

The Insolvency Act 1986

Notice of result of meeting of creditors

Name of Company
Modus Access UK Limited

Company number
03480718

In the
High Court of Justice, Chancery Division
Companies Court
[full name of Court]

Court case number
3937 / 2016

(a) Insert full name(s) and
address(es) of the
administrator(s)

*Delete as applicable

(b) Insert place of meeting

(c) Insert date of meeting

*Delete as applicable

We (a)

Alexander Kinninmonth
RSM Restructuring Advisory LLP
Highfield Court
Tollgate
Chandlers Ford
Eastleigh SO53 3TY

David Smithson
RSM Restructuring Advisory LLP
Highfield Court
Tollgate
Chandlers Ford
Eastleigh SO53 3TY

hereby report that ~~*a meeting / an adjourned meeting~~ of the creditors of the above company was held at

(b) RSM, Highfield Court, Tollgate, Chandlers Ford, Eastleigh, SO53 3TZ

on (c) 26 September 2016 at which

*1 Proposals / ~~revised proposals~~ were approved

(d) Give details of the
modifications (if any)

*2 ~~Proposals / revised proposals were modified and approved~~

~~The modifications made to the proposals are as follows-~~

(d) _____

(e) Insert time and date of
adjourned meeting

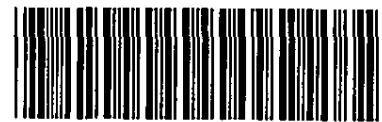
*3 ~~The proposals were rejected~~

(f) Details of other resolutions
passed

*4 ~~The meeting was adjourned to (e)~~

*5 Other resolutions (f)

COMPANIES HOUSE



QIQ

Q5H119ZE
13/10/2016

#82

THURSDAY

That the Administrators be discharged from liability in respect of any action of theirs as Administrators immediately following their cessation to act as Administrators

That in accordance with the fee estimate provided to creditors on 9 September 2016 at Appendix O to the Joint Administrators' proposals, the Administrators shall be authorised to draw their remuneration based upon time costs limited to the sum of £65,375 plus VAT

That the Administrators shall be authorised to draw 'category 2' disbursements as an expense of the Administration at the rates prevailing at the time the cost is incurred, current details of which are attached at Appendix I to the Joint Administrators' proposals In the event that the

administration exits by way of liquidation and the administrators are appointed liquidators, such resolution shall be treated as being passed in the liquidation

That the Administrators shall be authorised to draw their outstanding pre-appointment remuneration and disbursements as set out in Appendix L to the Joint Administrators' proposals, in the sum of £49,315 75 plus VAT, such disbursements to include 'category 2 disbursements' at the rates prevailing at the time the cost was incurred, current details of which are attached at Appendix I to the Joint Administrators' proposals

That the Administrators shall be authorised to discharge the outstanding pre-appointment Legal and Agent expenses as set out in Appendix L to the Joint Administrators' proposals, in the sum of £21,346 50 plus VAT

That Layher Limited be paid the sum of £9,913 70 in relation to funds made available to the Company prior to Administration to meet the weekly payroll for two weeks as an expense of the Administration

That the employees of the Company who remained employed on the day prior to Administration be paid one week wages at a total cost of £5,129 41 as an expense of the Administration

The revised date for automatic end to administration is _____

*Delete as applicable

A creditors' committee ~~*was~~ / was not formed

Signed


Alexander Kinninmonth
Joint Administrator

Dated

28/9/16

*Delete as applicable

A copy of the ~~*original proposals / modified proposals / revised proposals~~ is attached for those who did not receive such documents prior to the meeting

Contact Details:

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

RSM, Highfield Court, Tollgate, Chandlers Ford, Eastleigh, Hampshire, SO53 3TZ

+44 (0) 2380 646 464

DX Number

DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ
DX 33050 Cardiff

A07

13/10/2016

#223

COMPANIES HOUSE
COMPANIES HOUSE

In the matter of

**Modus Access UK Limited – In Administration
(‘the Company’)**

In the High Court of Justice, Chancery Division, Companies Court No 3937 of 2016

Joint Administrators' proposals and report

**Alexander Kinninmonth and David Smithson
Joint Administrators
Appointed 25 July 2016**

**RSM Restructuring Advisory LLP
Highfield Court
Tollgate
Chandlers Ford
Eastleigh SO53 3TY**

9 September 2016

Contents

Sections

- 1 Purpose of report
- 2 Events leading up to the administration
- 3 Estimated statement of financial position
- 4 Conduct of the administration
- 5 Creditors' claims and dividend prospects
- 6 Joint Administrators' receipts and payments
- 7 Meeting of creditors
- 8 Joint Administrators' proposals
- 9 Proposed exit from administration
- 10 Costs and Joint Administrators' remuneration
- 11 EC regulations

Appendices

- A Statutory, dividend and other information
- B Estimated statement of financial position
- C Summary of receipts and payments
- D Notice of a meeting of creditors
- E Form of proxy
- F Insolvency Rules 1986 (as amended) entitlement to vote
- G Proof of debt form
- H Charging, expenses and disbursements policy statement
- I Current charge out and disbursement rates
- J Category 2 disbursements table
- K Joint Administrators' post-appointment time cost analysis
- L Analysis of pre-administration costs
- M Joint Administrators' pre-appointment time costs analysis
- N SIP 16 statement (and viability statement / review)
- O Joint Administrators' fee estimate and assumptions
- P Joint Administrators' expenses likely to be incurred

1 Purpose of report

The Joint Administrators are pleased to present their Proposals and Report pursuant to Paragraph 49, Schedule B1 to the Insolvency Act 1986 (as amended) and Rule 2.33 of the Insolvency Rules 1986 (as amended)

This proposal has been prepared solely to comply with the statutory requirements of Paragraph 49, Schedule B1 to the Insolvency Act 1986 (as amended). It has not been prepared for use in respect of any other purpose, or to inform any investment decision in relation to any debt or financial interest in the Company. Any estimated outcomes for creditors are illustrative and may be subject to significant change. Neither the Administrators nor RSM Restructuring Advisory LLP accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in this proposal.

RSM Restructuring Advisory LLP was previously named Baker Tilly Restructuring and Recovery LLP until 26 October 2015.

2 Events leading up to the administration

2.1 Brief background

The Company was incorporated in 1997 and has operated as a scaffolding business across the south coast since its inception.

Following the death of one of the Company's founders Tony Croft was appointed as Financial Director. As a result, a change in the structure of the business was made with Tony Croft becoming the majority shareholder. The other two directors are Christopher Dowse and Simon Jeanes. Christopher Dowse was responsible for operations and Simon Jeanes contract management.

The Company used scaffolding equipment provided by Layher Limited ("Layher") which uses a different construction system compared to standard scaffolding.

After several years of trading the company gained NASC (National Access and Scaffolding Confederation) accreditation which helped it to win a number of contracts with large customers such as Kier and British Gas.

As part of the Company's business model and overall strategy to expand its operations Tony Croft arranged for financial investment to be provided by a range of private investors together with Funding Circle. Funds from some private investors were loaned by Tonic Business Services Limited. This was in addition to finance provided by Layher in respect of the Company's scaffolding equipment.

The Company also received funding from Gener8 Finance Limited (Gener8") in relation to an invoice discounting facility.

For the year ended 31 December 2014 the Company reported turnover of £1.1m with a profit before tax of £196k.

In May 2015 the Company purchased additional Layher scaffolding equipment totalling £250k in order to complete a specific contract. Following completion of the contract the Company experienced delays in customer payments and was unable to maintain its finance payments to Layher in accordance with the terms of the agreement.

Around this time the Company appointed Phil Rowland as its Managing Director with the role of securing additional funding.

For the year ended 31 December 2015 (draft accounts) turnover had reduced to £800k resulting in a loss of £105k.

In the absence of further funding, the Company approached competitors with a view to a sale of the company as a going concern. Despite initial interest, these attempts proved unsuccessful.

By June 2016 Layher had notified the Company of its intention to recover the goods subject to the finance agreements. As a result Tony Croft approached RSM Restructuring Advisory LLP on 23 June 2016 for professional advice.

At a meeting on 24 June 2016 Tony Croft met with Alexander Kinninmonth of RSM when the Company's financial position was discussed. It was concluded that the Company was insolvent and

Alexander Kinninmonth outlined the options available to the Company

Following this advice the director concluded that the best option was to pursue a pre-packaged sale of the Company's assets and business prior to it entering Administration RSM was instructed to assist with the formalities of placing the company into Administration and to achieve a pre-packaged sale

On 28 June 2016 a Notice of Intention to Appoint Administrators was filed at Court

2.2 Company's trading history

Relevant extracts from the Company's financial statements are summarised below

Profit & loss account

	(DRAFT) y/e 31 December 2015 £'000	y/e 31 December 2014 £'000	y/e 31 December 2013 £'000
Turnover	800	1,128	785
Gross profit	213	620	354
Profit before tax	(105)	196	(32)
Profit/(loss) after tax	(105)	196	(32)

Balance sheet

	(DRAFT) y/e 31 December 2015 £'000	y/e 31 December 2014 £'000	y/e 31 December 2013 £'000
Fixed Assets	872	734	807
Current assets			
Debtors	272	315	196
Cash	0	18	7
	<u>272</u>	<u>333</u>	<u>203</u>
Total assets	<u>1,144</u>	<u>1,067</u>	<u>1,010</u>
Current liabilities	562	594	368
Creditors due >1 year	440	227	504
Net assets	<u>142</u>	<u>246</u>	<u>138</u>

3 Estimated statement of financial position

The directors are in the process of finalising the Statement of Affairs and therefore the statutory form has not yet been lodged

Accordingly, pursuant to Rule 2.33 of the Insolvency Rules 1986 (as amended), we attach an Estimated Statement of the Financial Position of the Company as at 25 July 2016 as Appendix B. This records the assets and liabilities at their estimated book value at the date of our appointment together with details of the names, addresses and the estimated amounts due to the Company's creditors and any security held at the date of our appointment

4 Conduct of the administration

4.1 Purpose of the administration

Paragraph 3 of Schedule B1 to the Insolvency Act 1986 (as amended) sets out the purposes of an Administration. The Joint Administrators must perform their functions with the objective of either

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

Due to the Company's net asset position, it was not possible to achieve statutory purpose (a). No additional funding was available and a sale of the Company as a going concern was not viable.

