets are removed from their current location, at the expense of the Purchaser, also assuming a reasonable marketing period.

Note 3: Market Value (Ex-situ subject to marketing constraint) – Assuming that assets are removed from their current location, at the expense of the Purchaser, also assuming there is no reasonable marketing period.

Agents advised that a sale of the business as a going concern would, in the circumstances of this case, result in the best possible outcome for the Company's creditors and therefore provided the 'open market – in situ' value noted above. The 'open market' and 'market value – ex situ (marketing constraint)' value was provided as what the Joint Administrators could expect to achieve if a sale of the business was not possible and the assets had to be sold on a piecemeal basis.

Agents advised that the principle value was in the stock, however due to the minimal turnover, the costs of storage of these second-hand steel containers outweighed their forced sale value and they represented a liability unless they could be processed at a considerably faster rate, so a prompt sale of the assets was advised in this case.

An explanation of the sale of the assets compared to those valuations

1. Plant and Machinery ("P&M")

P&M has a carrying value of £53,536 in the Company's management accounts as at 28 February 2023. The equipment comprises of forklifts, generic building tools, other ancillary equipment as well as office furniture and equipment. CAM understood that these assets were owned by the Company and located at the trading premises.

CAM's valuation for this category is estimated based on the market conditions listed in the table above. The value attributed for this asset as part of the sale is broadly in line with the 'open market – in-situ' valuation provided by CAM.

2. Modular Buildings ("MB")

MB has a carrying value of £280,316 in the Company's management accounts as at 28 February 2023. The buildings consist of small containers that can be converted for the purpose of modern uses such as office spaces. CAM understands that these assets were owned by the Company and located at a separate trading premises to the registered office. CAM advised that the decrease from book value to market value, is attributed to the fact there is no business model in place for the MBs due to rental costs of the premises being significant, incurring a liability for the Company. CAM advised that the MBs has not been utilised for a long period of time and whilst being unused, were also deteriorating in condition.

CAM's valuation for this category is estimated based on the market conditions listed in the table above. The value attributed for this asset as part of the sale is broadly in line with the 'open market – in-situ' valuation provided by CAM.

CAM advised that the MB's were located at a separate trading premises and noted that the decrease in market valuation was due to the condition of the MBs, as over time they had rusted and damaged.

3. The Benefit of the equity (if any) in the leased Modular Buildings ("BOE")

BOE has a carrying value of £68,133 in the Company's management accounts as at 28 February 2023. This consists of a small modular building located at the Company's trading premises, that acts as an office space that the Company utilises. CAM advised that this asset is subject to Hire Purchase, and the asset relates to the available equity in the agreement.

The completed sale attributed a value of £8,000 for BOE, which included whatever right, title and interest, if any, over the building and the agreements. The value achieved for the sale of this asset is in line with the 'open market – in-situ' valuation provided by CAM.

4. Stock and Work in Progress ("WIP")

WIP has a carrying value of £355,524 in the Company's management accounts as at 28 February 2023. This consists of various raw materials located at one of the trading premises and work that the Company has already begun but which is incomplete. CAM advised that although the asset included incomplete work, the majority of the valuation was in relation to stock, which is owned by the Company. CAM advised that the decrease from the asset book value to market value was due to the condition of the stock, with many of the materials damaged and not suitable for commercial use. Furthermore, CAM advised that the costs for uplift and removal of the stock, would outweigh any benefit of an ex-situ sale.

CAM's valuation for this category is estimated based on the market conditions listed in the table above. The value attributed for this asset as part of the sale is broadly in line with the 'open market – in-situ' valuation provided by CAM.

5. Intellectual Property and Goodwill ("IP")

The Company did not capitalise IP in its accounts and so a book value could not be obtained.

The IP would have no value in a cessation of trade scenario as any value would be contingent on preserving the continuity of the business.

The completed sale attributed a value of £7,500 for IP, which included whatever right, title and interest, if any, over the company's trading names and intellectual property. The sale price met the high value attributed by CAM.

6. Seller's Records

The Company did not list this as an asset in its accounts and so a book value could not be obtained. This asset was included in the valuation of IP as outlined above, and has been allocated a separate category in the business and asset sale agreement at the request of the respective lawyers, and for the purpose of apportioning the assets included in the sale.

