

AM03

Notice of administrator's proposals



Companies House

For further information, please
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1	Company details	
Company number	0 2 9 7 0 0 0 4	→ Filling in this form Please complete in typescript or in bold black capitals.
Company name in full	DE Realisations 2024 Limited (formerly known as Drurys Engineering Limited)	
2	Administrator's name	
Full forename(s)	Richard John	
Surname	Harrison	
3	Administrator's address	
Building name/number	c/o Interpath Ltd	
Street	10th Floor, One Marsden Street	
Post town	Manchester	
County/Region		
Postcode	M 2 1 H W	
Country		
4	Administrator's name ①	
Full forename(s)	Howard	① Other administrator Use this section to tell us about another administrator.
Surname	Smith	
5	Administrator's address ②	
Building name/number	c/o Interpath Ltd	② Other administrator Use this section to tell us about another administrator.
Street	10th Floor, One Marsden Street	
Post town	Manchester	
County/Region		
Postcode	M 2 1 H W	
Country		

AM03

Notice of Administrator's Proposals

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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

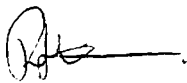
^① As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)

8

Sign and date

Administrator's
Signature

Signature

X**X**

Signature date

^d

2

^d

8

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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 Rachel Narraway

Company name Interpath Ltd

Address 5th Floor, 130 St Vincent Street

Post town Glasgow

County/Region

Postcode G 2 5 H F

Country

DX

Telephone Tel +44 (0) 113 521 7510



Checklist

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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.



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This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Joint Administrators' proposals

DE Realisations 2024 Limited (formerly
Drurys Engineering Limited) - in
Administration

28 March 2024

Deemed delivered: 3 April 2024

Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 8).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, www.ia-insolv.com/case+INTERPATH+DO31194449.html.

We hope this is helpful to you.

Should you require a hard copy of this report or other document available on the insolvency portal, please contact Tom Kershaw at Interpath Advisory, 5th Floor, 130 St Vincent Street, Glasgow G2 5HF, United Kingdom, or DrurysEngineering@interpathadvisory.com

Please also note that an important legal notice about this statement of proposals is attached (Appendix 9).

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1 Executive summary

The Pexion group (the 'Group') operates in the precision and electrical engineering market and has exposure to a number of sectors, including aerospace, automotive, medical and general industrial sectors. The Group consists of a parent company, Pexion Limited, and 14 trading subsidiaries. For the year ended 31 December 2021, the Group recorded turnover of £41.3 million (Section 3 - Background and events leading to the administration).

DE Realisations 2024 Limited (formerly Drurys Engineering Limited) - in Administration ('DEL' or the 'Company') was incorporated in 1994 and acquired by Pexion in 2012. The Company manufactures precision engineered products and has experience working with a wide range of metals and polymers, with annual turnover of approximately £4.0 million (Section 3 - Background and events leading to the administration).

Following a review of the short-term cash flow forecast in January 2024, Management raised concerns over the medium-term financial viability of the Group. This was due to a series of missed customer orders and significant supplier pressure, resulting in a number of suppliers putting the Company onto proforma payments. In response, the Group engaged Interpath in February 2024 to support it with an options process. When a solvent solution could not be found, they took steps to seek the appointment of administrators (Section 3 - Background and events leading to the administration).

On 19 March 2024 (the 'Appointment Date'), Richard Harrison and Howard Smith ('we', 'our' the 'Joint Administrators') were appointed Joint Administrators of the Company by the Directors of the Company (Section 3 - Background and events leading to the administration).

Immediately following appointment, the Joint Administrators successfully concluded a pre-packaged sale of the Company's business and certain assets to Amcomri 19 Limited (the 'Purchaser') for total consideration of £0.7 million (the 'Sale'). All 34 of the Company's employees transferred to the Purchaser as part of the sale. In addition, a licence to occupy the Company's leasehold premises also granted to the Purchaser for six months (Section 4 - Strategy and progress of the administration to date).

Assets excluded from the Sale included but were not limited to debtors and cash at bank. Our strategy will focus on realising all remaining assets whilst attending to statutory matters (Section 4 - Strategy and progress of the administration to date).

HSBC Invoice Finance (UK) Limited (HSBC IF) provided certain members of the Group with invoice financing facilities pursuant to various debt purchase agreements or agreements relating to receivables financing dated on or around 28 September 2021, and benefits from legal assignments of the debtor books of those Group entities, including the Company. As at the date of appointment, HSBC IF's funds in use with respect to the Group's facility was approximately £5.5 million. The Company's HSBC IF book debt ledger has been novated to the Purchaser (Section 5 - Dividend prospects).

HSBC provided a revolving credit facility to the Group and, in March 2021, provided an additional CBILS loan to support the Group through the COVID-19 pandemic. At appointment, the Group's indebtedness totalled approximately £11.0 million and £4.1 million in relation to these two HSBC products respectively. HSBC also provided the Group with a mortgage facility that totalled approximately £0.2 million. Based on

current estimates, we anticipate that HSBC ought to receive a dividend, the quantum and timing of which has yet to be determined (Section 5 - Dividend prospects).

Per the Director's Statement of Affairs, we anticipate that there will be no ordinary preferential claims in the administration (Section 5 - Dividend prospects).

According to the Directors' Statement of Affairs, the estimated value of secondary preferential claims is £524,917. Based on current estimates, we anticipate that secondary preferential creditors should receive a dividend, the quantum and timing of which has yet to be determined (Section 5 - Dividend prospects).

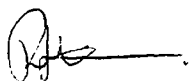
Based on the Directors' Statement of Affairs, the estimated value of unsecured claims was £466,364 at the date of appointment. Based on current estimates, it is highly unlikely that there will be a dividend to unsecured creditors (Section 5 - Dividend prospects).

We intend to seek approval of the Joint Administrators' proposals by way of deemed approval, with no requirement to seek deemed consent or use a decision procedure as current estimates indicate that the Company has insufficient property to enable a distribution to unsecured creditors (Section 7 - Approval of proposals).

We will seek approval of our remuneration on a time costs basis (in accordance with our fees estimate in Appendix 3) and pre-administration costs (detailed in section 8) from the secured and preferential creditors in due course (Section 8 - Joint Administrators' remuneration, expenses and pre-administration costs).

We anticipate that the most likely exit route will be via dissolution (Section 9 - Ending the administration).

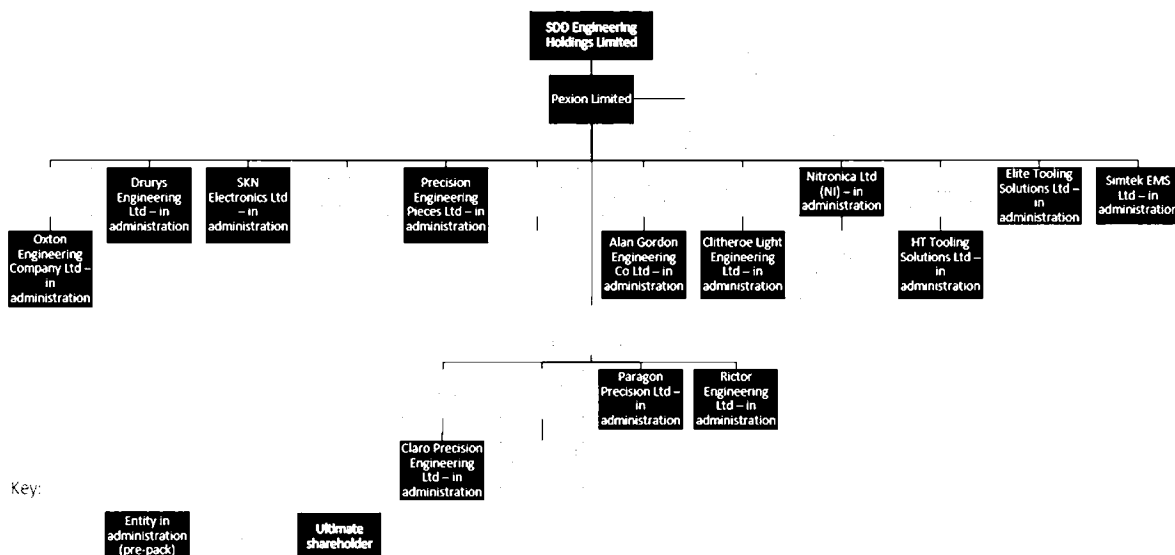
This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 9 together with all relevant statutory information included by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.



Richard Harrison
Joint Administrator

2 Group structure

The below diagram details the entities with the Group as at the date the Company entered administration.



DE Realisations 2024 Limited (formerly Drury's Engineering Limited) – in administration ('DEL' or the 'Company')

The Company was incorporated on 21 September 1994 and acquired by Pexion in 2012. DEL manufactures precision engineered products and has experience working with a wide range of metals and polymers.

Richard Harrison and Howard Smith were appointed Joint Administrators of DEL on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of DEL was completed on 19 March 2024 to Amcomri 19 Limited.

Pexion Limited – in administration ('Pexion')

Pexion was incorporated on 1 July 1986 and operates in the engineering market and has exposure to the aerospace, automotive, medical and general industrial sectors. Pexion is based in Chorley has 14 trading subsidiaries detailed below. The Group is wholly owned by SDD Engineering Holdings Limited ('SDD') (formerly called RDCP Investments 13 Limited).

Richard Harrison and Howard Smith were appointed Joint Administrators of Pexion on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of certain

assets of the Company was completed on 19 March 2024 to Triples Apparel Limited. The Joint Administrators made 13 of the Company's 14 employees redundant on appointment.

Alan Gordon Engineering Co Limited - in administration ('AGE')

AGE was incorporated on 19 March 1987 and acquired by Pexion in 2019. AGE is based in Chorley and provides CNC precision engineering services, supplying components for the packaging, industrial, scientific and hydroelectric power sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of AGE on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of AGE was completed on 19 March 2024 to Triples Apparel Limited and E Service Engineering Ltd.

CPEL Realisations Limited (formerly Claro Precision Engineering Limited) - in administration ('CPE')

CPE was incorporated on 20 June 1978 and acquired by Pexion in 2016. CPE is based in Knaresborough and manufactures precision machining parts and provides CNC milling and turning to its customers. CPE supplies into the Industrial, Marine, Scientific and Medical sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of CPE on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of CPE was completed on 19 March 2024 to Amcomri 18 Limited.

CLEL Realisations Limited (formerly Clitheroe Light Engineering Limited) - in administration ('CLE')

CLE was incorporated on 8 October 2001 and acquired by Pexion in 2019. CLE is based in Clitheroe and provides high quality precision machined parts to global customers in the mining, packaging and industrial sectors. CLE's production is supported by in-house 3D modelling and simulating software.

Richard Harrison and Howard Smith were appointed Joint Administrators of CLE on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of CLE was completed on 19 March 2024 to Bryden Ventures Engineering Ltd.