A Company Voluntary Arrangement was considered but the Company's financial forecasts and level of liability did not allow for a justifiable return to creditors. In addition, the Company's major creditor indicated that they would not be willing to support the business in its present structure and would seek to remove assets from the Company under the terms of the asset agreement if the Company were to continue in its current form.

Therefore statutory purpose (b) was pursued as it was anticipated that greater value could be achieved for the Company's assets in Administration than that in a Liquidation scenario.

4.2 Strategy

The Joint Administrators concluded that it was not viable to trade the business during administration and that an immediate sale of the Company's assets was the most appropriate means to achieve the objective of administration.

A Notice of Intention to Appoint Administrators was filed at Court on 28 June 2016 in order to protect the Company's assets from any creditor recovery action and to provide a period of ten working days to market the business and assets for sale.

Richard Kelly and Barry Bostock of Lambert Smith Hampton ("LSH") were instructed to undertake a valuation of the Company's assets.

On 29 June 2016 RSM met with Layher and discussed the options available. The proposed strategy was explained and Layher confirmed that it was committed to the process. Layher's main objective was for a purchaser to acquire all Layher equipment but failing that it would be interested in making an offer for the purchase of the Company's equipment not subject to the finance agreement.

Due to the specialist nature of the scaffolding equipment the Joint Administrators implemented a direct marketing strategy, specifically targeting competitors and parties which had previously expressed an interest in the business. A general marketing strategy was also utilised with sales memorandums being circulated to RSM and LSH's contacts. The opportunity was also advertised on LSH's website.

In order to facilitate continued trading the Company's lender, Gener8, advanced funds to meet the Company's weekly payroll in the first week of the pre Administration period. This was with the consent of all guarantors. The approximate cost was £5,000.

Following the distribution of a sales memorandum, five parties confirmed expressions of interest and entered into non-disclosure agreements. Further information was then provided to those parties.

Three offers were received for the business and these were referred to the agent for review. It was concluded that only one offer represented best value and negotiations in this regard commenced.

The pursued offer was made by Layher. It proposed to recover its equipment subject to the finance agreement and acquire the remaining unencumbered equipment with the potential to finance a new company under the control of the two directors responsible for the day-to-day operations. Layher's offer was conditional on a full inventory being carried out at the company's storage yard and across the twelve contract sites. Together with the agent, LSH, Layher proceeded to carry out the inventory. This exercise took five working days.

During this period Layher consulted its board of directors and shareholders which resulted in it concluding that it would only pursue the recovery of its equipment and the purchase of the

unencumbered equipment

On 12 July 2016 a second Notice of Intention to Appoint Administrators was filed at Court as it was not currently possible to proceed with the proposed appointment

During the next two week period Layher funded the Company's weekly payroll at an approximate cost of £10,000

Throughout the pre administration period Layher had been committed in assisting the proposed Joint Administrators to achieve the best value for creditors as a whole. Consequently Layher suggested that it speak with one of its customers to explore whether they would be interested. This course of action was approved by the proposed Joint Administrators which resulted in an expression of interest being made by Blencowe Scaffolding Limited ("Blencowe"), a competitor located in Salisbury, Wiltshire

Blencowe had been targeted during the marketing process as it is the only other local firm using the bespoke Layher scaffolding system

Following receipt of a signed non-disclosure agreement, Blencowe was provided with company information together with the equipment inventory

Alexander Kinninmonth, Layher and the Company's management team met with Blencowe on 18 July 2016 to discuss a potential acquisition of the Company's assets and business as a going concern

On 20 July 2016 an initial offer for the business and assets was submitted to the proposed Joint Administrators but was conditional on further due diligence in relation to the Company's employees. The offer excluded the on going contracts as Blencowe was unable to conclude whether they would be an asset or liability

On 22 July 2016 Blencowe concluded that the risk and potential liability attached to the business by way of the employees was too high and therefore submitted a revised offer of £280,129 for the unencumbered Layher scaffolding equipment only. The sale consideration was to be paid by way of five equal monthly instalments of £46,688.24 plus VAT followed by a final payment of £46,688.22 plus VAT in month six

The terms of the sale agreement provide that title to the equipment does not pass until all payments under the Sale and Purchase Agreement ("SPA") have been received

In the absence of achieving a sale of the Company's assets and business as a going concern, it was considered that an in-situ sale of the Company's scaffolding equipment would ensure that best value was obtained for creditors as a whole

As a significant amount of scaffolding was located across twelve sites, it was essential that any purchaser would be responsible for removal costs. This would ensure that best value was obtained as in a break-up scenario (i.e. liquidation) it is likely that the costs of removal would be significant and therefore diminish any net realisable value

The Joint Administrators were aware that Blencowe had already been approached by some of the Company's customers with a view to completing works. This was due to the specialist nature of the scaffolding equipment. It was therefore anticipated that any works completed by Blencowe may help in minimising customer claims in the administration and increase dividend prospects to unsecured creditors. This eventuality may also assist in the recovery of the Company's book debts

The offer was referred to LSH for review and it was recommended that the proposed Joint Administrators accept Blencowe's offer. Accordingly, the Company's unencumbered Layher scaffolding equipment was sold to Blencowe on 26 July 2016

The assets sold to Blencowe were valued at £300,000 on an in-situ basis and £150,000 on a break-up basis. The agreed sale therefore achieved better value for creditors as a whole and the pursued statutory purpose of administration

The equipment subject to the Layher asset agreement was excluded from the sale. Layher has recovered goods subject to the terms of the agreement and the Company's liability has been discharged in full

During the pre Administration period the Company's employees were retained for the purpose of continued trading and to assist in carrying out the inventory. The cost of the Company's weekly payroll for two of the weeks was funded by Layher. The approximate cost was £10,000 and it is proposed that Layher be reimbursed as an expense of the administration as ultimately this cost ensured that in-situ

value was achieved for the equipment

It is also proposed that a further weeks payroll at an approximate cost of £5,000 is also met as an expense of the Administration. This is for the reasons stated above.

The majority of the Company's employees worked one week in arrears and therefore any outstanding wages will be processed by the Redundancy Payments Service.

Please refer below for details of the Company's remaining assets.

4.3 Realisation of assets

4.3.1 Layher scaffolding equipment

The Company's unencumbered Layher scaffolding equipment was sold to Blencowe on 26 July 2016 for £280,129 plus VAT.

The equipment which was subject to the finance agreement with Layher has been recovered by Layher and therefore the company's liability has been discharged in full.

To date the Joint Administrators have received the first and second instalments totalling £93,376 plus VAT.

4.3.2 Book debts

The Company has book debts in the sum of £163,077. The book debts were subject to an invoice discounting agreement with Gener8. In accordance with the terms of the agreement, Gener8 had a fixed charge over the book debts and fixed and floating charges over the Company's remaining assets in accordance with a debenture created on 12 August 2012. In addition, the directors of the Company had provided personal guarantees.

On 25 July 2016, Gener8 advised that funds in use together with legal fees and adjustments was approximately £35,000. This excluded a ledger recovery fee of 15% together with projected additional costs of £10,000. Therefore, Gener8 estimated that the Company's total liability would be in the region of £70,000 plus VAT.

During negotiations with Gener8 in relation to the pre-packaged sale, it was proposed that the Company's liability be limited to £50,000. As it was expected that Gener8 would make a full recovery under either its fixed or floating charges, the Joint Administrators accepted the offer as ultimately it would reduce the Company's secured liability and increase funds available to preferential and unsecured creditors by approximately £20,000.

Upon completion, Gener8 released its fixed charge over the Company's book debts and reassigned book debts of £149,489 to the Company.

It was agreed that Gener8 would receive advance floating charge distributions from the first three deferred sale consideration payments. £20,000 was due on completion and a further £20,000 following receipt of the second payment. The balance of £10,000 was to be paid out of the third instalment. Each distribution would be net of any book debt payments received in the relevant period.

To date, book debt realisations total £13,545. The Joint Administrators have now collated the supporting records and are in the process of instructing an agent to collect the outstanding debts. A further update will be provided to creditors in this regard in due course.

For the purposes of the estimated statement of financial position, the estimated realisable value of the book debts is £50,000.