7. The benefit (subject to the burden) of the Business Contracts ("BC")

The Company did not capitalise BC in its accounts and so a book value could not be obtained.

This asset was included in the valuation of WIP as outlined above and allocated a separate category in the business and asset sale agreement at the request of the respective lawyers, and for the purpose of apportioning the assets included in the sale.

BC relates to ongoing contracts with customers that have been in place with the Company and receive regular work. The valuation includes any outstanding value in the contracts as well as any burden of liability that comes with the contract (subject to any insolvency or termination clauses).

If no valuation has been obtained, the reason for not having done so and how the administrator was satisfied as to the value of the assets.

Goodwill

- 4.3 The Company did not capitalise goodwill in its accounts and a valuation for goodwill was not obtained as part of the pre-pack administration process.
- 4.4 Being mindful of the Company's financial position and recent trading performance, the Joint Administrators were comfortable that the value of goodwill in this specific case, if any, would be derived as a result of a thorough marketing exercise as part of the pre-packaged administration sale, together with any resulting offers received for the business as a whole. As outlined above, goodwill was included in the category of IP, in the business and asset sale agreement at the request of the respective lawyers, and for the purpose of apportioning the assets included in the sale.
- 4.5 Furthermore, the Joint Administrators considered that the estimated costs of a formal instruction to an accountant or other appropriate professional to prepare a valuation of any goodwill for this purpose would not have provided value to the Company's creditors and would have been disproportionate to any benefit.

Business Contracts ("BC")

- 4.6 A formal valuation was not obtained by the Joint Administrators for BC. As outlined above, BC was included in the category of WIP, in the business and asset sale agreement at the request of the respective lawyers, and for the purpose of apportioning the assets included in the sale.
- 4.7 Furthermore, the Joint Administrators considered that the estimated costs of a formal instruction to an agent or other appropriate professional to prepare a valuation of any BC for this purpose would not have provided value to the Company's creditors and would have been disproportionate to any benefit.

Seller's Records ("SR")

- 4.8 A formal valuation was not obtained by the Joint Administrators for SR. As outlined above, SR was included in the category of IP, in the business and asset sale agreement at the request of the respective lawyers, and for the purpose of apportioning the assets included in the sale.
- 4.9 Furthermore, the Joint Administrators considered that the estimated costs of a formal instruction to an agent or other appropriate professional to prepare a valuation of any SR for this purpose would not have provided value to the Company's creditors and would have been disproportionate to any benefit.

5 THE TRANSACTION

- 5.1 The Joint Administrators were appointed on 2 August 2023, with a sale of the business and assets of the Company to Halletts Spaces Ltd completing on 2 August 2023, immediately following the Joint Administrators' appointment.
- 5.2 The Purchaser is a connected party by way of the common directorship and shareholding of Chris Jolly, who is a director and shareholder of the Company. It is also understood that the director, Paul Jolly, will be involved with the Purchaser on a consultancy level basis, going forward.
- 5.3 Consideration for the sale was £75,000 and is apportioned against the relevant asset categories as follows:

Asset Category	Value achieved (£)
Assets Subject to Fixed Charge	
Intellectual Property and Goodwill	7,500
Assets Subject to Floating Charge	
Modular Buildings, including containers and domes	11,000
The Benefit of the equity (if any) in the leased Modular Buildings	8,000
Stock and Work-in-Progress	39,998
Plant and Machinery	8,500
Seller's Records	1
The Benefit (subject to the burden) of the Business Contracts	1
Total	75,000

- 5.4 The sale consideration includes £75,000, payable in full, within seven days of the completed transaction. These funds were received in full on 8 August 2023.
- 5.5 The following assets were specifically excluded from the sale to the Purchaser:

- the Book Debts;
 - the Administrators' Records;
 - the VAT Records;
 - the Third Party Assets;
 - Director's loan account;
 - any ROT Assets;
 - any cash in hand or at any bank or other financial institution;
 - any real property owned, leased or used by the Seller including the Lease and the Property;
 - all policies of insurance and assurance and any actual or potential claim under such policies or similar contracts or in damages against any third party;
 - the benefit of any actual or potential claim, or right to make a claim, against any person (other than claims under the manufacturers or suppliers' warranties included in the Assets) including the proceeds of any litigation;
 - any shares or other securities owned by the Seller;
 - any motor vehicles owned or used by the Seller.
- 5.6 There were no buy-back arrangements, options, or similar conditions attached to the contract of sale.
- 5.7 A personal guarantee and indemnity was provided by Chris Jolly, a director and shareholder of the Purchaser.
- 5.8 CAM advised that all stock is owned by the Company. However, whilst the Joint Administrators sell whatever right, title and interest the Company has in its stock, it is at the Purchaser's risk to deal with any retention of title stock following the sale.
- 5.9 An anti-embarrassment clause has been inserted into the contract of sale. Should any assets purchased within the sales agreement be sold or disposed of by the Purchaser within 12 months of the sale agreement ("Review period"), then the Purchaser must pay the Joint Administrators a sum equal to 20% of the 'Balance of Proceeds,' which equals the sale proceeds minus the purchase price.
- 5.10 There are no other terms of the sale that could materially affect the asset consideration.
- 5.11 As is the case here, the Joint Administrators cannot complete a sale unless the connected party purchaser obtains a qualifying report from an Evaluator, or the Company's creditors approve the sale. The director's connection to the Purchaser is outlined earlier in this report and outlined at paragraph 5.2 above.
- 5.12 The Purchaser obtained an Evaluator's Report. The Evaluator has confirmed that he is satisfied that the sale consideration to be provided, commercial terms, and the grounds for the sale are reasonable in the circumstances. A copy of the Evaluator's Report is attached to this statement at Appendix C.
- 5.13 The director of the Purchaser has confirmed that he has personal guarantees with the following finance providers of the Company:
- Meif (Wm) Gp (One) Limited
 - Iwoca Business Loans
 - HSBC Bank Plc
- 5.14 The Joint Administrators are not aware of any other personal guarantees in place with any other finance provider.

Viability Statement

- 5.15 The Purchaser was asked to prepare a formal viability statement stating how the purchasing entity will survive for at least 12 months from the date of the proposed purchase. However, we are aware that only confirmation that the Purchaser could pay the deferred consideration within the agreed timescales, was provided to the Evaluator.
- 5.16 A copy of the viability statement has been requested for the purpose of this report but has not yet been provided.
- 5.17 The Joint Administrators can advise that the information was reviewed by the Evaluator as part of the request by the Purchaser for the Evaluator's Report, and the Joint Administrators understand that the associated forecasts in respect of the deferred consideration were prepared and substantiated by the Purchaser's accountants, CLG Accountants and Business Advisors.

6 STATUTORY PURPOSE OF ADMINISTRATION

- 6.1 The Joint Administrators must perform their functions with the objective of:
- (a) Rescuing the Company as a going concern, or (if this cannot be achieved)
 - (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 (if (a) and (b) cannot be achieved)
 - (c) Realising property in order to make a distribution to one or more secured or preferential creditors.
- 6.2 As mentioned previously, the Joint Administrators are obliged to perform their functions in the interests of the Company's creditors as a whole and, where the objective of the administration is to realise property in order to make a distribution to secured or preferential creditors (including secondary preferential creditors), they have a duty not to unnecessarily harm the interests of the creditors as a whole.
- 6.3 In this instance, objective (a) was not considered achievable given the level of the historic liabilities of the Company.
- 6.4 Objective (b) is, however, considered achievable as the administration has enabled a sale without disruption, which would otherwise have impacted on the continuity of trade and potentially negatively impacted upon realisations, but it is not being pursued as the sale is unlikely to result in a distribution to unsecured creditors.
- 6.5 Objective (c) has been achieved by the Joint Administrators in this case as the sale to the Purchaser has resulted in the realisation of assets subject to the fixed charge security. The funds realised will be distributed as appropriate, following the sale under the terms of the fixed charge security.
- 6.6 The Joint Administrators confirm that, in their opinion, the transaction will enable the statutory purpose to be achieved and that the sale price achieved was the best reasonably obtainable in all the circumstances.

APPENDIX B

PRIVACY NOTICE

Information we collect and hold about you

By requesting details of your claim in this insolvency, we may collect Personal Data from you, particularly if you are a consumer creditor, a sole trader or are lodging a claim in your personal capacity.

Personal Data is information relating to a living individual. Whenever Personal Data is processed, collected, recorded, stored or disposed of it must be done within the terms of the General Data Protection Regulation ("the GDPR"). Examples of Personal Data include but may not be limited to your name, address, telephone number and email contact details.