Elite Tooling Solutions Limited - in administration ('ETS')

ETS was incorporated on 1 April 2015 and acquired by Pexion along with HTTS in 2018. ETS is based in Manchester and provides design, manufacture and validation of plastic mould solutions to the industrial and medical sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of ETS on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of ETS was completed on 19 March 2024 to Triples Apparel Limited and E Service Engineering Ltd.

HT Tooling Solutions Limited - in administration ('HTTS')

HTTS was incorporated on 10 April 1991 and acquired by Pexion along with Elite Tooling Solutions Limited in 2018. HTTS provides design, manufacture and validation of plastic mould solutions to OEMs, primarily within the medical, industrial, packaging and automotive sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of HTTS on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of HTTS was completed on 19 March 2024 to Triples Apparel Limited and E Service Engineering Ltd.

Nitronica Limited – in administration ('Nitronica')

Nitronica was incorporated on 8 November 2002 and acquired by Pexion in 2019. Nitronica is based in Ballynahinch and supplies electronics, from design through to manufacture. Using advanced technology, Nitronica is able to provide a range of services, from basic cable assembly to complex electro-mechanical builds. Nitronica supplies into the Oil & Gas, Aerospace, Security, Industrial and Medical sectors.

Stuart Irwin and Richard Harrison were appointed Joint Administrators of Nitronica on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of Nitronica was completed on 19 March 2024 to Hinchtech Limited.

Oxton Engineering Company Limited – in administration ('OEL')

OEL was incorporated on 6 June 1979 and acquired by Pexion in 2017. OEL is based in Birkenhead and provides precision engineered components and clean room assembly, working with customers from prototype through to manufacture. OEL supplies into the Industrial, Scientific, Packaging and Aerospace sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of OEL on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of OEL was completed on 19 March 2024 to Triples Apparel Limited and E Service Engineering Ltd.

Paragon Precision Limited - in administration ('PPL')

PPL was incorporated on 16 July 1987 and acquired by Pexion in 2013. PPL is based in Hull and supplies high quality sheet metal solutions from design using 3D CAD software, through to manufacture. PPL supplies into the Leisure, Industrial and Oil & Gas markets sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of PPL on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of PPL was completed on 19 March 2024 to Triples Apparel Limited and E Service Engineering Ltd.

Phasa Limited – in administration ('Phasa')

Phasa was incorporated in 2007 and acquired by Pexion in 2018. Phasa is based in Newmarket and manufactures electrical parts and components primarily used in the automotive sector.

Richard Harrison and Howard Smith were appointed Joint Administrators of Phasa on 19 March 2024. The Company's six employees were made redundant immediately after the appointment of the Joint Administrators.

Precision Engineering Pieces Limited - in administration ('PEP')

PEP was incorporated on 16 April 1980 and acquired by Pexion in 2017. PEP is based in Tewkesbury and supplies high quality sheet metal solutions, from design using 3D CAD through to manufacture. PEP supplies into the Security, Scientific and Transport sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of PEP on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of PEP was completed on 19 March 2024 to Geometric Manufacturing Limited.

Rictor Engineering Limited – in administration ('REL')

REL was incorporated on 12 April 1984 and acquired by Pexion in 2016. REL supplies high quality sheet metal components and assemblies, from design through to manufacture. REL supplies into the Food & Drink, Industrial and Transport sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of REL on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of REL was completed on 19 March 2024 to Triples Apparel Limited and E Service Engineering Ltd.

SKN Electronics Limited – in administration ('SKN')

SKN was incorporated on 21 April 1986 and acquired by Pexion in 2017. SKN is based in Birmingham and provides high quality electronic component services, including assembly, box build and coating. SKN supplies into the Integrator, Telecommunications and Industrial sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of SKN on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of SKN was completed on 19 March 2024 to Triples Apparel Limited and E Service Engineering Ltd.

Simtek EMS Limited – in administration ('Simtek')

Simtek was incorporated on 17 January 2003 and acquired by Pexion in 2019. Simtek manufactures electronic products to a broad range of industries, including medical, marine and automotive as well as the production of battery power packs for a variety of industries and market sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of Simtek on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of Simtek was completed on 19 March 2024 to Westwood EMS Limited.

Other Group entities

There are a number of entities within the Group that are either dormant or non-trading parent entities. These entities are not in administration.

3 Background and events leading to the administration

3.1 Background information

DE Realisations 2024 Limited (the 'Company') was incorporated on 21 September 1994 and manufactures precision engineered products and has experience working with a wide range of metals and polymers.

Per Management accounts for the year ended 31 December 2023, the Company recorded turnover of £4.0 million and an operating profit of £0.4 million.

The Company traded from a leasehold property at 21 Knowl Piece, Wilbury Way, Hitchin, SG4 0TY (the 'Property').

At the date of our appointment, the Company had 34 employees.

3.2 Funding and financial position of the Company

Per the latest filed accounts for the year ended 31 December 2021, the Group had a reported turnover of £41.3 million, with an operating profit of £0.9 million.

A Statement of Profit and Loss and a Balance Sheet for the Company and Group are included below.

DE Realisations 2024 Limited				Group		
	12 months ended 31 December 2023	12 months ended 31 December 2022	12 months ended 31 December 2021	12 months ended 31 December 2023	12 months ended 31 December 2022	12 months ended 31 December 2021
Statement of Profit and Loss						
Turnover	3,988,490	3,646,535	3,356,386	50,000,724	44,280,287	41,301,841
Cost of Sales	(2,633,807)	(2,422,397)	(2,171,215)	(38,284,791)	(31,750,133)	(29,240,568)
	1,354,683	1,224,138	1,185,171	11,715,933	12,530,154	12,061,273
Distribution Costs	-	(18,832)	(11,687)	-	-	-
Administrative Expenses	(913,090)	(1,139,292)	(1,086,800)	(8,309,466)	(11,868,852)	(11,325,133)
Other Operating Income	-	-	412,513	-	117,568	198,057
Interest Payable	-	(28,648)	(23,395)	-	-	-
Exceptional Expenses	-	-	-	-	(127,978)	(564,340)
	441,593	37,366	475,802	3,406,467	650,892	369,857

Source: FY21 audited accounts, FY22 unaudited accounts and December 2023 management accounts

DE Realisations 2024 Limited				Group		
	12 months ended 31 December 2023	12 months ended 31 December 2022	12 months ended 31 December 2021	12 months ended 31 December 2023	12 months ended 31 December 2022	12 months ended 31 December 2021
Balance Sheet						
Tangible Assets	1,281,713	1,673,715	1,920,351	5,041,360	5,685,026	6,558,557
Intangible Assets	-	-	-	12,312,407	13,211,099	14,028,596
Stocks	1,073,006	1,034,943	895,574	9,679,130	10,372,435	7,039,777
Debtors	2,247,758	2,333,164	2,324,072	10,967,588	9,913,114	9,220,189
Cash at bank and in hand	(92,624)	-	-	501,100	774,511	417,283
Total Assets	4,509,853	5,041,822	5,139,997	38,501,585	39,956,185	37,264,402
Creditors: amounts falling due <1Y	2,418,038	2,410,803	2,219,419	39,728,545	22,755,746	19,703,730
Creditors: amounts falling due >1Y	-	312,140	553,392	-	15,536,461	14,960,588
Provisions	-	168,395	115,753	-	-	127,038
Defined benefit pension plan	-	-	-	-	2,508,000	959,000
Total Liabilities	2,418,038	2,891,338	2,888,564	39,728,545	40,800,207	35,750,356
Net Assets	2,091,815	2,150,484	2,251,433	(1,226,960)	(844,022)	1,514,046

Source: FY21 audited accounts, FY22 unaudited accounts and December 2023 management accounts

HSBC Invoice Finance (UK) Limited ('HSBC IF') provided certain members of the Group with invoice financing facilities pursuant to various debt purchase agreements or agreements relating to receivables financing dated on or around 28 September 2021, and benefits from legal assignments of the debtor books of those Group entities, including the Company.

As at the date of appointment, HSBC IF's funds in use with respect to the Group's facility was approximately £5.5 million.

HSBC UK Bank Plc ('HSBC') provided a revolving credit facility to the Group and, in March 2021, provided an additional CBILS loan to support the Group through the COVID-19 pandemic. At appointment, the Group's indebtedness totalled approximately £11.0 million and £4.1 million in relation to these two HSBC products respectively. HSBC also provided the Group with a mortgage facility that totalled approximately £0.2 million.

See Section 5.1 for further details on HSBC IF and HSBC's security.

The Joint Administrators' solicitors will undertake a review of the validity of all security before any distributions are made.

3.3 Events leading to the administration

In September 2020, KPMG LLP ('KPMG') was introduced to the Group by HSBC. On 4 May 2021 KPMG sold its restructuring division and it became Interpath Limited ("Interpath"). Our previous engagements are detailed in full in our SIP 16 memorandum at appendix 7.

Following a review of the short-term cash flow forecast in January 2024, Management raised concerns over the medium-term financial viability of the Group. This was due to a series of missed customer orders and significant supplier pressure, resulting in a number of suppliers putting the Company onto proforma payments.

Accordingly, the Group subsequently engaged Interpath on 5 February 2024 to support it with an options process, focussing on exploring the sale and restructuring options available to the business by assessing potential interest from either trade or financial investors.

Due to the financial position of the Group, a deadline for indicative offers was set as 12 February 2024 and final offers requested by 20 February 2024, with a view to concluding a transaction on 1 March 2024. The level of interest received and the Group's cash position allowed for a slightly extended process following the final offer deadline to allow for legal documentation to be completed.

In anticipation of the appointment of administrators, a Notice of Intention to Appoint Administrators was filed by the Directors on 13 March 2024.

A Notice of Appointment of Administrators was filed at Court on 19 March 2024 and the transaction to the Purchasers was completed shortly after the Joint Administrators' appointment.

At the time of our appointment, we disclosed to the Court details of the work carried out by Interpath up to that time. We are satisfied that the work carried out by Interpath before our appointment, including the pre-administration work summarised below, has not resulted in any relationships which create a conflict of interest or which threaten our independence. Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

3.4 Pre-administration work

The following work was carried out prior to our appointment with a view to placing the Company into administration and completing the 'pre-pack' sale:

- Interpath advised the Company on its available options, the impact of an administration appointment and the requirement for the Directors to seek independent legal advice.
- The proposed Joint Administrators assisted with the progression of the sale to the Purchasers, including negotiating the terms of the sale agreement with the Purchasers and other parties relevant to the transaction, as well as to ensure it delivered the best possible outcome for the Company's creditors.
- The proposed Joint Administrators reviewed and signed the relevant appointment documentation.
- Eversheds Sutherland (International) LLP ('Eversheds') assisted with the preparation of the sales documentation, deed of release and the licence to occupy agreements;
- Hill Dickinson LLP ('Hill Dickinson') assisted with the preparation of the appointment documents; and
- Sanderson Weatherall LLP ('Sandersons'), a firm of independent valuers, was engaged to review the Company's tangible assets and provide a recommendation on the value of business offers compared with likely realisations in a break-up sale of assets out of administration. Sandersons also produced asset schedules required for the sale contract.