4.3.3 Chattel Assets and Motor Vehicles

LSH were instructed to value and dispose of the Company's remaining assets.

These assets have been attributed the following realisable values:

Asset	<i>In-situ</i>	<i>Ex-situ</i>
	£	£
Plant and Equipment	3,250	1,600
Office Furniture and Equipment	110	35
Unencumbered Motor Vehicles	4,000	2,000
Motor Vehicles Subject to Finance	15,200	11,250
	22,560	14,885

In order to provide sufficient time for disposal the Joint Administrators agreed terms with the Company's landlord, Broadlands Estates, for their period of use. This was also essential to allow Layher and Blencowe time to collect their goods.

LSH has now completed its disposal of the remaining assets and funds totalling £8,700 plus VAT have been received in this regard.

Funds totalling £2,800 plus VAT have been paid to Broadlands Estates in relation to the period of use.

4.3.4 Other Debtors

The Company's draft accounts show Other Debtors with a book value of £148,316. The Joint Administrators understand that this is in relation to directors' loans. Further enquiries will be made in this regard and an update provided to creditors in due course.

4.3.5 Potential claim for compensation for mis-selling of interest rate hedging product

As you may be aware, a settlement agreement was recently reached between the Financial Conduct Authority ('FCA') and certain major banks in relation to the sale of interest rate hedging products. We are currently investigating whether or not the Company was sold a relevant Interest Rate Hedging Product, and whether there is an entitlement to redress whether inside the framework of the FCA settlement, or otherwise.

We are aware that a number of banks are in the process of developing a methodology to implement the terms of the settlement reached with the FCA in respect of the sale of these products. Our understanding is that this process will take several months to refine and finalise and, until such time, our own investigations cannot be completed. However, it should be noted that there has not, as yet, been any clarification as to how any such compensation would be treated and thus which creditors would have priority. The Joint Administrators are therefore at present unable to ascertain whether any such funds would therefore be available for creditors.

4.4 SIP 16 statement

A pre-packaged sale of part of the Company's assets has been made, as set out in the notification to creditors dated 5 August 2016. Details of the sale and the circumstances surrounding it are given at Appendix N ('SIP16 Statement').

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

4.5 Administration and planning

The Joint Administrators have ensured that all statutory requirements have been adhered to and all other duties in relation to the management of the case have been completed. This includes, but is not limited to, the following activities:

- Statutory duties associated with the appointment including the filing of relevant notices,
- Notification of the appointment to creditors, members, employees and other interested parties,
- Reviewing available information to determine appropriate strategy,
- Setting up and maintaining bank accounts,
- Setting up case files,
- Periodic progress review of the case

5 Creditors' claims and dividend prospects

The value at which creditors' claims are stated in the Estimated Financial Position are, as is required by legislation, those which are provided by the Directors of the Company. It is our view that the position appears relatively accurate based on our knowledge to date. In addition, certain claims may be subject to reduction in respect of mitigation, set-off or retention of title.

The agreement of creditors' claims by the Joint Administrators (or any subsequently appointed Supervisor or Liquidator) is a separate matter and will be dealt with as appropriate in due course, initially by reference to the proofs of debt lodged in the proceedings by creditors themselves.

Dividend prospects and projected returns to creditors, where known, are detailed in Appendix A, including any amount under the prescribed part. Please note that these are indicative only and should not be used as the sole or principal basis for any bad debt provision or other purposes. They may be subject to revision and additional costs.

5.1 Prescribed part

The 'Prescribed Part' is a statutory amount, calculated as a percentage of net floating charge realisations, which entitles unsecured creditors to a share of realisations. This is calculated on a sliding scale up to maximum of £600,000 before costs.

There are creditors secured by fixed and qualifying floating charges over the assets and undertaking of the Company and whilst the Statement of Affairs shows that those creditors will receive no recovery under their floating charges, an agreement has been reached with Gener8 finance to repay the amount due to them under their floating charge.

The amount of the Prescribed Part of the assets under Section 176A of the Insolvency Act 1986 (as amended) in relation to the distribution made under Gener8's floating charge is £55,033.

6 Joint Administrators' receipts and payments

Attached as Appendix C is a summary of the Joint Administrators' receipts and payments.

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

7 Meeting of creditors

The Joint Administrators have decided to convene a meeting of creditors, pursuant to paragraph 51 of Schedule B1 to the Insolvency Act 1986 (as amended).

The following documentation is attached:

- Appendix D formal notice convening the meeting is on Form 2.20B,
- Appendix E a form of proxy form for use at the meeting,
- Appendix F an extract from the Insolvency Rules 1986 (as amended) regarding creditors' entitlement to vote, and

- Appendix G a proof of debt to enable creditors who have not yet lodged their claim to do so (please note that you will not be able to vote at the meeting unless you have lodged your claim with the Joint Administrators)

The purpose of the meeting is for creditors to be able to consider the Administrators' proposals and resolutions set out at section 8 below and to ask questions as regards the conduct of the Administration. At the meeting, creditors are also entitled to establish a Creditors' Committee should they so wish, provided that there are no fewer than three and no more than five wishing to be represented on the committee.

8 Joint Administrators' proposals

The Joint Administrators' proposals in relation to the Company are

- 8 1 If appropriate, the Administrators should continue to trade the business to explore the possibility of selling the company and/or its business and assets upon the terms they consider to be the most beneficial to creditors of the Company.
- 8 2 If a sale of the Company and/or its business is unachievable then the Administrators should consider and pursue the most appropriate alternative method of realising the assets for the benefit of the creditors.
- 8 3 The Administrators should arrange to distribute available funds from the realised assets to those creditors entitled to them in such manner as they consider will lead to an early distribution of the available assets in an economic manner.
- 8 4 The Administrators be authorised to make such application to court for directions as they consider appropriate with a view to achieving the purposes of the Administration or their proposals.
Subject to paragraph 9 below, the Company exits the Administration by way of Creditors' Voluntary Liquidation. However, in the event that insufficient funds are realised to result in funds being available to unsecured creditors, the company shall exit administration by way of compulsory liquidation or dissolution.
- 8 5 That Alexander Kinninmonth and David Smithson of RSM Restructuring Advisory LLP, Highfield Court, Tollgate, Chandlers Ford, Eastleigh SO53 3TY be appointed Joint Liquidators of the Company following the cessation of the Administration and the Joint Liquidators will have the power to act jointly and severally.
- 8 6 For creditors to consider whether to appoint a Creditors' Committee to assist the Administrators and subsequent Joint Liquidators.
- 8 7 In the event that a Creditors' Committee is not established, the Administrators be discharged from liability in respect of any action of theirs as Administrators immediately following their cessation to act as Administrators.
- 8 8 In the event that a Creditors' Committee is not established, then in accordance with the fee estimate provided to creditors at Appendix O to these proposals the Administrators shall be authorised to draw their remuneration based upon time costs limited to the sum of £65,375 plus VAT.
- 8 9 In the event that a Creditors' Committee is not established, the Administrators shall be authorised to draw 'category 2' disbursements as an expense of the Administration at the rates prevailing at the time the cost is incurred, current details of which are attached at Appendix I. In the event that the Administration exits by way of liquidation and the administrators are appointed liquidators, such resolution shall be treated as being passed in the liquidation.
Creditors are also asked to consider the following resolutions in relation to the outstanding pre-Administration costs detailed at paragraphs 8 10 to 8 13 below and at Appendix L.
- 8 10 In the event that a Creditors' Committee is not established, that Layher Limited be paid the sum of £9,913 70 in relation to funds made available to the Company prior to Administration to meet the weekly payroll for two weeks as an expense of the Administration.
- 8 11 In the event that a Creditors' Committee is not established, that the employees of the Company who remained employed on the day prior to Administration be paid one week wages at a total cost of £5,129 41 as an expense of the Administration.

- 8 12 In the event that a Creditors' Committee is not established, the Administrators shall be authorised to draw their outstanding pre-appointment remuneration and disbursements as set out in Appendix L, in the sum of £49,315 75 plus VAT, such disbursements to include 'category 2 disbursements' at the rates prevailing at the time the cost was incurred, current details of which are attached at Appendix I
- 8 13 In the event that a Creditors' Committee is not established, the Administrators shall be authorised to discharge the outstanding pre-appointment Legal and Agent expenses as set out in Appendix L, in the sum of £21,346 50 plus VAT

9 Proposed exit from administration

It is proposed that the Company shall exit Administration by Creditors' Voluntary Liquidation

If the Company exits Administration by moving into Creditors' Voluntary Liquidation, it is proposed that Alexander Kinninmonth and David Smithson of RSM Restructuring Advisory LLP, Highfield Court, Tollgate, Chandlers Ford, Eastleigh SO53 3TY be appointed Joint Liquidators of the Company following the cessation of the Administration. The Liquidators will have the power to act jointly and severally and any act required or authorised to be done by the liquidators may be done by all or any one or more of the persons holding the office in question.

Creditors should note that they may nominate a different person as the proposed Liquidator, provided that

- (a) the nomination is made before the proposals (or any revised proposals) are approved and,
- (b) Where the nomination relates to more than one person, or has the effect that the office is to be held by more than one person, a declaration is made as to whether any act required or authorised to be done by the liquidators is to be done by all or any one or more of the persons for the time being holding the office in question.