If you do not provide us with the information we require, this may adversely affect our ability to deal with your claim, but we would ask you not to submit more Personal Data than we request from you.

Legal justification for processing your Personal Data

The processing of your Personal Data by us is necessary to enable us to comply with legal obligations under the Insolvency Act 1986 and associated legislation which we are subject to as Insolvency Practitioners.

How we use your information

All information you supply to us is required to enable us to comply with our duties under the Insolvency Act 1986 and associated legislation. It will be used to enable us to assess the extent of the insolvent entity's liabilities, to allow you to vote on any decision procedures, to enable us to communicate with you, to process your claim and to pay any dividends which may be due to you from the insolvent estate.

Who we share your information with

We may be required to share some of your Personal Data with other creditors. The data which will be shared with other creditors will be limited to that specifically required to be disclosed under insolvency legislation.

We may share some of your information with our Data Processors. Data Processors include solicitors, accountants and employment law specialists who assist us with our duties where required. We will only share your information with our Data Processors if we require their specialist advice. All of our Data Processors are subject to written contracts with us to ensure that your Personal Data is processed only in accordance with the GDPR.

How long will we hold your Personal Data for?

We will need to hold your Personal Data for a period of time after the insolvency has been concluded. This is to enable us to deal with any queries which might arise. Our Records Management Policy requires us to destroy our physical files 6 years after closure of the case. Electronic data files will be removed from our Case Management System 6 years after conclusion of the case but may be held on our server for a longer period of time but with restricted access.

Your rights in respect of your Personal Data

You have the right to request access to your Personal Data and to require it to be corrected or erased. You also have the right to request a restriction in the way we process your Personal Data or to object to its processing. You should be aware however that we may not be able to comply with your request if this would affect our ability to comply with our legal obligations.

You have the right to Data Portability. This is a right to have the Personal Data we hold about you to be provided to you in a commonly used and machine-readable format so that you can transfer that Data to another organisation in a way that is not too onerous to upload the Data.

Your right to complain

You have the right to be confident that we are handling your Personal Data responsibly and in line with good practice. If you have a concern about the way we are handling your Personal Data you should contact our Privacy Manager in the first instance.

If you are unable to resolve your concerns with us, you have the right to complain to the Information Commissioners' Office. The Information Commissioner can be contacted at Wyldiffe House, Water Lane, Wilmslow, Cheshire SK6 5AF or on 0303 123 1113.

Contacting us

If you have any questions relating to the processing of your Personal Data, please write to our Privacy Manager at Leonard Curtis, 5th Floor, Grove House, 248A Marylebone Road, London NW1 6BB Alternatively our Privacy Manager can be contacted by telephone on 0207 535 7000 or by email: privacy@leonardcurtis.co.uk.

Data Controller: LEONARD CURTIS

EVALUATOR'S REPORT



EVALUATOR'S REPORT

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

Halletts Group Ltd

Date of Report: 02 August 2023

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

Company Number 13288603

Kevin Murphy
kevin@compassvaluatorreports.co.uk



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HALLETT'S GROUP LTD – Evaluator Report

Contents & Abbreviations

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1	Introduction and Background
2	Executive Summary
3	The Requirements for Acting as Evaluator
4	The Connected Persons ¹
5	The Relevant Property
6	The Evaluator's Decision
7	Information Relied Upon
8	Previous Evaluator Reports

Appendices

Appendix I	Evaluator Bio
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The following abbreviations or references are used in this report:

The Act	The Insolvency Act 1986 (as amended)
The Regulations:	The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021. Unless otherwise stated, any reference to 'Regulation' within this document is a reference to this legislation.
The Company:	Halletts Group Ltd
Substantial disposal:	This has the meaning given to it in Regulation 3, i.e., a disposal, hiring out or sale to one or more connected persons during the period of 8 weeks beginning with the day on which the Company enters administration of what is, in the administrator's opinion, all or a substantial part of the company's business or assets and includes a disposal which is effected by a series of transactions.
Relevant property:	This means the property being disposed of, hired out or sold as part of the substantial disposal as defined in Regulation (See Section 5)
Connected Person(s):	As defined in paragraph 60A (3) of Schedule B1 of the Act. (See Section 4.)
Proposed Administrators:	Conrad Beighton and David Griffiths from Leonard Curtis Business Solutions Group who are licenced Insolvency Practitioners, authorised and regulated by the 'CAIWF'.
Valuation agents:	Andrew W Roe BSc (Eng) from Corkerus Asset Management – an industry specialist valuation and asset realisation business – valued the Company assets. The valuation agents possess the requisite knowledge of the market for the type of asset being valued and the skills and understanding necessary to undertake the valuation competently.
Purchaser:	Halletts Spaces Ltd
Secured Creditors:	HSBC Invoice Finance (UK) Ltd, HSBC Bank PLC and Merrill WM Debt Lp (Maven).
TUPE	Transfer of Undertaking (Protection of Employment) Regulations 2006.

HALLETT'S GROUP LTD - Evaluator Report

1. INTRODUCTION AND BACKGROUND

- 1.1. I, Kevin Murphy, Managing Director of Compass Evaluator Reports Limited, confirm that I meet the requirements for acting as an Evaluator specified in Part 3 of the Regulations.
- 1.2. This report has been requested by the Purchaser (via Christopher Paul Jolly as director). The Purchaser is considered a connected person in relation to the substantial disposal of the Company.
- 1.3. I am required to determine whether I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.
- 1.4. The Company was incorporated in 1993, and operated in the haulage sector, as well as modular buildings, portable cabins and shipping containers. The Company was historically profitable but has experienced several challenges in recent years. The haulage side of the business has faced increased fuel costs, driver wage increases and lack of drivers to run vehicles which had heavy HP repayments on them. The Company also suffered a significant bad debt when a customer went into an insolvency process which adversely affect the Company's cash flow. The directors sought professional advice on the options available.
- 1.5. The Company is currently unable to pay its debts as and when they fall due and the directors of the Company have concluded that the Company is no longer able to continue trading as a going concern. A Notice of Intention to Appoint an Administrator has been filed in Court and the appointment of the Proposed Administrators is imminent.
- 1.6. The Proposed Administrators and their valuation agents have been seeking to maximise realisations from the assets of the Company and maximise the funds available to creditors of the Company. Whilst the opportunity to acquire the business and assets has been marketed for sale, one offer – from a Connected Person – has been recommended for acceptance by the valuation agents as being in the interests of creditors.

2. EXECUTIVE SUMMARY

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

CASE MADE

I **AM SATISFIED** that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

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

HALLETTS GROUP LTD – Evaluator Report

3. THE REQUIREMENTS FOR ACTING AS EVALUATOR

- 3.1 I confirm that I meet the requirements for acting as an Evaluator set out in Part 3 of the Regulations.
- 3.2 I am satisfied that I have the relevant knowledge and experience required to act as Evaluator and I include a summary of my qualifications and experience at Appendix 1.
- 3.3 The Proposed Administrators have not raised any objections to my suitability as an Evaluator.
- 3.4 I confirm that I meet the requirements of independence within Regulation 12, as follows:
- I am not connected with the Company;
 - I am not an associate of the connected person or connected with the connected person;
 - I do not know of or have reason to believe that I have a conflict of interest with respect to the substantial disposal;
 - I have not, at any time during the period of 12 months ending with the date on which this report is made provided advice to, and in respect of, the Company or a connected person in relation to the Company:
 - In connection with, or in anticipation of, the commencement of an insolvency procedure under Parts A1 to 5 of the Act, or
 - In relation to corporate rescue or restructuring.
- 3.5 I am not excluded from acting as an Evaluator for any of the reasons outlined in Regulation 13.
- 3.6 I confirm that I meet the requirements as to insurance specified in Regulation 11.
- 3.7 Details of the professional indemnity insurance for Compass Evaluator Reports Limited are as follows:
- Axa Insurance Plc.
 - Policy number AC SPI 4331301.
 - Expiry date 22 August 2023
 - Professional indemnity cover limit of £1,000,000 for any one claim.
 - Risks covered: Misc Professional Indemnity breach of professional duty
 - Exclusions from cover: Misc to include Directors' and Officers' liabilities, deliberate acts and omissions, virus exclusion, dishonesty, and fraud. (Full details available on request.)