The costs incurred by Interpath, Eversheds, Hill Dickinson and Sandersons have not been paid to date. Approval for these costs will be sought from the secured and preferential creditors in due course.

It was necessary to undertake this work prior to the Company entering administration in order to facilitate the sale of the Company's business and assets. This maximised the realisations for creditors (as opposed to alternative courses of action, such as a wind-down administration) and assisted with achieving the purpose of the administration in accordance with the Paragraph 3(1)(b) of Schedule B1, Insolvency Act 1986.

We are satisfied that the work carried out by Interpath Advisory before our appointment has not resulted in any relationships which would result in a conflict of interest or would threaten our independence. Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

3.5 Appointment of Joint Administrators

The Directors filed an NOI to appoint administrators at Court on 13 March 2024.

The Directors resolved on 19 March 2024 to appoint us as Joint Administrators.

The notice of appointment was lodged at the High Court of Justice Business & Property Courts in Manchester Insolvency & Companies List (Chd) and we were duly appointed.

4 Strategy and progress of the administration to date

4.1 Strategy to date

Sale of business

As outlined in Section 3.3 above, following a review of the short-term cash flow forecast in January 2024, Management raised concerns over the medium-term financial viability of the Group. Accordingly, Interpath was engaged by the Group on 6 February 2024 to undertake an options process to explore the sale, investment and refinance opportunities available to the Company on an accelerated basis. Approaches were made to financial investors, trade parties and former owners of the Group identified by Interpath, the Company and the Directors.

As part of this process, a teaser document was circulated to Interpath's distressed investor list (147 parties), all of whom have track records in transacting in distressed situations. In addition, 39 trade parties identified by Interpath and the Company's management team, plus eight of the Group's former owners, were approached. The interested parties were invited to provide offers on any basis, including a solvent purchase of the Company's shares.

Following issuing the teaser document with respect to the Group, 45 non-disclosure agreements (NDAs) were issued to interested parties, of which all were signed (31 distressed investors, seven trade parties and seven former owners) and returned with financial information thereafter.

Concurrently, various alternatives were considered by the Company and the proposed Joint Administrators, including trading on solvently and alternative insolvency processes. However, given the Group's ongoing cash flow pressures and working capital requirement, no solvent options were available, and the other insolvent options were not expected to deliver a better outcome for the Company's creditors.

In addition to a recommendation from Sandersons, it was concluded that it was best to proceed with the business and assets offer received as part of Interpath's options process. As a result, an agreement for the sale of the business and certain assets was reached with the Purchaser, which maximised the value achieved for the Company's assets.

Immediately following the appointment, the Joint Administrators concluded a sale of the Company's business and certain assets of the Company to the Purchaser. The Purchaser is unconnected to the Company; please see our SIP 16 memorandum (Appendix 7) for further details.

Strategy

In the lead up to and following our appointment, we considered how we could achieve the purpose of administration. We are of the opinion that the pre-packaged sale of the business and certain assets has enabled the objective of achieving a better result for the Company's creditors as a whole than if the Company were wound up. This is primarily due to net realisations (after expected costs) being higher than in a wind-down scenario, and because creditor claims (e.g. employee claims) were mitigated.

Our ongoing strategy is to realise the remaining assets that were excluded from the sale, including cash at bank and book debts. There is a licence to occupy agreement in place which we will monitor as the occupiers seek to negotiate their own lease with the landlord, or exit the property.

Following the realisation of the assets of the Company, the strategy will be to settle all outstanding costs of the administration, to comply with statutory duties and proceed to move the Company to an appropriate exit route (see Section 6 Ending the Administration).

4.2 Asset realisations

Realisations from the date of our appointment to 22 March 2024 are set out below.

Consideration relating to the pre-pack sale is still being held by our Solicitors and therefore, the receipts and payments account does not currently include any entries (Appendix 2).

Sale of business

Sandersons, an independent valuation firm with significant experience in the sale of assets in distressed situations, was instructed to review the Company's assets and make a recommendation as to the value of the offer for the business compared to likely realisations in a break-up sale of assets in administration.

As stated above, consideration totalling £0.7 million relating to the pre-packed sale of the business and certain assets was paid to our Solicitors by the Purchaser, together with an initial licence fee for the licence to occupy). Please note that these amounts are still currently being held by our Solicitors and will be paid to the Joint Administrators shortly.

Per the offer received from the Purchaser, consideration was allocated as follows:

Assets	£
Plant and Machinery	393,244
Stock	150,000
Goodwill	149,999
Debts	6,749
Business Records	1
Contracts	1
HIF Debts	1
Intellectual Property	1
IT Systems	1
Motor Vehicles	1
Property	1
Sales Information	1
Total	700,000

As a result of the Sale, all 34 of the Company's employees transferred to Amcomri 19 Limited under TUPE regulations.

Full details of the sale were provided in the SIP 16 memorandum attached in Appendix 7. The SIP 16 memorandum was also uploaded to the Portal and creditors were notified of this in our initial notice of appointment.

Leasehold property

A six month licence to occupy the Company's leasehold property in Hitchin was granted to the Purchaser as part of the Sale. Licence fees equivalent to all costs have been paid to the Company in advance for the first three month period of occupation. Similarly to the consideration above, funds are currently being held by the Joint Administrators' solicitors.

Fees for further months of occupation will be collected in advance over the duration of the licence.

Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by writing to Clare McCain at Interpath Advisory, 5th Floor, 130 St Vincent Street, Glasgow G2 5HF, United Kingdom.

4.3 Costs

An estimate of all the anticipated costs likely to be incurred throughout the duration of the administration is set out in the attached summary of expenses (Appendix 4).

No payments have been made from the date of our appointment to 22 March 2024. A receipts and payments account can be found at Appendix 2.

5 Dividend prospects

5.1 Secured creditors

HSBC IF

HSBC IF provided certain members of the Group with invoice financing facilities pursuant to various debt purchase agreements or agreements relating to receivables financing dated on or around 28 September 2021, and benefits from legal assignments of the debtor books of the following entities:

The Company;
Alan Gordon Engineering Limited;
Claro Precision Engineering Limited (now known as CPEL Realisations Limited);
Clitheroe Light Engineering Co Limited (now known as CLEL Realisations Limited);
Nitronica Limited;
Oxton Engineering Company Limited;
Paragon Precision Limited;
Precision Engineering Pieces Limited;
Rictor Engineering Limited;
Simtek EMS Limited; and
SKN Electronics Limited.

HSBC IF does not benefit from legal assignments of the debtor books of Elite Tooling Solutions Limited, HT Tooling Solutions Limited, Phasa Limited or Pexion Limited.

As at the date of appointment, HSBC's funds in use with respect to the Group's facility was approximately £5.5 million.

The Company's indebtedness with respect to HSBC IF is approximately £0.6 million.

HSBC IF benefits from fixed and floating charges over the assets of:

The Company, pursuant to a fixed charge of non-vesting debts and floating charge dated 10 September 2012;
Alan Gordon Engineering Limited, pursuant to a fixed charge of non-vesting debts and floating charge dated 3 June 2019;
Claro Precision Engineering Limited (now known as CPEL Realisations Limited), pursuant to a fixed charge of non-vesting debts and floating charge dated 18 October 2016;

Clitheroe Light Engineering Co Limited (now known as CLEL Realisations Limited), pursuant to (a) a floating charge dated 31 July 2018 and (b) a fixed charge of non-vesting debts dated 31 July 2018;

Nitronica Limited, pursuant to a fixed charge of non-vesting debts and floating charge dated 5 June 2019;

Oxton Engineering Company Limited, pursuant to a fixed charge of non-vesting debts and floating charge dated 2 November 2017;

Paragon Precision Limited, pursuant to (a) a floating charge dated 28 May 2013 and (b) a fixed charge on purchased debts which fail to vest dated 28 May 2013;

Pexion Limited, pursuant to a fixed and floating charge dated 11 October 2000;

Precision Engineering Pieces Limited, pursuant to (a) a floating charge dated 15 June 2017 and (b) a fixed charge on purchased debts which fail to vest dated 15 June 2017;

Rictor Engineering Limited, pursuant to a fixed charge of non-vesting debts and floating charge dated 26 October 2016;

Simtek EMS Limited, pursuant to a fixed charge of non-vesting debts and floating charge dated 21 August 2019; and

SKN Electronics Limited, pursuant to a fixed charge on purchased debts which fail to vest dated 20 January 2017.

HSBC IF does not benefit from any security from Elite Tooling Solutions Limited, HT Tooling Solutions Limited, Phasa Limited.

By way of cross-guarantee, HSBC IF has the right to utilise a surplus from one Group entity against a shortfall in another Group entity.

The Company's HSBC IF book debt ledger has been novated to the Purchaser. Together with the continuation of trading, the level of return under this asset will be maximised for the benefit of one of the Company's major creditors.

A formal review of HSBC's security is yet to be undertaken and we will provide a further update in our first progress report.

HSBC

HSBC provided a revolving credit facility to the Group and, in March 2021, provided an additional CBILS loan to support the Group through the COVID-19 pandemic. As at the date of appointment, the Group's indebtedness totalled approximately £11.0 million and £4.1 million in relation to these two HSBC products respectively. HSBC also provided the Group with a mortgage facility that totalled approximately £0.2 million.

HSBC benefits from fixed and floating charges over the assets of:

The Company, pursuant to (a) debentures dated 5 September 2012 and 25 January 2019 and (b) legal assignments of contract monies dated 22 October 2012 and 3 January 2024;

Alan Gordon Engineering Limited, pursuant to (a) a debenture dated 1 March 2019 and (b) legal assignments of contract monies dated 9 October 2019 and 3 January 2024;

Claro Precision Engineering Limited (now known as CPEL Realisations Limited), pursuant to (a) legal assignments of contract monies dated 28 September 2011 and 3 January 2024 and (b) debentures dated 27 October 2016 and 25 January 2019;

Clitheroe Light Engineering Co Limited (now known as CLEL Realisations Limited), pursuant to (a) a debenture dated 8 February 2019 and (b) legal assignments of contract monies dated 30 September 2019 and 3 January 2024;

Elite Tooling Solutions Limited, pursuant to debentures dated 23 May 2018 and 25 January 2019;

HT Tooling Solutions Limited, pursuant to debentures dated 23 May 2018 and 25 January 2019;

Nitronica Limited, pursuant to (a) a debenture dated 13 May 2019 and (b) legal assignments of contract monies dated 21 June 2019 and 3 January 2024;

Oxton Engineering Company Limited, pursuant to (a) debentures dated 31 October 2017 and 25 January 2019 and (b) legal assignments of contract monies dated 4 December 2017 and 3 January 2024;

Paragon Precision Limited, pursuant to (a) debentures dated 17 June 2013 and 25 January 2019 and (b) legal assignments of contract monies dated 1 August 2013 and 3 January 2024;

Pexion Limited, pursuant to (a) debentures dated 3 October 2012 and 25 January 2019 (b) a mortgage of life policy dated 14 June 2013 and (c) a mortgage and charge of shares dated 13 May 2019;

Phasa Limited, pursuant to debentures dated 24 January 2018 and 25 January 2019;

Precision Engineering Pieces Limited, pursuant to (a) debentures dated 6 June 2017, 14 July 2017 and 25 January 2019, (b) a legal assignment by way of security dated 14 August 2017 and (c) a legal assignment of contract monies dated 3 January 2024;

Rictor Engineering Limited, pursuant to (a) debentures dated 20 October 2016 and 25 January 2019, (b) a legal mortgage dated 13 September 2016 and (c) legal assignments of contract monies dated 13 September 2017 and 3 January 2024;

Simtek EMS Limited, pursuant to (a) a debenture dated 25 July 2019 and (b) legal assignments of contract monies dated 30 September 2019 and 3 January 2024; and

SKN Electronics Limited, pursuant to (a) debentures dated 19 January 2017 and 25 January 2019 and (b) legal assignments of contract monies dated 13 September 2017 and 3 January 2024,

with a composite cross-guarantee dated 25 January 2019 in place with respect to the Group's indebtedness.