In the event that insufficient funds are realised to result in funds being available to unsecured creditors, the company shall exit administration by way of compulsory liquidation or dissolution.

10 Costs and Joint Administrators' remuneration

10.1 Pre-administration costs

Before a company enters into any form of insolvency proceedings, professional costs are necessarily incurred in order to ensure that

- The most suitable form of proceedings is chosen, in the interests of creditors
- The mechanics of initiating the proceedings and appointing an insolvency practitioner are dealt with appropriately

The basis on which these costs are to be paid varies according to the insolvency procedure adopted. In the case of a company entering into administration, the administrator must make a 'Statement of Pre-Administration Costs', the content of which is prescribed by the Insolvency Rules, and seek approval for their payment. In this case, approval will be sought from the creditors committee, or in the event that a Creditors' Committee is not established, the general body of creditors.

Details of the fees charged and expenses incurred by the Administrators prior to appointment are set out in Appendix L, together with details of the amounts paid to discharge these costs (if any), and the balance that remains unpaid (if any).

In this case, further work was also done in the interests of creditors prior to my appointment as Joint Administrator to prepare for the asset sale shortly following appointment. It will be appreciated that, had this commercial opportunity not been available, it would have still been necessary to obtain valuations and instruct agents and solicitors to assist in disposing of the assets following my appointment, and to manage and oversee the asset realisation process. To that extent, these costs are not additional costs that would have been saved, had the assets been disposed of later.

These fees were incurred with a view to the Company entering Administration. This work further achieved the purpose of the Administration by allowing the assets currently in use to be sold, and to maximise the value of the company's equipment.

To the best of my knowledge no fees were charged, or expenses incurred, by any other Insolvency Practitioner prior to my appointment

I would advise you that payment of unpaid pre-Administration costs as an expense of the Administration is

- (i) Subject to approval under Rule 2.67A, and
- (ii) Not part of the proposals subject to approval under paragraph 53 of Schedule B1 to the Insolvency Act 1986 (as amended)

I can confirm that there are unpaid pre-Administration costs of £85,705.36

Creditors are asked to consider resolutions as set out at paragraphs 8.12 and 8.13 to approve the payment of the Administrators' outstanding pre-appointment remuneration and expenses as detailed at Appendix L from the Administration estate. Please note that, if a Creditors' Committee is appointed, it is for the Committee to consider these resolutions

10.2 Joint Administrators' post appointment remuneration and disbursements

Creditors are asked to consider resolutions as regards the payment of the Administrators' remuneration and drawing certain disbursements from the Administration estate

It is for the creditors or, if a Creditors' Committee is appointed, the Creditors' Committee, to determine on what basis the administrator is to be remunerated, time cost, percentage, set fee or any combination of these and, where appropriate, the percentages or amounts of any set fee

The Administrators are seeking approval for their post-appointment fees (remuneration) to be drawn on a time-cost basis in line with the fee estimate attached (Appendix O)

The Administrators are required by statute to carry out much of that work, for example, issuing progress reports to creditors and reporting to the Department of Business, Innovation and Skills on the conduct of the Company's directors. Other work will be determined by the particular circumstances of the appointment

Creditors are asked to consider the resolution set out at paragraph 8.8 of the Administrators' proposals

Our fee estimate has been prepared to incorporate the work that we anticipate will be done during the life of the appointment and based on the information currently available the Administrators do not anticipate that it will be necessary to seek approval from creditors to increase their fees

Should the scope change or the assumptions prove to be inaccurate, it may result in additional cost being incurred in dealing with the Administration. That may be as a result of certain work that has already been identified proving to be more complex and time-consuming than anticipated, a greater level of stakeholder engagement, or because new matters come to light of which the Administrators are not presently aware. Should such circumstances arise, the Administrators may need to seek approval from the creditors to increase their fees

If so approved, the maximum amount that the Joint Administrators will be able to draw in relation to their post-appointment fees will be £65,375 plus VAT i.e. the total fee estimate. They will not be allowed to draw more than that amount unless they obtain further approval of the creditors

10.3 Guide to Administrators fees

For your information the following documentation is attached

- Appendix H Charging, expenses and disbursement policy statement
- Appendix I Joint Administrators' charge out and disbursement rates
- Appendix J category 2 disbursement table
- Appendix K Joint Administrators' time and charge out summary

A Guide to Administrators Fees, which provides information for creditors in relation to the remuneration of an Administrator, can be accessed at <http://rsm-insolvencypoint.com> under 'general information for creditors'. A hard copy can be requested from my office by telephone, email or in writing

10.4 Post-appointment expenses and category 1 disbursements

The Administrators consider that post-appointment expenses and category 1 disbursements of £490 00 are likely to be incurred. A breakdown of these is attached at Appendix P.

10.5 Post-appointment category 2 disbursements

Category 2 disbursements include elements of shared or overhead costs. Insolvency guidelines require these to be identified separately and are subject to approval as if they were remuneration. The current rates are attached at Appendix I and details of category 2 disbursements already incurred are attached at Appendix J. In the event that a Creditors' Committee is not appointed, creditors are asked to consider the resolution set out at paragraph 8.9 of the Joint Administrators' proposals.

11 EC regulations

It is considered that the EC regulations will apply and that these proceedings will be main proceedings as defined in Article 3 of the EC regulations as the centre of main interest of the Company is in the UK.



Alexander Kinninmonth
RSM Restructuring Advisory LLP
Joint Administrator

Alexander Kinninmonth is licensed to act as an Insolvency Practitioner in the UK by the Association of Chartered Certified Accountants.

David Smithson is licensed to act as an Insolvency Practitioner in the UK by the Insolvency Practitioners Association.

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

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

Appendix A

Statutory, dividend and other information

Company name	Modus Access UK Limited
Functions of Administrator(s)	The Joint Administrators' appointment specified that they would have power to act jointly and severally The Joint Administrators' have exercised, and will continue to exercise, all of their functions jointly and severally as stated in the notice of appointment
Previous company names	Finest Scaffolding & Access Limited (until 01/03/2007)
Company number	03480718
Date of incorporation	15 December 1997
Trading name	Modus Access
Trading address	Ridge Lane, Romsey, Southampton SO51 6AB <i>Previously Western Avenue, Western Docks, Southampton SO15 0HH</i>
Principal activity	Scaffolding
Registered office	Highfield Court, Tollgate, Chandlers Ford, Eastleigh SO53 3TY <i>Previously Solent House 107a Alma Road, Portwood, Southampton, Hampshire, SO14 6UY</i>
Share capital	Authorised share capital 50,000 ordinary shares
Nominal & issued share capital	Issued 50,000 Ordinary Shares at a par value of £1 each
Shareholders	Tony Croft 46,750 shares Christopher Dowse 1,000 shares Simon Jeanes 1,000 shares Scott Sennett 1,000 shares Darren Foy 250 shares
Directors	Tony Croft Christopher Dowse Simon Jeanes
Secretary	Tony Croft
Mortgages & charges	Fixed and floating charge created 12 August 2012 and registered on 22 August 2012 in favour of Gener8 Finance Limited Fixed and floating charge created 19 September 2012 and registered on 28 September 2012 in favour of Layher Limited
Appointor	Christopher Dowse (director) of 55 Summitt Way, Bitterne, Southampton SO18 4ST

Dividend prospects	Owed	Paid to date	Estimated future prospects
Secured creditor (1)	£249,242	Nil	Payment in full
Secured creditor (2)	£50,000	£40,000	Payment in full
Preferential creditors	£25,004	Nil	100p in £
Unsecured creditors	£1,043,049	Nil	Uncertain
Estimated net property	£260,164		
Estimated prescribed part available for unsecured creditors	£55,033		

Appendix B

Estimated statement of financial position

A - SUMMARY OF ASSETS

	Book Value £	Estimated to Realise £
Assets Subject to Specific Charge		
Assets Subject to Fixed Charge		
Debtors (Pre-Appointment)	163,077	50,000
Less Amounts Owing to Gener8 Finance Limited	(49,517)	(49,517)
	113,560	483
Scaffolding Equipment subject to charge	249,242	249,242
Less Amounts Owing to Layher Limited	(249,242)	(249,242)
	0	0
Motor Vehicles subject to finance with Close Broth	0	8,250
Less Amounts Owing to Close Motor Finance	(18,874)	(18,874)
	(18,874)	(10,624)
Motor Vehicles subject to finance with Motonovo Finance	0	2,000
Less Amounts Owing to MotoNovo Finance	(1,080)	(1,080)
	(1,080)	920
Assets Subject to Floating Charge		
Debtors (Pre-Appointment) (Surplus from Above)	113,560	483
Furniture and Equipment	0	35
Motor Vehicles subject to finance with Motonovo Fi (Surplus from Above)	0	920
Other Debtors	148,316	1
Plant and Machinery	0	1,600
Unencumbered Layher Scaffolding Equipment	623,178	280,129
Unencumbered Motor Vehicles	0	2,000
	885,054	285,168
Assets not Subject to Charge		
Available to preferential creditors	885,054	285,168