4. THE CONNECTED PERSON(S)

- 4.1 Connected persons include the following:

Name of connected person	Nature of the connection
Halletts Spaces Ltd	Purchaser
Christopher Paul Jolly	Director and shareholder of both the Purchaser and the Company.
Fau Albert Jolly	Director of the Company and will have an advisory role at the Purchaser, and is the father of Christopher Paul Jolly.

HALLETTS GROUP LTD – Evaluator Report

5. THE RELEVANT PROPERTY

- 5.1. The assets being sold are considered to constitute a substantial disposal and they have been professionally valued by the Proposed Administrator's appointed valuation agents.
- 5.2. The Purchaser is acquiring the following assets:
- Stock (subject to retention of title claims) and work in progress
 - Goodwill (including IPR, Business name, brands, and website)
 - Plant and equipment, vehicles, fixtures and fittings, office furniture
 - Modular buildings
 - Equity (if any) in modular buildings
- 5.3. Total consideration is stated to be £75,000 payable in full within 7 days of completion. The consideration has been personally guaranteed by the director of the Purchaser pending receipt of the funds.
- 5.4. The offer excludes book debts which are charged to the Secured Creditor (HSBC) which are significant assets – c£90K - of the Company. The collection of the debtors will reduce the sums owing to the secured creditor, and any equity will be available to the Proposed Administrators.
- 5.5. The offer excludes any recovery under the director's loan account.
- 5.6. Title will remain with the Company until full payment has been received.

6. THE EVALUATOR'S DECISION

- 6.1. In accordance with Regulation 7, I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.
- 6.2. My principal reasons for this opinion are as follows:
- 6.2.1. The assets have been professionally valued by the Proposed Administrator's appointed valuation agents, who possess the requisite knowledge of the market for the type of asset being valued. The offer has been recommended for acceptance by the valuation agents. The valuation agents are recognised professionals in the industry and are regulated by the industry professional bodies.
- 6.2.2. The Proposed Administrators and the valuation agents have been seeking to maximise realisations from the Company assets. The Proposed Administrators and their valuation agents have carried out a marketing exercise in relation to the business and assets in accordance with the guidance issued in SP 16. In the timescale available to the Proposed Administrators, necessitated by the Company financial position and the need to provide certainty to all stakeholders, an offer has been received - from a connected party - which is considered the best achievable in the circumstances by the valuation agents and the Proposed Administrators.
- 6.2.3. The consideration offered for all the assets is in excess of the valuation agents' opinion of the market value of the assets on an ex-situ / cessation of trading basis, but prior to any costs of sale, and is in line with the in-situ valuation. In the event of a piecemeal disposal of all assets, the realisations from all categories of assets would be reduced. The proposed connected party sale therefore provides for better realisations than would be the case on a break-up. Based on a review of the Proposed Administrators Estimated Outcome Statement, the connected party deal

HALLETT'S GROUP LTD - Evaluator Report

provides a better outcome for the secured and preferential creditors, as well as the employees, finance creditors and the landlords.

- 6.2.4 The 11 employees associated with the business being acquired will transfer under TUPE to the Purchaser, avoiding a significant claim (est £600K) against the National Insurance Fund.
- 6.2.5 The alternative to the current sale is for the assets to be sold piecemeal at auction and for the Company to be placed into liquidation. That will however result in a significant reduction in value for the business and assets of the Company, given the nature of the Company activities, and will also lead to increased hiring and disposal costs, and increased claims against the Company.
- 6.2.6 The offer excludes back debts which are a substantial asset of the Company and continuity of operations going forward will maximise recoveries and will allow for the maximum recovery for the Secured Creditor (HSBC Invoice Finance (UK) Ltd) and any equity will be made available to the Proposed Administrators. The debtor's ledger will be collected with assistance (if necessary) being provided by the Purchaser. Continuity of trading will best maximise the realisations from the Company debtor book.
- 6.2.7 The Purchaser will continue to occupy the Company trading premises and, in the process, look to mitigate a claim from the landlord in respect of rent and dilapidations.
- 6.2.8 By continuing to use the Company's financed assets, this should mitigate a potential shortfall which would otherwise be a creditor of the Company and increase creditor claims.
- 6.2.9 As the consideration is all payable within 7 days of completion, I have been provided with projections for the Purchaser which indicates that the Purchaser should be viable and able to meet the deferred consideration payments. The deferred consideration has also been secured by way of a personal guarantee from the director of the Purchaser which is necessary in my view in the event that the Purchaser is not able to meet the deferred consideration payments.
- 6.2.10 The Purchaser is going to have external investment and will only be 50% owned by the former owner of the Company. The Purchaser has indicated that it will look to restructure the haulage and operate a subcontractor model which should be more profitable, and will also look to operate with a reduced stock holding and will look to take out insurance to protect against larger cabin projects going forward so it is protected from any potential bad debts in the future.
- 6.2.11 I offer no opinion on the viability of the Purchaser.