HSBC's security from the above-mentioned entities (save for in respect of ETS, HTTSL, Pexion and Phasa), includes a legal assignment of contract monies which means that it will benefit in the event that HSBC IF is in a surplus position with respect to the relevant entities.

Based on current estimates, we anticipate that HSBC ought to receive a dividend, the quantum and timing of which has yet to be determined.

A formal review of HSBC's security is yet to be undertaken and we will provide a further update in our first progress report.

SDD

Since taking majority control of the Group in December 2022, SDD has provided equity injections totalling £2.0 million. SDD benefits from second-ranking fixed and floating charge security over the Group's assets pursuant to a composite guarantee and debenture dated 21 December 2022.

Pursuant to the terms of an intercreditor agreement dated 21 December 2022 entered into by, amongst others, HSBC, HSBC IF, SDD and the Group, we understand that the debt and security of SDD pursuant to SDD's debenture and sums secured thereunder are wholly subordinated to that of HSBC and HSBC IF (as Senior Lenders).

Based on current estimates, it is highly unlikely that there will be a dividend to SDD.

As noted above, the Joint Administrators' solicitors will undertake a review of the validity of all security before any distributions are made.

5.2 Ordinary preferential creditors (employees)

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially (in advance of floating charge holders and ordinary unsecured creditors) and in priority to other preferential creditors (see 5.3 below). These claims are therefore referred to as "ordinary preferential creditors".

Per the Directors' Statement of Affairs, we anticipate that there will be no ordinary preferential claims in the administration.

5.3 Secondary preferential creditors (HMRC)

Certain claims from HMRC rank preferentially, but secondary to the employee, ordinary preferential creditors above. These claims are therefore referred to as "secondary preferential creditors".

We estimate the amount of secondary preferential claims at the date of our appointment to be £524,917.

Based on current estimates, we anticipate that secondary preferential creditors should receive a dividend, the quantum and timing of which has yet to be determined.

5.4 Unsecured creditors

According to the Directors' Statement of Affairs, unsecured creditors totalled £466,364.

Based on current estimates, it is highly unlikely that there will be a dividend to unsecured creditors.

6 Ending the administration

6.1 Exit route from administration

We consider it prudent to retain all of the options available to us, as listed in Section 9 to bring the administration to a conclusion in due course.

However, at this stage we anticipate that the most likely exit route will be dissolution.

6.2 Discharge from liability

We propose to seek approval from the secured and preferential creditors that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

7 Approval of proposals

7.1 Deemed approval of proposals

The Joint Administrators' proposals will be deemed approved, with no requirement to seek deemed consent or use a decision procedure, as it appears that the Company has insufficient property to enable a distribution to the unsecured creditors other than by virtue of the Prescribed Part, as detailed in Appendix 1.

On expiry of eight business days from the date our proposals were delivered to the creditors, they will be deemed to have been approved by the creditors unless 10% in value of creditors request that a decision procedure is convened. Further details of the steps to convene a procedure are detailed below.

7.2 Creditors' right to request a decision

We will use a decision-making procedure or deemed consent to seek approval of our proposals (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the Company, and (2) if the procedures set out below are followed.

Requests for a decision must be made within eight business days of the date on which our proposals were delivered. They must include:

- a statement of the requesting creditor's claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting;

In addition, the expenses of the decision procedure at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a decision, please complete and return the decision requisition form which is available on the website.

8 Joint Administrators' remuneration, expenses and pre-administration costs

8.1 Approval of the basis of remuneration and expenses

Agreement to the basis of our remuneration and the drawing of Category 2 expenses is subject to specific approval. It is not part of our proposals.

Should a Creditors' Committee be formed, we will seek to obtain approval from the Creditors' Committee that:

our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;

Category 2 expenses (as defined in Statement of Insolvency Practice 9) will be charged and drawn in accordance with Interpath Advisory's policy as set out in Appendix 5

Agreement to the basis of our remuneration and the drawing of Category 2 expenses is subject to specific approval. It is not part of our proposals.

Time costs

From the date of our appointment to 22 March 2024, we have incurred time costs of £23,703. These represent 49 hours at an average rate of £489 per hour.

Expenses

No expenses have been incurred during the period 19 March 2023 to 22 March 2023.

Additional information

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by Interpath for the period from our appointment to 22 March 2024. We have also attached our charging and expenses recovery policy.

8.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 3.4:

Pre-administration costs			
	Paid (£)	Unpaid (£)	Total (£)
Interpath pre-administration fees	0.00	676.00	676.00
legal fees and expenses- Eversheds	0.00	48,333.33	48,333.33
Legal fees and expenses- Hill Dickinson	0.00	2,168.50	2,168.50
Agents' fees and expenses- Sandersons	0.00	3,650.00	3,650.00
Total	0.00	54,827.83	54,827.83

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration, as outlined above. It is not part of our proposals.

We intend to seek approval of our remuneration, Category 2 expenses, pre-administration costs and discharge from liability from the secured and preferential creditors in due course.

9 Summary of proposals

No expressions of interest were received in the marketing undertaken to purchase the business as a solvent entity and therefore rescuing the Company in accordance with Paragraph 3(1)(a) is not achievable.

Therefore, our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

We consider an administration will deliver a better result for the Company's creditors due to, but not limited, to:

- an administration allowing us to complete a pre-packaged sale that achieved a higher expected net realisation for included assets (after costs) compared to a break-up basis;
- certain creditor claims are mitigated by a sale of the business, for example, employees;
- a sale of the business via a pre-pack administration enables continuation of trade, preserving goodwill which would quickly diminish should the Company cease to trade and if a sale was to be completed post-appointment; and
- continuity of supply also maintains relationships with customers which in turn ought to enhance debtor book realisations under the HSBC invoice finance facility, one of the Company's major creditors.

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals.

We propose the following:

General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims the Company may have;
- to seek an extension to the administration period if we consider it necessary.

Distributions

- to make distributions to the secured and preferential creditors where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

Joint Administrators' remuneration and pre-administration costs

We propose that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 2 and the charge-out rates included in Appendix 5;

Category 2 expenses (as defined in Statement of Insolvency Practice 9) will be charged and drawn in accordance with Interpath Advisory's policy as set out in Appendix 5; unpaid pre-administration costs be an expense of the administration.

Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, Richard Harrison and Howard Smith, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;

petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, Richard Harrison and Howard Smith, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;

file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

Appendix 1 Statutory information

Company and Trading name	DE Realisations 2024 Limited (formerly Drurys Engineering Limited)
Date of incorporation	21 September 1994
Company registration number	02970004
Trading address	21 Knowl Piece, Wilbury Way, Hitchin, SG4 0TY
Previous registered office	Pexion Limited, George Street, Chorley, PR7 2BE
Present registered office	Interpath Ltd, 10th Floor, One Marsden Street, Manchester, M2 1HW
Company Directors	David James Brindle Darren James Turner
Company Secretary	N/A
Administration appointment	The administration appointment granted in High Court of Justice, Business and Property Courts in Manchester, Insolvency and Companies List (ChD), No. CR-2024-MAN-000395
Appointor	Directors
Date of appointment	19 March 2024
Joint Administrators	Richard Harrison and Howard Smith
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	18 March 2025
Prescribed Part (Section 176A(2)(a))	The Prescribed Part is applicable on this case. It has been taken into account when determining the dividend prospects for unsecured creditors (Section 5.4).
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £nil. The Prescribed Part is £nil.
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply. This is because it is anticipated that the Prescribed Part will be automatically disapplied given that the estimated Net Property is less than £10,000 and the costs of making a distribution are anticipated to be disproportionate to the benefits. However, if the circumstances of the administration change, the Joint Administrators may make a distribution to the unsecured creditors; or if appropriate, may apply to the Court to obtain an order that the Prescribed Part shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits.

Administration information

Application of EU Regulations

EU Regulations apply and these proceedings will be the Proceedings to which the EU Regulation as it has effect in the law of the United Kingdom does not apply as defined in Article 3 of the EU Regulations.

Appendix 2

Joint Administrators' receipts and payments account

DE Realisations 2024 Limited (formerly known as Drurys Engineering Limited) - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 19/03/2024 To 22/03/2024 (£)	From 19/03/2024 To 22/03/2024 (£)
FIXED CHARGE ASSETS			
1.00	Book debts	NIL	NIL
149,999.00	Goodwill	NIL	NIL
1.00	Intellectual Property	NIL	NIL
		NIL	NIL
FIXED CHARGE CREDITORS			
(633,627.00)	HSBC Invoice Finance	NIL	NIL
		NIL	NIL
HP/LEASING			
(387,321.00)	HP Finance - Liberty	NIL	NIL
(241,632.00)	HP Finance - Close Brothers	NIL	NIL
		NIL	NIL
ASSET REALISATIONS			
1.00	Business Records	NIL	NIL
1.00	Contracts	NIL	NIL
384,250.00	Plant & machinery	NIL	NIL
1,994.00	Office Equipment	NIL	NIL
1.00	Motor vehicles	NIL	NIL
150,000.00	Stock	NIL	NIL
7,000.00	Fixtures & Fittings	NIL	NIL
6,749.00	Book debts	NIL	NIL
1.00	IT Systems	NIL	NIL
1.00	Property leases	NIL	NIL
1.00	Sales Information	NIL	NIL
		NIL	NIL
PREFERENTIAL CREDITORS			
(524,917.00)	Secondary Pref. Creditor - HMRC	NIL	NIL
		NIL	NIL
UNSECURED CREDITORS			
(466,364.00)	Trade & expense	NIL	NIL
		NIL	NIL

DE Realisations 2024 Limited (formerly known as Drurys Engineering Limited) - in Administration**Abstract of receipts & payments**