A1 – SUMMARY OF LIABILITIES

	Estimated to Realise	
	£	£
Estimated total assets available for preferential creditors		285,168
Liabilities		
Wages	(11,990)	
Holiday Pay	(13,014)	
		(25,004)
Estimated Surplus (Deficiency) as regards preferential creditors		260,164
Estimated prescribed part of net property (to c/f)		(55,033)
Estimated total assets available for floating charge holders		205,132
Debts secured by floating charge		0
Estimated Surplus (Deficiency) of assets after floating charges		205,132
Estimated prescribed part of net property (b/d)	55,033	
		55,033
Total assets available to unsecured creditors		260,164
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Associated Creditors	(300,300)	
Shortfall to fixed charge holders (b/d)	(10,624)	
Employees	(140,691)	
HM Revenue and Customs	(140,000)	
Loans and Investments	(365,000)	
Trade and Expense Creditors	(86,434)	
		(1,043,049)
Estimated Surplus (Deficiency) as regards non preferential creditors (excluding any shortfall to floating charge holders)		(782,885)
Share Capital Ordinary	(50,000)	
		(50,000)
Estimated Surplus (Deficiency) as regards members		(832,885)

B COMPANY CREDITORS - MODUS ACCESS UK LIMITED

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held	Date security given	Value of security £
1PM (UK) Limited	Second Floor, St James House, The Square, Lower Bristol Road Bath BA2 3BH	50,000 00			0 00
Ace Liftaway	Unit 9 Pucknall Farm, Dore Lane, Braishfield, Romsey Hants SO15 0QJ	148 32			0 00
Altrad Beaver 84 Ltd	Churchill House, Sopwith Crescent, Wickford Essex SS11 8YU	349 35			0 00
Arco Limited	PO Box 21, Waverley Street Hull HU1 2SJ	88 00			0 00
Associated British Ports	Ocean Gate, Atlantic Way Southampton SO14 3QN	704 12			0 00
Baddams, J (Mr)	6 Lebanon Road, Southampton Hampshire SO15 QNB	1,280 00			0 00
Baker, D (Mr)	Not known	1,560 00			0 00
Barclays Bank plc	Business Insolvency Team, Astrom House, 51 Saffron Road Leicester LE87 2BB	10,000 00			0 00
Broadlands Estates	The Estate Office, Broadlands, Romsey Hampshire SO51 9ZE	6,000 00			0 00
By-Pass Driver Training	Unit 2B, Deer Park Farm Industrial Est, Knowle Lane, Fair Oak, Eastleigh Hants SO50 7DX	3,527 00			0 00
Capell, Suzanne (Ms)	3 Marchwood Road, Freemantle, Southampton Hants SO15 8AN	1,859 00			0 00
Cartland Garages Services	Panelrite House, First Avenue, Millbrook, Southampton Hants SO15 0LG	615 47			0 00
Century 21	25 Parkside, Chirstchurch Road, Ringwood Hampshire BH24 3SG	826 24			0 00
Chance, L (Mr)	18 Sunningdale Gardens, Southampton Hampshire SO18 5FJ	1,200 00			0 00
Close Motor Finance	Suite B, Bridge House, 6/7 Pullman Business Park, Pullman Way Ringwood BH24 1EX	18,874 00	Finance Agreement		18,874 00
CNH Industrial Capital Europe Limited	Northern Cross, Basing View Basingstoke RG21 4HL	35,583 85			0 00
Curtis, Graham (Mr)	215 Lower Brownhill Road, Southampton Hampshire SO16 9LE	15,654 00			0 00
Dowse, Chris (Mr)	55 Summitt Way, Southampton Hampshire SO18 4ST	24,103 00			0 00
Duhig, J (Mr)	13 Adey Close, Sholing Southampton SO19 0TQ	1,440 00			0 00

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held	Date security given	Value of security £
Encaps Wrap	Flat 3 Acton Burnell, 7 Merlewood Close, Meyrick Park Bournemouth BH12 6JQ	560 00			0 00
Funding Circle	71 Queen Victoria Street London EC4V 4AY	120,000 00			0 00
GAC Logistics (UK) Ltd	Medina Chambers, Town Quay Southampton SO14 2AQ	0 00			0 00
Gates, R (Mr)	334 Meggason Avenue, Southampton Hampshire SO18 2FS	1,920 00			0 00
Gener8 Finance Limited	68G Milton Park, Abingdon Oxfordshire OX14 4RX	49,517 00	Fixed Charge in respect of factored book debts, Floating Charge	12/08/2012	49,517 00
Generation Hire & Sale	22 - 30 Sturt Road, Fimley Green Camberley GU16 6HY	6,211 22			0 00
GI Traffic Management Limited	Carlisle Commercial Premises, First Avenue Southampton SO15 0LG	20,000 00			0 00
Grant Handling	c/o BNP Paribas Leasing Solutions Limited, Northern Cross, Basing View Basingstoke RG21 4HL	2,046 98			0 00
HCS Safety	Unit 7 Chevron Business Park, Lime Kiln Lane, Holbury, Southampton Hants SO45 2QL	708 00			0 00
Hilti (Great Britain) Ltd	1 Trafford Wharf Road, Trafford Park Manchester M17 1BY	989 54			0 00
HM Revenue & Customs	ICHU, Warkworth House, Benton Park View Longbenton, Newcastle upon Tyne NE98 1ZZ	140,000 00			0 00
Insolvency Service, Redundancy Payments	PO Box 16685 Birmingham B2 2LX	0 00			0 00
Jeanes, Simon (Mr)	Chelodene, Crow Lane, Ringwood Hants BH24 3DZ	67,567 57			0 00
Layher Limited	Works Road , Letchworth Hertfordshire SG6 1WL	249,242 00	Fixed charge in respect of scaffolding equipment, Floating Charge	19/09/2012	249,242 00
Leach's	8 Station Road, North Egham Surrey TW20 9LF	390 69			0 00
Max Scaffold Products	40 Murdock Road, Bicester Oxford OX26 4PP	3,426 00			0 00
MC Truck & Bus Ltd	Test Lane, Nursling, Southampton Hants SO16 9JX	72 00			0 00
MotoNovo Finance	MotoNovo House, Lambourne Crescent, Cardiff Business Park , Llanishen Cardiff CF14 5GL	1,080 00	Finance Agreement		1,080 00
National Windscreens	Not known	374 16			0 00
New Forest Care Limited	Bartley Cross Office, Chinnham Road, Bartley Southampton SO40 2LF	75,000 00			0 00

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held	Date security given	Value of security £
Nine Telecom	Pegasus House, Stonehouse Business Park Stonehouse GL10 3UT	194 40			0 00
Optima	68 Macrae Road, Eden Office Park, Pill Bristol BS20 0DD	1,782 00			0 00
Pasma Secretariat	PO Box 168 Leeds LS11 9WW	360 00			0 00
Pat Feighery	Clondalagh, Pine Walk, Chilworth Southampton SO16 7HQ	50,000 00			0 00
PEAC (UK) Limited	CIT House, Blackrock Business Park, Carysfort Avenue, Blackrock, County Dublin Ireland	0 00			0 00
Premium Credit Limited	60 East Street Epsom KT17 1HB	0 00			0 00
RAC Motoring Services	2nd Floor Trafford Huse, Chester Road, Stretford Manchester M32 0HH	102 00			0 00
Richards, Scott (Mr)	15 Flanders Field Close, Southampton Hants SO16 9RX	7,905 00			0 00
Rowland, Philip (Mr)	188 Rownhams Lane, North Baddesley Hampshire SO52 9LQ	9,742 57			0 00
Sennett, Scott (Mr)	4 Haweswater Close, Maybush Southampton SO16 0TA	50,000 00			0 00
Sennett, Scott (Mr)	4 Haweswater Close, Maybush, Southampton Hants SO16 0TA	20,671 20			0 00
SGS UK Ltd	Not known	1,509 30			0 00
Siemens Financial	Sefton Park, Bells Hill Stoke Poges SL2 4JS	803 08			0 00
Sly, Andrew (Mr)	30 Goodwood Gardens, Calmore, Southampton Hants SO40 2GF	3,548 58			0 00
Southern Cross Consulting Ltd	4 The Square, Carters Clay Road, Newtown, Romsey Hants SO51 0GL	305 30			0 00
Stanbrook, Luke (Mr)	47 Grainger Gardens, Southampton Hants SO19 0SD	4,684 00			0 00
Supply UK Water Services	Unit 8A Riverview, embankment Business Park, Heaton, Mersey Stockport SK4 3GN	634 72			0 00
Thomas Croft Ltd	Solent Huse, 107a Alma Road, Portsmouth, Southampton Hants SO14 6UY	300 00			0 00
Thomas Herne Supplies	50 Crow Lane, Romford Essex RM7 0EP	600 00			0 00
Tonic Business Services Limited	Solent House 107A, Alma Road Southampton SO14 6UY	300,000 00			0 00
Tufoat	3 Garden Close Plymouth PL7 5EU	2,112 00			0 00
Twyford HR	High Street, Twyford Winchester SO21 1RF	1,080 00			0 00
Weston, Cam (Mr)	534 Wimpson Lane, Southampton Hampshire SO16 4PT	800 00			0 00

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held	Date security given	Value of security £
Weston, Courtney (Mr)	142 Redbridge Hill, Southampton Hants SO16 4LZ	1,760 00			0 00
WP Group	Wessex House, Cadland Road, Hardley, Hythe, Southampton Hampshire SO45 3NY	4,330 10			0 00

Receipts and Payments Abstract: 1083393 - Modus Access UK Limited In Administration
 Bank, Cash and Cash Investment Accounts: All Dates