7. INFORMATION RELIED UPON

7.1. In forming my opinion, I have relied on my discussions with, and information provided by, the connected persons, the Proposed Administrators, and the valuation agents instructed by the Proposed Administrators. This includes the following:

- Compass Evaluator Reports application/information request form
- Valuation report from the agents
- Offer
- Recommendation from the agents
- Company financial information
- Financial information for the Purchaser
- Correspondence with the Proposed Administrators

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- Estimated Outcome Statement and note from the Proposed Administrators to the Secured Creditor.
- The Company's Website

7.2. I have also relied on information freely available in the public domain.

7.3. I have relied upon the accuracy of the information as provided to me in forming my opinion. I have not carried out an audit or other verification of the information received. The Proposed Administrators are licensed Insolvency Practitioners with legal duties and obligations to creditors and their regulatory body, as such the decision whether to enter into the sale is for them to determine. As such, I offer no opinion on the decision to enter into the sale.

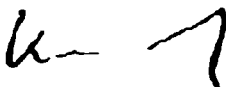
7.4. In addition to the sale of the business and assets, the Proposed Administrators have investigative powers available to them post appointment that may further enhance asset realisations.

7.5. The extent of my work is limited to providing the opinion specified in the Executive Summary.

8. PREVIOUS EVALUATOR REPORTS

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

For and on behalf of
Compass Evaluator Reports Limited



Kevin Murphy
Evaluator

Date: 02 August 2023

HALLETT'S GROUP LTD – Evaluator Report

APPENDIX I

EVALUATOR BIO: KEVIN MURPHY

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

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

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

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

For more information, please visit <https://compass-evaluation-reports.co.uk/>

NOTICE OF AN INVITATION TO CREDITORS TO FORM A CREDITORS' COMMITTEE

In the:	HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN BIRMINGHAM - COMPANY & INSOLVENCY LIST (CHD)	No:	CR-2023-BHM-000407
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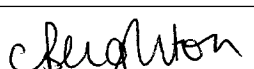
Re:	HALLETTS GROUP LTD (IN ADMINISTRATION)
Previous Name:	HALLETTS BIRMINGHAM LTD
Registered No:	02786496

Address of Company	337 Tanworth Road, Shirley, Solihull B90 4DU
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NOTICE IS HEREBY GIVEN, IN ACCORDANCE WITH PARAGRAPH 57 OF SCHEDULE B1 TO THE INSOLVENCY ACT 1986, RULE 3.39 AND PART 17 OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016, THAT creditors are invited to decide whether a creditors' committee should be established if sufficient creditors are willing to be members of that committee. Conrad Beighton and David Griffiths invite creditors to put forward their nominations for membership of the committee. Such nominations must be received by the date specified in this notice. The Joint Administrators can only accept nominations if they are satisfied as to the creditors' eligibility under Rule 17.4 of the Insolvency (England and Wales) Rules 2016.

Nominations must be received by:
and should be delivered to:

11 September 2023
Conrad Beighton and David Griffiths
Cavendish House
39-41 Waterloo Street
Birmingham
B2 5PP
Tel: 0121 200 2111
Email: recovery@leonardcurtis.co.uk

Signed:		Dated:	18 August 2023
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Creditors are referred to section 1.12 of this report for a link to guidance for creditors as to the roles, duties and responsibilities of members of creditors' committees.

Under Rule 17.4, a creditor is eligible to be a member of such a committee if they have proved for a debt, which is not fully secured, and the proof has not been wholly disallowed for voting purposes or rejected for the purposes of distribution or dividend. A body corporate may be a member of a committee, but it cannot act otherwise than by a duly appointed representative. No person can be a member as both a creditor and a contributory.