Statement of affairs (£)	From 19/03/2024 To 22/03/2024 (£)	From 19/03/2024 To 22/03/2024 (£)
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DISTRIBUTIONS

(26,900.00)	Ordinary shareholders
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NIL

NIL

NIL

NIL

(1,580,761.00)

NIL

NIL

Appendix 3 Joint Administrators' fees estimate

Drurys Engineering Ltd – in Administration

	Narrative	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)
Administration & planning				
Cashiering - processing and managing receipts and payments, bank reconciliations and adjustments, bank correspondence	Note 1	18.50	8,373.00	452.59
General - books and records, fees and ad hoc matters	Note 2	68.00	31,869.00	468.66
Statutory and compliance - appointment and related formalities, bonding, checklists and reviews, strategy documents and reviews,	Note 3	66.00	31,815.00	482.05
Tax - VAT & Corporation tax, initial reviews, pre and post appointment tax and VAT returns, opting to tax properties	Note 4	21.00	10,867.00	517.48
Creditors				
Creditors and claims - general correspondence, notification of appointment, statutory reports, collation and agreement of claims (where applicable), liaising with Secured Creditors	Note 5	81.00	36,833.00	454.73
Employees - residual employee claim matters, closing down PAYE scheme and pension scheme formalities including PPF liaison	Note 6	5.00	2,603.00	520.60
Realisation of assets				
Asset realisations - leasehold property matters including licence to occupy, intellectual property, realising residual Company assets, resolving all third party asset matters, insurance and health and safety matters	Note 7	85.00	42,473.00	499.68
Investigations				
Directors - correspondence, Statement of Affairs, Director questionnaires	Note 8	26.00	10,277.00	395.27
Investigations - Directors' conduct and affairs of the Company, mail redirection, D form drafting and submission	Note 9	19.00	7,728.00	406.74
Total		389.50	182,838.00	469.42

Our fees estimate is prepared on the basis of actual time spent on progressing the administration. Please note, our fees will be proportionate to the level of realisations achieved and apportioned according to time spent dealing with fixed and floating charge assets.

Whilst specific narrative is provided below to provide more context to the fees estimate, this should be read in conjunction with the report as a whole.

Note 1 – Cashiering

This work primarily involves opening and maintaining the administration bank accounts for the Company and processing receipts, payments and journals as required. This may also include processing distributions to creditors if there are sufficient realisations.

In addition, the Joint Administrators' cashiering team performs regular bank reconciliations and also reviews whether funds could be held on a Money Market account to achieve the best return for creditors, if appropriate.

Reconciliations of the Joint Administrators' accounting system will also be carried out to produce the Receipts & Payments accounts included in our reports to creditors.

This work is required by statute but may also provide a financial benefit to creditors, should there be sufficient funds available to distribute.

Note 2 – General

As part of the transaction, some of the Company's electronic and physical records have been sold. Certain records that the Joint Administrators are required to retain are excluded from the transaction.

Relevant electronic records of the Company are due to be imaged and backed up by Interpath Advisory internal data specialists. These records will be retained for the duration of the administration, and for relevant periods after its cessation, prior to being securely destroyed or wiped. This work is required so that the Joint Administrators meet their statutory duties in retaining books and records. This can also lead to direct financial benefit for creditors if the records are required to assist the Joint Administrators in pursuing additional assets.

Any physical books and records excluded from the transaction will be collected and stored with the Joint Administrators' storage provider, Iron Mountain. Time may be spent collecting and returning records during the period of the administration.

We will incur time in managing our storage account with Iron Mountain and settling storage invoices.

Ongoing time will be periodically spent managing the Joint Administrators' budget, time costs and billing/invoicing as the administration progresses.

This work does not provide a financial benefit to creditors but is necessary as part of our statutory duties.

Note 3 – Statutory and compliance

This includes time spent undertaking work to comply with our statutory obligations. This includes post-appointment related formalities, notifying the Registrar of Companies and other relevant parties of our appointment, formulating and monitoring the strategy for

the administration, arranging adequate levels of bonding cover, and dealing with closure related formalities at the end of the administration.

Time spent dealing with all legal matters that may arise, and seeking relevant legal advice, is also recorded here, as is time spent completing internal compliance requirements to ensure that the Joint Administrators' statutory duties are satisfied throughout the administration.

This work does not provide a financial benefit to creditors but is necessary as part of our statutory duties.

Note 4 - Tax

The Joint Administrators are required to notify HMRC of their appointment and address any outstanding tax and VAT matters, such that HMRC can finalise its claim against the Company.

This work will involve our internal tax and VAT specialists undertaking a review of the Company's affairs on appointment, plus submitting outstanding pre-appointment Corporation Tax and VAT returns on behalf of the Company, if relevant.

Periodic VAT returns and tax returns will be submitted during the administration for the relevant periods after our appointment.

Time may also be spent opting to tax the Company's leasehold premises to maximise VAT recoveries on property related transactions, for the benefit of the administration estate.

We will also review whether there is the opportunity to recover any pre-appointment VAT refunds and any corporation tax recoveries such as terminal loss relief claims.

Accordingly, whilst this element of our work is required by statute there may be direct benefit to creditors if any recoveries can be made. Updates will be provided to creditors in future reports.

Note 5 – Creditors and claims

Work carried out in this area includes notifying creditors of our appointment, dealing with creditor queries throughout the duration of the administration and preparing statutory reports to creditors.

This also involves dealing with both written and verbal correspondence from creditors including trade creditors, landlords, finance and lease companies and utilities providers. Where relevant, we will also spend time agreeing preferential and unsecured creditor claims.

We will also correspond with the Secured Creditors throughout the course of the administration.

This work is required by statute but also provides direct financial benefit to creditors should sufficient funds become available to make a distribution.

Note 6 – Employees

As outlined in this report, the Company employed 34 people, all of which have transferred to the Purchaser under TUPE regulations. We will deal with any relevant statutory employment related matters and queries raised by the Company's former employees. We will communicate throughout the administration with the Redundancy Payments Service, as applicable.

We will close down the Company's PAYE scheme and also notify the Pensions Regulator and Pension Protection Fund of any relevant pension schemes.

We are required to perform this work by statute.

Note 7 – Realisation of assets

It is currently estimated that time will be spent realising the following assets for the benefit of the Company's creditors:

- **Leasehold property** – monitoring the Purchaser's licence to occupy the Company's leasehold property as a condition of the sale of business, collecting the licence fee and making payment of rent;
- **Rent deposits** – pursuing collection of any rent deposits held by landlords in respect of the Company's leasehold property;
- **Transition Service Agreement** – initially maintaining access to some of the Group's IT infrastructure, to facilitate the Purchaser's ongoing trading, including collecting the monthly TSA fee and making payments to relevant suppliers.

The Joint Administrators will obtain insurance cover for all tangible assets, secure the Company's premises once vacant, where appropriate, and satisfy all health and safety requirements at the Company's premises (all in so far as they remain the Company's responsibility).

The Joint Administrators will continue to explore all possibilities to maximise value for the benefit of the Company's creditors; time is therefore expected to be incurred in identifying, valuing and pursuing any other assets which may arise. As such, it should be noted that asset realisations are not necessarily limited to the above.

This work is required by statute but will also enhance asset realisations and hence potentially may provide a financial benefit to creditors should sufficient funds become available to make a distribution.

Note 8 – Directors

Time will be incurred corresponding with the Company's Directors and, where applicable, their advisors, in requesting completion of the Statement of Affairs and Directors' questionnaires (to assist the Joint Administrators in reviewing the Company's affairs in the period leading up to its insolvency). Time will also be spent corresponding with the Directors and seeking their assistance on relevant matters throughout the administration.

This work is required by statute but may also assist the Joint Administrators in identifying whether there are any other assets to pursue for the benefit of creditors.

Note 9 – Investigations

It is our statutory duty to formally investigate the affairs of the Company and the Directors' conduct prior to the administration.

This will involve a review of the Company's records - including transactions in the period prior to our appointment - and a subsequent report of our findings to the Secretary of State.

Should any potential claims arise, we will review whether it is cost effective to pursue them for the benefit of the administration estate.

This work is required by statute but may also assist the Joint Administrators in identifying whether there are any other assets to pursue which may provide a financial benefit to creditors.

Appendix 4 Joint Administrators' expenses estimate

	Narrative	Initial Estimates (£)	Paid to date (£)	Future costs (£)	Total (£)
Floating charge costs					
Joint Administrators' pre-administration fees	1	676.00	-	676.00	676.00
Pre-administration legal fees and disbursements	2	50,501.83	-	50,501.83	50,501.83
Pre-administration Agents' fees and disbursements	3	3,650.00	-	3,650.00	3,650.00
Legal fees and disbursements	4	15,000.00	-	15,000.00	15,000.00
Rent	5	64,604.00	-	64,604.00	64,604.00
Insurance costs	6	500.00	-	500.00	500.00
Storage costs	7	1,000.00	-	1,000.00	1,000.00
Statutory advertising	8	91.00	-	91.00	91.00
Bank charges	9	200.00	-	200.00	200.00
Total		136,222.83	-	136,222.83	136,222.83

Summary of expenses

Floating charge costs

Note 1 – Joint Administrators' pre-administration fees

Certain work was undertaken prior to our appointment with a view to placing the Company into administration, as detailed in section 3.4 of this report. The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration outlined in section 8.2.

Note 2 – Pre-administration legal fees and disbursements

Legal fees and disbursements were incurred by our legal advisors, Eversheds Sutherland, for drafting the asset purchase agreement as well as legal advice on the same and agreeing the form of the security releases.

Pre-administration legal costs were also incurred by Hill Dickinson for the preparation and execution of the appointment documentation, for the administration, and lodging this at Court.

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration outlined in section 8.2.

Note 3 – Pre-administration Agents' fees and disbursements

Sanderson Weatherall provided valuations of the plant and machinery and inventory of the Company, and also provided a letter of recommendation for the offer received for the business and assets from the Purchaser.

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration outlined in section 8.2.

Note 4 – Legal fees and disbursements

We have included an estimate of post-appointment legal fees and disbursements, for reviewing the validity of our appointment and the validity of the Secured Creditors' security, as well as providing ad hoc legal advice during the administration.

Note 5 – Rent

A licence to occupy the Company's leasehold property has been granted to the Purchaser and, accordingly, we have provided for rental costs during the period of the licence.

These costs will be recovered from the Purchaser under the terms of the licence to occupy, where applicable.

Note 6 – Insurance costs

Insurance cover will be maintained for the Company's leasehold property during the period of the licence to occupy, where relevant, and prior to any lease assignment or surrender back to a landlord.

Note 7 – Storage costs

Any physical books and records excluded from the transaction will be collected and stored with the Joint Administrators' storage provider, Iron Mountain. We have included an estimate of the cost to collect and store these records.

Note 8 – Statutory advertising

The Joint Administrators are required to place a statutory advertisement in the London Gazette advising of our appointment. Following this, we do not anticipate further adverts will be required.