SOA Value £		£	£
	SECURED ASSETS		
0 00	Debtors (Pre-Appointment)	<u>13,544 56</u>	13,544 56
	ASSET REALISATIONS		
0 00	Plant and Machinery	1,500 00	
0 00	Scaffolding & Containers	5,200 00	
0 00	Unencumbered Layher Scaffolding	93,376 48	
0 00	Unencumbered Motor Vehicles	<u>2,000 00</u>	102,076 48
	COST OF REALISATIONS		
0 00	Employee Wages	(5,129 41)	
0 00	Rent and Rates	<u>(2,800 00)</u>	(7,929 41)
	FLOATING CHARGE CREDITORS		
0 00	Floating Charge Claims	<u>(40,000 00)</u>	(40,000 00)
<u>0 00</u>			<u>67,691 63</u>
	REPRESENTED BY		
	Lloyds	87,546 93	
	VAT Receivable (Payable)	<u>(19,855 30)</u>	67,691 63
			<u>67,691 63</u>

Notes:

Notes

1
2

Appendix D

Form 2.20B

Rule 2.35

Notice of a meeting of creditors

Name of Company Modus Access UK Limited	Company number 03480718
In the High Court of Justice, Chancery Division, Companies Court	Court case number 3937 of 2016

(a) Insert full name(s)
and address(es) of the
administrator(s)

(b) Insert full name and
address of registered
office of the Company

(c) Insert details of place
of meeting

(d) Insert date and time
of meeting

Notice is hereby given by (a) Alexander Kinninmonth and David Smithson of RSM Restructuring Advisory LLP, Highfield Court, Tollgate, Chandlers Ford, Eastleigh SO53 3TY

that a meeting of the creditors of (b) Modus Access UK Limited

is to be held at (c) RSM, Highfield Court, Tollgate, Chandlers Ford, Eastleigh, SO53 3TY

on (d) 26 September 2016 at 10 00 AM

The meeting is

*Delete as applicable

*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ('the Schedule'),

~~*(2) an initial creditors' meeting requested under paragraph 52(2) of the Schedule,~~

~~*(3) to consider revisions to my proposals under paragraph 54(2) of the Schedule,~~

~~*(4) a further creditors' meeting under paragraph 56 of the Schedule,~~

~~*(5) a creditors' meeting under paragraph 62 of the Schedule~~

I invite you to attend the above meeting

A proxy form is enclosed detailing the resolutions that will be considered at the meeting, which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented. The resolutions to be taken at the meeting may include resolutions specifying the terms on which the Joint Administrators are to be remunerated including the basis on which disbursements are to be recovered from the Company's assets and, if appropriate, the approval of any unpaid pre-appointment costs incurred by the Joint Administrators

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12 00 hours on the business day before the day fixed for the meeting, details in writing of your claim

Signed Alexander Kinninmonth

Alexander Kinninmonth
Joint Administrator

Dated 8/9/16

* Delete as applicable

A copy of the *proposals / ~~revised proposals~~ is attached

Appendix E

Rule 8 1

Insolvency Act 1986

Form 8 2

Proxy

Modus Access UK Limited – In Administration

Name of Creditor

Address

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Name of Proxy Holder

1 _____

2 _____

3 _____

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on 16 September 2016, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion)

*Please delete as appropriate

Voting Instructions for resolutions

- | | | |
|---|---|----------------|
| 1 | The Joint Administrators' proposals as set out at paragraphs 8.1 to 8.5 and 9 of the report dated 9 September 2016 are approved | For / Against* |
| 2 | To appoint a Creditors' Committee to assist the Administrators and subsequent Joint Liquidators
(Note: If you vote in favour of this resolution please ensure you nominate a representative below) | For / Against* |

For the appointment of _____
of _____
representing _____

as a member of the Creditors' Committee

- | | | |
|---|--|----------------|
| 3 | In the event that a Creditors' Committee is not established, the Administrators be discharged from liability in respect of any action of theirs as Administrators immediately following their cessation to act as Administrators | For / Against* |
|---|--|----------------|

- | | | |
|---|--|----------------|
| 4 | In the event that a Creditors' Committee is not established, then in accordance with the fee estimate provided to creditors on 9 September 2016 at Appendix O to the Joint Administrators' proposals the Administrators shall be authorised to draw their remuneration based upon time costs limited to the sum of £65,375 plus VAT | For / Against* |
| 5 | In the event that a Creditors' Committee is not established, the Administrators shall be authorised to draw 'category 2' disbursements as an expense of the Administration at the rates prevailing at the time the cost is incurred, current details of which are attached at Appendix I to the Joint Administrators' proposals In the event that the administration exits by way of liquidation and the administrators are appointed liquidators, such resolution shall be treated as being passed in the liquidation | For / Against* |
| 6 | In the event that a Creditors' Committee is not established, the Administrators shall be authorised to draw their outstanding pre-appointment remuneration and disbursements as set out in Appendix L to the Joint Administrators' proposals, in the sum of £49,315 75 plus VAT, such disbursements to include 'category 2 disbursements' at the rates prevailing at the time the cost was incurred, current details of which are attached at Appendix I to the Joint Administrators' proposals | For / Against* |
| 7 | In the event that a Creditors' Committee is not established, the Administrators shall be authorised to discharge the outstanding pre-appointment Legal and Agent expenses as set out in Appendix L to the Joint Administrators' proposals, in the sum of £21,346 50 plus VAT | For / Against* |
| 8 | In the event that a Creditors' Committee is not established, that Layher Limited be paid the sum of £9,913 70 in relation to funds made available to the Company prior to Administration to meet the weekly payroll for two weeks as an expense of the Administration | For / Against* |
| 9 | In the event that a Creditors' Committee is not established, that the employees of the Company who remained employed on the day prior to Administration be paid one week wages at a total cost of £5,129 41 as an expense of the Administration | For / Against* |

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

Remember there may be resolutions on the other side of this form

Appendix F

Insolvency Rules 1986 (as amended) entitlement to vote (Rule 2.38)

- 1) Subject as follows, at a meeting of creditors in Administration proceedings a person is entitled to vote only if –
 - a) he has given to the Administrator, not later than 12 00 hours on the business day before the day fixed for the meeting, details in writing of the debt which –
 - i) he claims to be due to him from the Company, or
 - ii) in relation to a Member State Liquidator, is claimed to be due to creditors in proceedings in relation to which he holds office,
 - b) the claim has been duly admitted under Rule 2 39 or this Rule, and
 - c) there has been lodged with the Administrator any proxy which he intends to be used on his behalf,and details of the debt must include any calculation for the purposes of Rules 2 40 to 2 42
- 2) The chairman of the meeting may allow a creditor to vote, notwithstanding that he has failed to comply with paragraph (1)(a), if satisfied that the failure was due to circumstances beyond the creditor's control
- 3) The chairman of the meeting may call for any document or other evidence to be produced to him, where he thinks it necessary for the purpose of substantiating the whole or any part of the claim
- 4) Votes are calculated according to the amount of a creditor's claim as at the date on which the Company entered Administration, less any payments that have been made to him after that date in respect of his claim and any adjustment by way of set-off in accordance with Rule 2 85 as if that Rule were applied on the date that the votes are counted
- 5) A creditor shall not vote in respect of a debt for an unliquidated amount, or any debt whose value is not ascertained, except where the chairman agrees to put upon the debt an estimated minimum value for the purpose of entitlement to vote and admits the claim for that purpose
- 6) No vote shall be cast by virtue of a claim more than once on any resolution put to the meeting
- 7) Where –
 - a) a creditor is entitled to vote under this Rule and Rule 2 39,
 - b) has lodged his claim in one or more sets of other proceedings, and
 - c) votes (either in person or by proxy) on a resolution put to the meeting, and
 - d) the Member State Liquidator casts a vote in respect of the same claim,only the creditor's vote shall be counted
- 8) Where –
 - a) a creditor has lodged his claim in more than one set of other proceedings, and
 - b) more than one Member State Liquidator seeks to vote by virtue of that claim,the entitlement to vote by virtue of that claim is exercisable by the Member State Liquidator in main proceedings, whether or not the creditor has lodged his claim in the main proceedings
- 9) For the purposes of paragraph (6), the claim of a creditor and of any Member State Liquidator in relation to the same debt are a single claim
- 10) For the purposes of paragraphs (7) and (8), 'other proceedings' means main proceedings, secondary proceedings or territorial proceedings in another Member State

Appendix G

Proof of Debt Modus Access UK Limited In Administration Date of administration 25 July 2016

1	Name of creditor (If a company please also give company registration number)	
2	Address of creditor for correspondence	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest, as at the date the company went into administration (Less any payments made after that date in respect of the claim, and any adjustment by way of set off in accordance with Rule 2.85 Insolvency Rules 1986)	£
4	If amount in 3 above includes outstanding uncapitalised interest please state amount	£
5	If amount in 3 above includes VAT please state amount	£
6	Whether the whole or any part of the debt falls within any, and if so which, categories of preferential debts under s386 Insolvency Act 1986	
7	Details of any documents by reference to which the debt can be substantiated (Note There is no need to attach them now but the Administrator may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting)	
8	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)	
9	Particulars of any security held, the value of the security, and the date it was given	
10	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates	
11	Signature of creditor or person authorised to act on his behalf _____	
12	Name in BLOCK LETTERS _____	
13	Position with or in relation to creditor _____ Address of person signing (if different from 2 above) _____	
For office use only Admitted to vote for		Admitted for dividend for
Date		Date
Administrator		Administrator

Appendix H

RSM RESTRUCTURING ADVISORY LLP

Charging, expenses and disbursements policy statement

Charging policy

- Partners, directors, managers, administrators, cashiers, secretarial and support staff are allocated an hourly charge out rate which is reviewed from time to time
- Work undertaken by cashiers, secretarial and support staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, directors, managers and administrators
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate
- Time is recorded in 6-minute units at the rates prevailing at the time the work is done
- The current charge rates for RSM Restructuring Advisory LLP Southampton are attached
- Time billed is subject to Value Added Tax at the applicable rate, where appropriate
- It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard to its complexity and the skill and experience actually required to perform it
- RSM Restructuring Advisory LLP's charge out rates are reviewed periodically

Expenses and disbursements policy

- Only expenses and disbursements properly incurred in relation to an insolvency estate are re-charged to the insolvency estate
- Expenses and disbursements which comprise external supplies of incidental services specifically identifiable to the insolvency estate require disclosure to the relevant approving party, but do not require approval of the relevant approving party prior to being drawn from the insolvency estate. These are known as 'category 1' disbursements
- Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) or payments to outside parties that the firm or any associate has an interest, require the approval of the relevant approving party prior to being drawn from the insolvency estate. These are known as 'Category 2' disbursements
- A resolution to consider approving 'category 2' disbursements at the rates prevailing at the time the cost is incurred to RSM Restructuring Advisory LLP Southampton will be proposed to the relevant approving party in accordance with the legislative requirements
- General office overheads are not re-charged to the insolvency estate as a disbursement
- Any payments to outside parties in which the office holder or his firm or any associate has an interest will only be made with the approval of the relevant approving party
- Expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate, where appropriate

Appendix I

RSM RESTRUCTURING ADVISORY LLP

Joint Administrators' current charge out and disbursement rates

Hourly charge out rates	
	Current rates £
Partner	395 to 560
Directors / Associate Directors	305 to 415
Assistant Managers	225
Administrators	150 to 190
Support staff	120

Category 2 disbursement rates	
Internal room hire	£100 per hour
Subsistence	£25 per night
Travel (car)	42 5p per mile
"Tracker" searches	£10 per case

Appendix J

Category 2 disbursements table

Amounts paid or payable to the Office Holder's firm or to any party in which the office holder or his firm or any associate has an interest		
Recipient, type and purpose	Incurring £	Paid £
None		
Total	£0 00	£0 00

No category 2 disbursements have been incurred since the appointment of Joint Administrators

Appendix K

Joint Administrators' post appointment time cost analysis for the period from 25 July 2016 to 9 September 2016

SIP9 Summary Level 2

Modus Access UK Limited
1083393 / 700 - Administration Post Appt

For the period 25/07/2016 to 09/09/2016

Period	Hours Spent	Partners	Directors / Associate Directors	Managers	Assistant Managers	Administrators	Assistants & Support Staff	Total Hours	Total Time Costs	Average Rates
From Jan 2003										
Administration and Planning										
Appointment	0.2	0.0	0.0	0.0	4.8	0.9	0.0	5.9	£ 1,287.00	218.14
Background Information	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2	£ 24.00	120.00
Case Management	1.9	0.0	0.2	3.1	1.7	0.9	0.0	7.8	£ 2,621.00	336.03
Director(s)/debtor/bankrupt	0.0	0.0	0.0	2.4	0.0	0.0	0.0	2.4	£ 852.00	355.00
Post-appointment - general	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.2	£ 83.00	415.00
Pre-appointment matters	0.0	0.0	0.0	0.0	2.5	1.1	0.0	3.6	£ 694.50	192.92
Receipts and Payments	0.0	0.0	0.0	0.4	0.0	0.7	2.2	3.3	£ 517.00	156.67
Statement of Affairs	0.0	0.0	0.0	0.0	5.0	0.0	0.0	5.0	£ 1,125.00	225.00
Tax Matters	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	£ 48.00	480.00
Total	2.2	0.0	0.4	5.9	14.0	3.6	2.2	28.5	£ 7,251.50	254.44
Investigations										
Investigations/CDDA	0.0	0.0	0.0	2.0	3.6	0.0	0.0	5.6	£ 1,520.00	271.43
Total	0.0	0.0	0.0	2.0	3.6	0.0	0.0	5.6	£ 1,520.00	271.43
Realisation of Assets										
Assets - general/other	0.2	0.0	0.0	0.0	0.7	0.0	0.0	0.9	£ 253.50	281.67
Chattels	0.2	0.0	0.0	7.2	6.2	0.0	0.0	13.6	£ 4,047.00	297.57
Debtors & sales finance	0.4	0.0	0.0	5.6	0.0	1.0	0.0	7.0	£ 2,330.00	332.86
Land and Property	0.1	0.0	0.0	0.5	0.4	0.0	0.0	1.0	£ 315.50	315.50
ROT/ Third Party Assets	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2	£ 30.00	150.00
Sale of business	1.2	0.0	0.0	0.0	0.8	0.2	0.0	2.2	£ 786.00	357.27
Total	2.1	0.0	0.0	13.3	8.1	1.4	0.0	24.9	£ 7,762.00	311.73
Creditors										
Employees	0.3	0.0	0.0	12.5	3.5	0.9	0.0	17.2	£ 4,131.20	240.19
Other Creditor Meetings and Reports	0.0	0.0	1.2	11.0	9.0	0.0	0.0	21.2	£ 6,428.00	303.21
Secured Creditors	0.3	0.0	0.0	3.1	1.3	0.2	0.0	4.9	£ 1,567.00	319.80
Unsecured Creditors	0.2	0.0	0.0	1.5	4.6	0.3	0.0	6.6	£ 1,720.50	260.68
Total	0.8	0.0	1.2	28.1	18.4	1.4	0.0	49.9	£ 13,846.70	277.48
Case Specific Matters - Legal Matters										
Legal Matters	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.2	£ 71.00	355.00
Total	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.2	£ 71.00	355.00
Total Hours (From Jan 2003)	5.1	1.6	1.6	49.5	44.1	6.6	2.2	109.1	£ 30,451.20	279.11
Total Time Cost (From Jan 2003)	£ 2,448.00	£ 664.00	£ 664.00	£ 16,212.50	£ 9,909.70	£ 975.00	£ 242.00	£ 30,451.20	£ 30,451.20	279.11
Total Hours	5.1	1.6	1.6	49.5	44.1	6.6	2.2	109.1	£ 30,451.20	279.11
Total Time Cost	£ 2,448.00	£ 664.00	£ 664.00	£ 16,212.50	£ 9,909.70	£ 975.00	£ 242.00	£ 30,451.20	£ 30,451.20	279.11
Average Rates	480.00	415.00	415.00	327.53	224.71	147.73	110.00	279.11	279.11	279.11

Appendix L

Analysis of pre-administration costs

Pre-administration costs charged / incurred			
	Incurred	Paid	Unpaid
Joint Administrators' fees	£49,278 25	£0 00	£49,278 25
Joint Administrators' category 1 disbursements	£12 00	£0 00	£12 00
Joint Administrators' category 2 disbursements (<i>mileage</i>)	£25 50	£0 00	£25 50
Legal Fees – <i>Irwin Mitchell LLP</i>	£12,081 50	£0 00	£12,081 50
Agents' Fees – <i>Lambert Smith Hampton</i>	£9,265 00	£0 00	£9,265 00
Employee Wages – <i>Layher Limited</i>	£9,913 70	£0 00	£9,913 70
Employee Wages	£5,129 41	£5,129 41	£0 00
Total	£85,705 36	£5,129 41	£80,575 95