Note 9 – Bank charges

A provision of £200 has been made in respect of bank charges that may be incurred in processing payments throughout the administration.

Appendix 5 Joint Administrators' charging and expenses policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of in-house Interpath Advisory tax, VAT and employee specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/>

If you are unable to access this guide and would like a copy, please contact DrurysEngineering@interpathadvisory.com

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Managing Director	780	839
Director	725	779
Associate Director	635	683
Manager	530	570
Senior Associate	370	398
Associate	265	285
Support	165	177

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of expenses

Where funds permit, the officeholders will seek to recover both Category 1 and Category 2 expenses from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Expenses: These are any payments which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements which are payments first met by the office holder, and then reimbursed to the office holder from the estate.

Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 expenses: These are payments to associates or which have an element of shared costs. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Associates: are defined in the insolvency legislation but also extends to parties where a reasonable and informed third party might consider there would be an association between the third party and the office holder or their firm.

Category 2 expenses charged by Interpath Restructuring include mileage.

Mileage claims are charged at up to a maximum of 45p per mile, depending on the member of staff and vehicle type. When carrying Interpath passengers an additional 5p per mile per passenger will also be charged where appropriate.

No expenses have been incurred during the period 19 March 2024 to 22 March 2024.

We have the authority to pay Category 1 expenses without the need for any prior approval from the creditors of the Company.

Category 2 expenses are to be approved in the same manner as our remuneration.

Narrative of work carried out for the period 19 March 2024 to 22 March 2024

The key areas of work have been:

Statutory and compliance	collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences; providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment; issuing press releases and posting information on a dedicated web page; preparing statutory receipts and payments accounts; arranging bonding and complying with statutory requirements.
Strategy documents, Checklist and reviews	formulating, monitoring and reviewing the administration strategy; briefing of our staff on the administration strategy and matters in relation to various work-streams; regular case management and reviewing of progress, including regular team update meetings and calls; reviewing and authorising junior staff correspondence and other work; dealing with queries arising during the appointment; reviewing matters affecting the outcome of the administration;

	allocating and managing staff/case resourcing and budgeting exercises and reviews; liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to debenture holders	providing written and oral updates to representatives of HSBC, HSBC IF and SDD regarding the progress of the administration and case strategy.
Cashiering	setting up administration bank accounts and dealing with the Company's pre-appointment accounts; ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	gathering initial information from the Company's records in relation to the taxation position of the Company; submitting relevant initial notifications to HM Revenue and Customs; reviewing the Company's pre-appointment corporation tax and VAT position.
General	reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9.
Asset realisations	collating information from the Company's records regarding the assets; liaising with finance companies in respect of assets subject to finance agreements;; reviewing outstanding debtors and management of debt collection strategy; liaising with the the Purchaser regarding debtor recoveries; reviewing the inter-company debtor position between the Company and other group companies.
Property matters	reviewing the Company's leasehold properties, including review of leases; communicating with landlords regarding rent, property occupation and other issues; performing land registry searches.
Sale of business	completing the pre-packaged sale of the business and certain assets to the Purchaser, plus ongoing post-sale matters.
Health and safety	liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.
Open cover insurance	arranging ongoing insurance cover for the Company's business and assets; liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; assessing the level of insurance premiums.
Employees	dealing with queries from employees regarding various matters relating to the administration and their employment; dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments; communicating and corresponding with HM Revenue and Customs; managing claims from employees.
Pensions	collating information and reviewing the Company's pension schemes; calculating employee pension contributions and review of pre-appointment unpaid contributions; ensuring compliance with our duties to issue statutory notices; liaising with the trustees of the defined benefit pension scheme, the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment.
Creditors and claims	drafting and circulating our proposals; creating and updating the list of unsecured creditors; responding to enquiries from creditors regarding the administration and submission of their claims;
Investigations/ Directors	liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies.

Time costs

Pre-Administration costs (18/03/2024 to 18/03/2024)						
	Hours				Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support		
Pre-Admin Appointment documents	0.80		0.20		676.00	676.00
Total	0.80	0.00	0.20	0.00	676.00	676.00

SIP 9 –Time costs analysis (19/03/2024 to 22/03/2024)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Cashiering			
General (Cashiering)	0.20	74.00	370.00
General			
Books and records	14.00	7,420.00	530.00
Statutory and compliance			
Appointment and related formalities	14.90	6,806.00	456.78
Budgets & Estimated outcome statements	2.40	846.00	352.50
Pre-Admin Appointment documents	1.40	1,092.00	780.00
Statutory advertising	0.10	63.50	635.00
Creditors			
Creditors and claims			
General correspondence	2.30	1,466.00	637.39
Notification of appointment	0.30	190.50	635.00
Statutory reports	9.80	4,282.50	436.99
Employees			
Employee Correspondence	0.40	106.00	265.00
Investigation			
Directors			
Statement of affairs	0.70	371.00	530.00
Realisation of assets			
Asset Realisation			
Health & safety	0.30	79.50	265.00
Leasehold property	0.30	79.50	265.00
Sale of business	1.40	826.00	590.00
Total in period	48.50	23,702.50	488.71

SIP 9 –Time costs analysis (19/03/2024 to 22/03/2024)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	48.50	23,702.50	
Carry forward time (appointment date to SIP 9 period end date)	48.50	23,702.50	

Appendix 6 Statement of Affairs, including creditor list

This is the Statement of Affairs for the Company as at the date of our appointment.

We have not carried out anything in the nature of an audit on the information provided. The figures do not take into account the costs of the administration.

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Rule 3.30

Statement of Affairs

Name of company DE Realisations 2024 Limited (formerly known as Drury's Engineering Limited)	Company number 02970004
In the High Court of Justice, Business and Property Courts in Manchester, Insolvency and Companies List (ChD)	Court case number CR-2024-MAN-000395

Statement as to the affairs of (a)
DE Realisations 2024 Limited (formerly known as Drury's Engineering Limited) c/o
Pexion Limited, George Street, Chorley, PR7 2BE

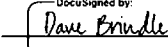
(a) Insert name and address of registered office of the company

on the (b) 19 March 2024 the date that the company entered administration.

(b) Insert date of appointment

Statement of Truth

I believe that the facts stated in this statement of affairs are true. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Full name	Dave Brindle
Signed	<div>DocuSigned by: </div>
Dated	27/3/2024 11:55 GMT

A - Summary of Assets

Assets

	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
Fixed assets - Liberty	188,465	-
Fixed assets - Close Brothers	117,171	-
Trade debtors	860,050	1
Goodwill	-	149,999
Intellectual Property	-	1
Total assets subject to fixed charge	1,865,989	150,001
Less: Amount(s) due to fixed charge holder(s)		
FP - Liberty	(387,321)	(387,321)
FP - Close Brothers	(241,602)	(241,602)
Invoice discounting - HSBC	(633,627)	(633,627)
Shortfall/surplus to fixed charge holder(s) c/d	323,409	(1,112,579)
Assets subject to floating charge:		
Business Records	-	1
Contracts	-	1
Book Debts	-	6,749
IT Systems	-	1
Motor Vehicles	-	1
Plant & Machinery	450,126	384,250
Office Equipment	9,006	1,994
Fixtures & Fittings	34,212	7,000
Land & Buildings	45,015	-
Property lease	-	1
Sales Information	-	1
Stock	1,040,584	150,000
Prepayments	192,400	-
Cash	22,488	-
Intercompany	1,580,472	-
Corporation tax	24,169	-
Total assets subject to floating charge	3,211,475	549,999
Uncharged assets:		
Total uncharged assets	-	-
Estimated total assets available for preferential creditors	-	549,999

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 Signature _____
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Date 27/3/2024 | 11:55 GMT

A1 - Summary of Liabilities

£	Estimated to Realise £
Estimated total assets available for preferential creditors (carried from page A)	549,999
Liabilities	
Preferential creditors:	
Preferential (employee) creditors (No. 34)	-
Other preferential creditors	(524,917)
Estimated deficiency/surplus as regards preferential creditors	25,082
Less uncharged assets	
Net property	25,082
Estimated prescribed part of net property where applicable (to carry forward)	(8,016)
Estimated total assets available for floating charge holders	17,066
Debts secured by floating charges	-
Estimated deficiency/surplus of assets after floating charges	17,066
Estimated prescribed part of net property where applicable (brought down)	(8,016)
Uncharged assets	
Total assets available to unsecured creditors	25,082
Unsecured (trade) (non-preferential) creditors	(466,364)
Unsecured (employee) creditors (No. 34)	-
Unsecured (pre-paid consumer) creditors (No. nil)	-
Estimated deficiency/surplus as regards unsecured creditors	(441,282)
Shortfall to fixed charge holders (brought down)	(1,112,579)
Shortfall to preferential creditors (brought down)	-
Shortfall to floating charge holders (brought down)	-
Estimated deficiency/surplus as regards creditors	(1,553,861)
Issued and called up capital	(28,936)
Estimated total deficiency/surplus as regards members	(1,580,761)

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 Signature 207C6BA455EE43E

27/3/2024 | 11:55 GMT
 Date

NOTE: You must include all lenders with the first 25% of employee debitors and provide personal guarantors. This means that many of the lenders are under the purchase obligation, leasing or credit facility agreements to which all of these 25% are applicable. In the column below, you must also list the amount of the loan and the name of the lender and the date of the first payment due.

[illegible]

2. *Structure*

Unassigned by:
Dave Brindle
202CA63455EE4DE

27/3/2024 | 11:55 GMT

Drurys Engineering Limited - in Administration (the 'Company') SIP 16 memorandum of sale of business

This statement is made in order to comply with the Joint Administrators' responsibilities under Statement of Insolvency Practice ("SIP") 16, the latest version of which is effective from 30 April 2021. Statements of Insolvency Practice are guidance notes issued by the insolvency regulatory authorities with a view to maintaining standards by setting out required practice and harmonising practitioners' approach to particular aspects of insolvency.

SIP 16 concerns arrangements where the sale of all or part of a company's business and assets is negotiated with a purchaser prior to the appointment of an administrator, who affects the sale immediately on, or shortly after, his appointment or for the case of a substantial disposal to a connected person, within eight weeks of appointment. A connected person is defined in SIP 16 as a person with any connection to the directors, shareholders or secured creditors of the company or their associates.

SIP 16 can be located via this link:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/regulations-and-standards/sips/england/sip-16-england-and-wales-300421.ashx>

Overview

A Notice of Appointment of Administrators was made by the Company under paragraph 29 of Schedule B1 of the Insolvency Act 1986 and Richard Harrison and Howard Smith (the 'Joint Administrators') were appointed as Joint Administrators of Drurys Engineering Limited – in Administration (the 'Company') on 19 March 2024.

Shortly following the Joint Administrators' appointment, a sale of the business and assets of the Company was completed on 19 March 2024 to Amcomri 19 Limited (the 'Purchaser').

The Pexion group (the 'Group') operates in the precision and electrical engineering market and has exposure to a number of sectors, including aerospace, automotive, medical and general industrial sectors. The Group consists of a parent company, Pexion Limited, and 14 trading subsidiaries:

Company	Company number	Abbreviation
Pexion Limited	02033029	Pexion
Alan Gordon Engineering Co Ltd	02112664	AGE
Claro Precision Engineering Ltd	01374225	CPE
Clitheroe Light Engineering Ltd	04300370	CLF
Drury's Engineering Ltd	02970004	Drury's
Elite Tooling Solutions Ltd	09521961	EIS
HT Tooling Solutions Ltd	02600078	HTIS
Nitronica Ltd	N1044632	Nitronica
Oxton Engineering Company Ltd	01426174	OEL
Paragon Precision Ltd	02147813	PPI
Phasa Ltd	06125612	Phasa
Precision Engineering Pieces Ltd	01491299	PEP
Rictor Engineering Ltd	01808132	REL
Simtek FMS Ltd	04640681	Simtek
SKN Electronics Ltd	02012444	SKN

The Group is wholly owned by SDD Engineering Holdings Limited ('SDD') (formerly called RDCP Investments 13 Limited).

Initial introduction

In September 2020, KPMG LLP ('KPMG') was introduced to the Company by HSBC Bank Plc (the 'Bank' or 'HSBC'). Shortly thereafter, KPMG was engaged by the Company and HSBC to complete an Independent Business Review and ongoing reports to monitor the performance of the business and adherence to the banking covenants.

On 4 May 2021 KPMG sold its restructuring division and it became Interpath Limited ("Interpath").

Since the initial engagement, Interpath has been re-engaged on multiple occasions:

- March 2022: In conjunction with our Debt Advisory team, we ran an Early Options process to explore the Group's sale, refinancing and investment options. This process concluded with the shareholders completing a solvent transaction that resulted in majority control of the Group being sold to SDD in December 2022.
- March 2023: SDD failed to inject £2.0 million of working capital into the Group within the required timeline, as had been agreed as part of the share sale. Interpath was engaged: 1) to run an Early Options process to explore the Group's options; and 2) to provide stakeholder advisory support in respect of the pension stakeholders, primarily the Pension Trustees, Pension Protection Fund ('PPF') and the Pensions Regulator, in relation to potential transaction activity. Over 130 parties were approached as part of the Early Options process and a preferred bidder was identified. Concurrently, SDD offered to inject £1.0 million of additional equity, with a further £2.0 million raised through asset finance. SDD's offer was preferred by the Directors and key stakeholders as it kept the Group, Bank and pension scheme whole. Accordingly, the transaction completed in November 2023.

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- February 2024: Following a review of the short-term cash flow forecast in January 2024, Management raised concerns over the medium-term financial viability of the Group. Accordingly, Interpath was engaged to run an Early Options process, including exploring options to sell the Group as a whole or identify offers for individual entities. We also undertook a full contingency planning exercise in the event of a wind-down insolvency scenario.

Pre-appointment considerations

Background

The entity subject to this SIP 16 memorandum of sale of business (the 'Transaction') is Drurys Engineering Limited (the 'Company' or 'Drurys') which was incorporated on 21 September 1994.

Drurys was acquired by Pexion in 2012. Drurys manufactures precision engineered products and has experience working with a wide range of metals and polymers, with annual turnover of approximately £4.0 million.

The statutory directors of the Company are David Brindle and Darren Turner (the 'Directors'). The Company is a wholly owned subsidiary of Pexion, with SDD as the ultimate parent company.

There are multiple outstanding charges registered at Companies House with respect to the Company:

Charges	Date created	Charge code	Security
HSBC UK Bank Plc	03/01/2024	0297 0004 0010	A legal assignment of contract monies
SDD Holdings Limited	21/12/2022	0297 0004 0009	Legal mortgage over intellectual property and freehold land and building
HSBC UK Bank Plc	25/01/2019	0297 0004 0008	Fixed and floating charge over all freehold and leasehold land
HSBC Bank Plc	22/10/2012	0297 0004 0007	A legal assignment of contract monies
HSBC Invoice Finance (UK) Limited	10/09/2012	0297 0004 0006	Fixed charge on non-vesting debts and floating charge
HSBC UK Bank Plc	05/09/2012	0297 0004 0004	All monies due or to become due from the company to the charge on any account whatsoever

We will obtain independent legal advice and confirmation on the validity of the charges before making any distributions in the administration.

Events leading up to insolvency

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Following a review of the short-term cash flow forecast in January 2024, Management raised concerns over the medium-term financial viability of the Group. This was due to a series of missed customer orders and significant supplier pressure, resulting in a number of suppliers putting the Company onto proforma payments.

Accordingly, and as noted above, the Group subsequently engaged Interpath on 5 February 2024 to support it with an options process, focussing on exploring the sale and restructuring options available to the business by assessing potential interest from either trade or financial investors.

Due to the financial position of the Group, a deadline for indicative offers was set as 12 February 2024 and final offers requested by 20 February 2024, with a view to concluding a transaction on 1 March 2024. The level of interest received and the Group's cash position allowed for a slightly extended process following the final offer deadline to allow for legal documentation to be completed. The transaction was subsequently completed on 19 March 2024. See 'Marketing of the business and assets' section for more details.

In anticipation of the appointment of administrators a Notice of Intention to Appoint Administrators was filed by the Directors on 13 March 2024.

On 7 February 2024, Amcomri Group Limited ('Amcomri'), a financial investor and unconnected third party, commenced negotiations with Interpath to express its interest in acquiring the business and assets of the Company through a subsidiary, Amcomri 19 Limited (the 'Purchaser' or 'Amcomri 19'). On 21 February 2024, Amcomri submitted an offer of £1.25m to acquire the business and certain assets of both CPE and the Company. Final consideration of £0.7 million was agreed for the business and certain assets of the Company including plant and machinery, stock, unencumbered book debts and goodwill through a pre-pack sale. The HSBC Invoice Finance ('HSBC IF') book debt ledger has been novated to the Purchaser.

A licence to occupy for a period of six months has also been granted in respect of the Company's leasehold property. A transactional service agreement ('TSA') in respect of the Company's IT systems has also been granted to the Purchaser for a period of three months.

A Notice of Appointment of Administrators was filed at Court on 19 March 2024 and the Transaction to Amcomri 19 was completed shortly after the Joint Administrators' appointment.

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Other courses of action considered

Prior to appointment, the Joint Administrators undertook a review of the other possible courses of action, both on a solvent and insolvent basis, comparing the likely outcome for creditors where applicable. These included but were not limited to:

1. Trading on solvently – With the Group's ongoing trading losses, there was insufficient funding for the Directors to continue trading without significant investment. In the absence of additional funding / investment from the current shareholders, third parties or through a sale to a third party, this option was not considered viable by the Directors. We understand that the Directors took independent legal advice in this regard.

2. Trading administration – A trading administration was considered, but not pursued for the following reasons:

- If the Company attempted to trade in administration, there would be an immediate cash requirement to pay staff and there is a significant risk that critical suppliers may require the same, noting that the Company was already on proforma payments with a number of its suppliers. Given the cash requirement, secured lender support would be needed to assist with funding the administration, and there was limited ability to provide certainty as to the profitability of any trading.
- Trading was not considered to be likely to improve the level of net realisations for creditors, especially given the levels of recent trading losses by the Company. Trading costs would also significantly increase the total quantum of administration costs and expenses incurred, including the additional stock, insurance and professional costs.
- Given the extensive marketing of the Company, prior to the Joint Administrators' appointment, it was unlikely that trading in the administration would result in a sale of the business either as a going concern or on a business and assets basis. Therefore, trading in the administration was likely to only postpone the period before which an alternative strategy would be required.

3. Wind down administration – This option would have seen the Company cease to trade upon the appointment of the Joint Administrators, with assets realised on a break-up basis. This was the likely option if a sale could not be achieved, as it was not deemed viable or in the interest of the Company's creditors to continue to trade in the administration (as noted above).

Ceasing to trade and winding down the Company's operations would significantly reduce any goodwill in the business and most employees were likely to have been made redundant following the Joint Administrators' appointment. This would inhibit the ability to agree a sale of the business as a going concern or on a business and assets basis.

The HSBC IF book debt ledger has been novated to the Purchaser. Together with the continuation of trading, the level of return under this asset will be maximised for the benefit of one of the Company's major creditors. A wind down administration would likely have an adverse impact on debtor collections and would therefore have had a detrimental effect on HSBC IF's indebtedness.

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Due to the associated holding costs of the Company's property and assets, the costs in this scenario would significantly reduce the net realisations from the Company's assets if they were sold piecemeal.

4. Pre-packaged administration sale – As detailed above, the business and assets of the Company were marketed for sale prior to our appointment, as part of an accelerated sale process and an offer was received from the Purchaser on an insolvent basis via a pre-packaged administration.

Per our estimated outcome statements, the sale of the business via a pre-pack will achieve a better outcome for creditors as it exceeds the net break-up valuation of all the Company's assets (after costs of realisation). Based on our prior experience, we expect that material additional costs would have been incurred, including professional fees (including agents), sale costs (e.g. the preparation for auctions) and holding costs (e.g. rent and utilities).

A sale of the business via a pre-pack administration enables continuation of trade, preserving goodwill which would quickly diminish should the Company cease to trade and if a sale was to be completed post-appointment. Continuity of supply also maintains relationships with customers which in turn ought to enhance debtor book realisations under the HSBC invoice finance facility. Moreover, 34 directly attributable staff were transferred to the Purchaser under TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006), preserving these jobs and reducing the level of both preferential and unsecured claims received in the administration.

Accordingly, a pre-pack sale was assessed as representing a better outcome than the other options, whilst delivering a greater level of certainty for creditors and employees.

As a result, the Joint Administrators purpose of the administration is under Paragraph 3(1)(b) of Schedule B1 of the Insolvency Act 1986, 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).

5. Company voluntary arrangement ('CVA') – Due to the absence of additional funding, ongoing trading losses, the limited time available to assess and implement a CVA and working capital pressures on the Company, it was not considered that a CVA would be feasible.

6. Restructuring Plan – This was not considered feasible in the time available. This insolvency mechanism is normally used by larger companies with international operations and more complex funding / debt structures, and so was not considered appropriate in this instance.

Marketing of the business and assets

As detailed above, on 5 February 2024, Interpath was engaged by the Company to undertake an Early Options engagement to achieve a sale of the Company. Approaches were made to financial investors, trade parties and former owners of the Group identified by Interpath, the Company and the Directors.

On 6 February 2024, a teaser document was circulated to Interpath's distressed investor list (147 parties), all of whom have track records in transacting in distressed situations. In addition, 39 trade parties identified by Interpath and the Company's management team, plus eight of the Group's former owners, were approached.

It was considered whether wider marketing would be appropriate and of benefit, including over the internet; however, there were significant concerns that using online publications could be detrimental to trading and therefore erode the value of the business.

Following issuing the teaser document with respect to the Group, 45 non-disclosure agreements (NDAs) were issued to interested parties, of which all were signed (31 distressed investors, seven trade parties and seven former owners) and returned with data room access provided thereafter. Due to the financial position of the Group, a deadline for initial offers was set as 12 February 2024 with an initial intention to complete a transaction on or before 1 March 2024. The relatively stable cashflow through February enabled the process to extend into the first week of March.

Valuation of the business and assets

Prior to the Joint Administrators' appointment, the Group engaged Sanderson Weatherall ('SW') to value the tangible assets of the Company, including stock and plant and machinery. SW visited the Company's premises on 22 February 2024 to undertake an asset valuation. SW has confirmed that it is an independent third-party in respect of the Company and it has an appropriate level of professional indemnity cover in place for this advice. SW is a Royal Institution of Chartered Surveyors ('RICS') registered and regulated firm.

The valuation was prepared by Neil Simpson from SW who holds the experience, skills and knowledge necessary to undertake the valuation competently. Neil Simpson also confirmed his independence from the Company, the Purchaser and the Directors.

SW's valuation of the Company's tangible assets subject to the sale (excluding any costs of realisation) is shown below. SW performed both "in-situ" and "ex-situ" valuations for the plant and machinery. Given the most likely alternative course of action for the business was a wind down administration (i.e. an ex-situ realisation strategy for the plant and machinery), the most relevant comparator valuation for this purpose is the ex-situ valuation provided by SW:

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Item	Valuation (£)
Stock	92,700
Unencumbered P&M	5,000
Encumbered P&M	555,000
Outstanding finance	(615,032)
Ex-situ value pre-realisation costs	37,668

The valuation presented above is before the deduction of sales costs, rent, rates, employee costs, lease costs and additional occupation / realisation costs, as well as professional fees for undertaking a disposal of the stock – which in an “ex-situ” scenario would be significant, resulting in a significantly reduced net realisation value for the Company’s assets.

Accordingly, based on the valuation above, the quantum of the offer received from Amcomri 19, and considering the significant costs that would be incurred should the assets be realised on an “ex-situ” basis (including holding costs), SW recommended to the Joint Administrators that the Purchaser’s offer be accepted. As a result, the Joint Administrators determined that a ‘pre-pack’ sale represented the best outcome to creditors as a whole.

Consultation with HSBC IF and HSBC

HSBC IF provides the Company with a confidential invoice financing facility and benefits from a legal assignment of the Company’s debtor book. As at the date of the Joint Administrators’ appointment, HSBC’s funds in use with respect to the Group’s facility was approximately £5.5 million.

HSBC provides a revolving cashflow facility to the Group and, in March 2021, provided an additional CBILS loan to support the Group through the COVID-19 pandemic. As at the date of the Joint Administrators’ appointment, HSBC’s indebtedness totalled approximately £10.4 million and £4.2 million respectively. HSBC also provides the Group with a mortgage facility that totalled approximately £0.2 million. HSBC benefits from a general debenture over the Group’s assets and, as such, any shortfall from debtor realisations will be met from any floating charge surplus after expenses of the administration, the prescribed part, and preferential creditors (should there be any).

HSBC and HSBC IF were kept apprised of progress throughout the Early Options process and was informed of all offers received. HSBC consented to the Transaction by way of providing a deed of release of its security applicable over the assets sold to the Purchaser, on 19 March 2024.

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The transaction

Eversheds Sutherland LLP ('Eversheds') was instructed to prepare legal documentation to assist with the delivery of the proposed transaction, subject to a formal recommendation being received from SW and consultation with HSBC. As part of our Early Options engagement, Interpath advised the Directors that in the circumstances they should seek regular independent legal advice.

The offer was deemed to be in the best interest of creditors and was formalised and documented in the form of a Sale and Purchase Agreement ('SPA'). The Directors took steps to appoint the Joint Administrators, so that they could immediately transfer and execute the sale of the Company's assets to the Purchaser, via a pre-packaged transaction.

Richard Harrison and Howard Smith were appointed as Joint Administrators of the Company at 2.34pm on 19 March 2024 and the pre-packaged transaction to the Purchaser completed at shortly after the Joint Administrators appointment on 19 March 2024.

As part of the sale agreement, the name of the Company will be changed to DE Realisations 2024 Limited and the relevant documents will be filed shortly.

A licence to occupy the Company's leasehold premises has been granted to the Purchaser for a maximum of six months. A TSA in respect of the Company's IT systems has also been granted to the Purchaser for a maximum of three months.

The assets of the Company have not been acquired via another insolvency process in the previous 24 months.

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Purchaser and related parties

The Purchaser, Amcomri 19 (as detailed above), is not considered a connected party to the Company.

Item	Information
Registration number	15522852
Registered office	46/48 Beak Street, London, United Kingdom, W1F 9RJ
Date of incorporation	28 February 2024
Ultimate shareholder	Paul Patrick McGowan
Statutory directors	Mark Patrick O'Neill High Mark Whitcomb

Assets

The assets included in the Transaction are as follows:

- Plant and Machinery;
- Stock;
- Goodwill;
- Debts;
- Business Records;
- Contracts;
- HIF Debts;
- Intellectual Property;
- IT Systems;
- Motor Vehicles;
- Property; and
- Sales Information.



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As part of the sale, 34 employees also transferred to the Purchaser on completion (subject to the Transfer of Undertakings (Protection of Employment) Regulations 2006 ('TUPE')).

Certain assets were specifically excluded from the sale to the Purchaser, including cash at bank.

A licence to occupy agreement was granted to the Purchaser for the Company's leasehold premises. A TSA in respect of the Company's IT systems has also been granted to the Purchaser.

Sale consideration

The offer from the Purchaser was for the following assets:

Assets	£
Plant and Machinery	393,244
Stock	150,000
Goodwill	149,999
Debts	6,749
Business Records	1
Contracts	1
HIF Debts	1
Intellectual Property	1
IT Systems	1
Motor Vehicles	1
Property	1
Sales Information	1
Total	700,000

The sale consideration of £700,000 was paid in full on completion. There are no options, buy-back agreements or other conditions attached to this transaction.

No security was required to be taken by the Joint Administrators regarding the Transaction, as funds were paid by way of a solicitors undertaking to the Joint Administrators' lawyers on completion.

We are not aware of any funding being offered or provided by HSBC or HSBC IF to the Purchaser.

This transaction formed part of a wider transaction, with other entities within the Pexion group acquired as part of a pre-pack sale to unconnected parties.

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Conclusion

The Joint Administrators have placed the Company into administration with the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration) (in line with Paragraph 3(1)(b) of Schedule B1 of the Insolvency Act 1986).

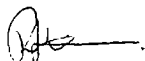
The Joint Administrators are satisfied that this pre-packaged sale has enabled them to achieve this purpose, with their considerations summarised as follows:

- The business and assets were extensively marketed to trade parties, turnaround investors and former owners of the business with a sale to an unconnected party delivered through that process.
- The Transaction has enabled us to preserve employment for 34 employees, through the Transfer of Undertakings (Protection of Employment) Regulations 2006, which has also reduced the value of both preferential and unsecured creditor claims against the Company.
- Alternative courses of action (such as trading / wind-down administration) would have likely led to a significant deterioration in asset realisations, coupled with significantly increased costs of realisations due to the high holding costs that would have been incurred whilst winding down the business.
- Consideration was paid in full on completion, mitigating any risk of non-payment if the offer had been structured differently (for example, if it had an element of deferred consideration).
- Acceptance of the offer from the Purchaser was recommended by independent specialist agents (SW) and in consultation with the major creditors, HSBC and HSBC IF.

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The Joint Administrators have acted in the best interests of the creditors as a whole when negotiating this pre-packaged sale and are satisfied that the sale price achieved was the best reasonably obtainable in all the circumstances.



Richard Harrison, Joint Administrator

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

Richard Harrison and Howard Smith are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal Data will be kept secure and processed only for matters relating to the appointment. For further information, please see our privacy policy at – www.interpathadvisory.com/privacy-insolvency.

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Appendix 8 Glossary

AGE	Alan Gordon Engineering Co Limited - in Administration
CLE	CLEL Realisations Limited (formerly Clitheroe Light Engineering Limited) - in Administration
Company	DE Realisations 2024 Limited (formerly Drurys Engineering Limited)
CPE	CPEL Realisations Limited (formerly Claro Precision Engineering Limited) – in Administration
Directors	David James Brindle Darren James Turner
ETS	Elite Tooling Solutions Limited - in Administration
Eversheds/Solicitors	Eversheds Sutherland (International) LLP
Group	The Company together with; Alan Gordon Engineering Co Limited Alan Gordon Engineering Co Limited CLEL Realisations Limited (formerly Clitheroe Light Engineering Limited) - in Administration CPEL Realisations Limited (formerly Claro Precision Engineering Limited) – in Administration Elite Tooling Solutions Limited - in Administration HT Tooling Solutions Limited - in

	Administration
	Nitronica Limited – in Administration
	Pexion Limited – in Administration
	Precision Engineering Pieces Limited - in administration
	Phasa Limited – in Administration
	Paragon Precision Limited - in Administration
	Oxton Engineering Company Limited – in Administration
	Rictor Engineering Limited – in Administration
	Simtek EMS Limited – in Administration
	SKN Electronics Limited – in Administration
Hill Dickinson	Hill Dickinson LLP
HMRC	His Majesty’s Revenue and Customs
HSBC	HSBC UK Bank Plc
HSBC IF	HSBC Invoice Finance (UK) Limited
HTTS	HT Tooling Solutions Limited - in Administration
Interpath/Interpath Advisory	Interpath Ltd
Joint Administrators/we/our/us	Richard Harrison and Howard Smith
KPMG	KPMG LLP

Property	21 Knowl Piece, Wilbury Way, Hitchin, SG4 0TY
Nitronica	Nitronica Limited – in Administration
NOI	Notice of intention to appointment administrators
PAYE	Pay As You Earn
Period	19 March 2024 to 22 March 2024
Pexion	Pexion Limited – in Administration
PEP	Precision Engineering Pieces Limited - in administration
Phasa	Phasa Limited – in Administration
PPL	Paragon Precision Limited - in Administration
Purchaser	Amcomri 19 Limited
OEL	Oxton Engineering Company Limited – in Administration
REL	Rictor Engineering Limited – in Administration
Simtek	Simtek EMS Limited – in Administration
SKN	SKN Electronics Limited – in Administration

TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
VAT	Value Added Tax
Sandersons	Sanderson Weatherall LLP
SDD	SDD Holdings Limited
Secured creditors	HSBC, HSBC IF, SDD

Any references in these proposals to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 9 Notice: About this statement of proposals

This statement of proposals ('proposals') has been prepared by Richard Harrison and Howard Smith, the Joint Administrators of Drurys Engineering Limited – in Administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group.

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

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

Richard John Harrison and Howard Smith are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders may be Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – www.interpathadvisory.com/privacy-insolvency.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Interpath Ltd does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration.

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