The above costs exclude VAT

SIP9 Summary Level 2

Modus Access UK Limited

1083393 / 800 - Pre appointment Admin

For the period 23/06/2016 to 25/07/2016

Period	Hours Spent	Partners	Directors / Associate Directors	Managers	Assistant Managers	Administrators	Assistants & Support Staff	Total Hours	Total Time Costs	Average Rates
From Jan 2003										
	Administration and Planning									
	Appointment	0.1	0.0	5.0	0.0	0.4	0.0	5.5	£ 1,883.00	342.36
	Background information	2.7	0.0	0.0	0.7	1.3	0.0	4.7	£ 1,652.50	351.60
	Case Management	8.5	0.0	4.9	0.0	0.0	0.0	13.4	£ 5,796.75	432.59
	Director(s)/debtor/bankrupt	0.0	0.0	4.0	0.0	0.0	0.0	4.0	£ 1,420.00	355.00
	Pre-appointment matters	0.0	0.5	7.2	18.6	3.1	0.0	29.4	£ 7,369.50	250.66
	Total	11.3	0.5	21.1	19.3	4.8	0.0	57.0	£ 18,121.75	317.93
	Investigations									
	Investigations/CDDA	0.0	0.0	0.2	0.0	0.0	0.0	0.2	£ 71.00	355.00
	Total	0.0	0.0	0.2	0.0	0.0	0.0	0.2	£ 71.00	355.00
	Realisation of Assets									
	Chattels	0.0	0.1	0.0	0.0	0.0	0.0	0.1	£ 35.50	355.00
	Debtors & sales finance	0.2	0.0	3.2	0.0	0.0	0.0	3.4	£ 1,232.00	362.35
	HP/Leasing creditors	0.0	0.0	0.2	0.0	0.0	0.0	0.2	£ 71.00	355.00
	Land and Property	0.0	0.0	0.0	0.0	0.5	0.0	0.5	£ 75.00	150.00
	Sale of business	22.6	0.0	27.3	21.7	0.8	0.0	72.4	£ 25,542.00	352.79
	Total	22.8	0.1	30.7	21.7	1.3	0.0	76.6	£ 26,955.50	351.90
	Creditors									
	Employees	0.1	0.0	3.9	0.0	0.7	0.0	4.7	£ 1,537.50	327.13
	Secured Creditors	0.0	0.0	5.4	0.0	0.0	0.0	5.4	£ 1,917.00	355.00
	Unsecured Creditors	0.1	0.0	0.9	1.2	0.2	0.0	2.4	£ 675.50	281.46
	Total	0.2	0.0	10.2	1.2	0.9	0.0	12.5	£ 4,130.00	330.40
	Total Hours (From Jan 2003)	34.3	0.6	62.2	42.2	7.0	0.0	146.3	£ 49,278.25	336.83
	Total Time Cost (From Jan 2003)	£ 16,441.25	£ 213.00	£ 22,081.00	£ 9,495.00	£ 1,048.00	£ 0.00	£ 49,278.25		
Total Hours		34.3	0.6	62.2	42.2	7.0	0.0	146.3	£ 49,278.25	336.83
Total Time Cost		£ 16,441.25	£ 213.00	£ 22,081.00	£ 9,495.00	£ 1,048.00	£ 0.00	£ 49,278.25		
Average Rates		479.34	355.00	355.00	225.00	149.71	0.00	336.83		

Appendix N

SIP 16 statement

Rationale for a Pre-Pack Sale

In accordance with Paragraph 2 to Schedule B1 of the Insolvency Act 1986 (as amended), the Administrators intend to pursue the statutory objective of achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration)

It is the view of the Administrators that the transaction enables the statutory purpose to be achieved and that the sale price achieved as the best reasonably obtainable in all the circumstances because the value obtained for the assets is higher than would be anticipated if the assets were to be sold on a break-up basis

Disclosures

Initial introduction

- *The source (to be named) of the initial introduction to the insolvency practitioner and the date of the administrator's initial introduction*

The company's managing director ("MD") and majority shareholder, Tony Croft, approached RSM following the company being notified by its main supplier, Layher Limited ("Layher"), of its intention to recover its goods

Tony Croft discussed the financial position with Alexander Kinninmonth of RSM on the telephone on 23 June 2016 and a meeting was arranged on 24 June 2016

Pre appointment considerations

- *The extent of the administrator's (and that of their firm, and/or any associates) involvement prior to appointment*

The managing director met with Alexander Kinninmonth of RSM on 24 June 2016. The company's financial position and the pressure from a major creditor was explained. Alexander Kinninmonth advised the managing director on the options available to the company (see notes below)

The director concluded that the best option was to pursue a pre-pack sale of the company's assets and business. RSM was instructed to place the company into Administration and to assist in the sale of the business.

A Notice of Intention to Appoint Administrators was filed at Court on 28 June 2016 in order to protect the company's assets and provide a period of 10 working days to market the business and assets for sale and locate a purchaser.

In order to facilitate continued trading, the company's lender, Gener8 Finance Limited, advanced funds to meet the company's weekly payroll. This was with the consent of all guarantors.

Following the distribution of a sales memorandum, five parties confirmed expressions of interest and entered into non disclosure agreements.

The following information was provided to each interested party

- Employee list,
- Financial statements for the previous two years,
- Customer list,
- Ongoing contracts list,
- Sales enquiries list,
- Details of assets

Three offers were received for the business and these were referred to the agent for review. It was concluded that only one offer represented best value and negotiations in this regard commenced.

The pursued offer was made by Layher Limited ("Layher"). It proposed to recover its equipment on lease, acquire the remaining unencumbered equipment and then potentially fund a new company under the control of the three directors responsible for the day-to-day operations.

Layher's offer was conditional on a full inventory being carried out at the trading premises and across the twelve sites. Together with the agent, Lambert Smith Hampton ("LSH"), Layher proceeded to carry out the inventory. This exercise took five working days.

During this period Layher further consulted its board of directors and its shareholders which resulted in it concluding that it would only pursue the recovery of its equipment and the purchase of the unencumbered equipment.

Throughout this process Layher had been committed in assisting the proposed Joint Administrators to achieve the best value for creditors. Consequently, Layher suggested that it speak with one of its customers. This was approved by the proposed Joint Administrators which resulted in an expression of interest being made by Blencowe Scaffolding Limited ("Blencowe").

Blencowe had been targeted during the marketing process as it is the only other local firm using the bespoke Layher scaffolding system.

Following receipt of a signed non-disclosure agreement, Blencowe was provided with the suite of information together with the inventory of equipment.

Alexander Kinninmonth, Layher and the company's management team met with Blencowe on 18 July 2016 to discuss a potential acquisition of the company's asset and business as a going concern.

On 20 July 2016 an initial offer for the business and assets was submitted to the Proposed Administrators but was conditional on further due diligence in relation to the employees. The offer excluded the ongoing contracts as it could not determine whether they would be an asset or liability.

On 22 July 2016 Blencowe concluded that the risk and potential liability attached to the business by way of the employees was too high and therefore submitted a revised offer of £280,129.42 for the unencumbered Layher scaffolding equipment only.

- *The alternative options considered, both prior to and within formal insolvency by the insolvency practitioner and the company, and on appointment the administrator with an explanation of the possible outcomes*

The company's managing director was advised of the options available to the company at his initial meeting with Alexander Kinninmonth. The MD advised that the company was unable to meet its ongoing liabilities and that a formal insolvency procedure would be required.

- The MD had already introduced and arranged substantial funding and did not consider that the company would be able to secure additional funding in order to rescue it as a going concern.
- The level of the company's liabilities and trading forecasts meant that a Company Voluntary Arrangement ("CVA") was unlikely to allow for a substantial return to creditors.
- The company's main supplier and major creditor was unlikely to support a CVA.
- The health and safety implications together with concerns over continuation of operators licenses meant that an Administrator would not be prepared to trade the business. In addition, the integrity of the contracts would be brought into question if the company were placed into administration which may result in a trading loss.
- In a liquidation scenario it is likely that the contracts would be disclaimed leading to substantial counter claims from customers and little prospect of the scaffolding stock located on site being economical to realise.
- It was concluded that a pre pack sale of the business and/or assets was the best option in order to realise best value for creditors. Any purchaser would then be responsible for collecting the equipment and meeting any of the associated costs.
- The purchaser has been approached by some of the company's customers with a view to completing outstanding works. This is due to the specialist nature of the scaffolding equipment as it is the only other company which uses the system in the southern region.
- Completion of any outstanding contracts will help to minimise customer counter claims and potentially assist with book debt recoveries.

- *Whether efforts were made to consult with major or representative creditors and the upshot of any consultations. If no consultation took place, the administrator should explain the reasons*
 - The company's financiers, Gener8 Finance Limited ("Gener8"), were immediately given notice of the company's intention to pursue a sale of the business and/or assets via a pre-pack sale. Gener8 were satisfied as to the reasons for this and indicated their consent to the procedure continuing.
 - The company's main supplier, Layher, attended a meeting with Alexander Kinninmonth to discuss the pre-pack sale of the business and/or assets. Layher was committed to any proposed sale as it preferred for its equipment to remain in use in the local market.
 - The company's largest unsecured creditor, Tonic Business Services Limited, is a connected company but virtue of the common directorship of Tony Croft. As such they have been fully aware of the company's financial position and supportive of the strategy adopted by the Proposed Administrators.

All parties have been in close correspondence with RSM and have been kept fully informed as to progress and developments since RSM's initial instruction.

- *Why it was not appropriate to trade the business and offer it for sale as a going concern during the administration*

As detailed above, the health and safety implications together with concerns over continuation of operators licenses meant that an Administrator would not be willing to trade the business in Administration.

In addition, the integrity of the contracts and book debts would be brought into question if the company were placed into administration which may lead to trading losses.

- *Details of requests made to potential funders to fund working capital requirements. If no such requests were made, explain why*

Requests for funding were made to Gener8. Gener8 were concerned as to the collectability of the debtor ledger and would only advance funds with the agreement of all of the guarantors. An advance was made to cover wages for the first week following the filing of the Notice of Intention to Appoint Administrators.

By week two there were no available funds to be advanced from the company's facility with Gener8.

Layher was asked whether they would be prepared to provide funding in order for the company to continue trading while a buyer was found. Layher provided funds to cover wages for the following two weeks.

- *Details of registered charges with dates of creation*

Gener8 Finance Limited hold a debenture over the assets of the company created on 12 August 2012 and registered at Companies House on 22 August 2012.

Gener8 held a fixed charge over the company's book debts. This was in accordance with a confidential invoice discounting agreement.

Layher Limited hold a legal charge over any assets failing to vest in any other charges which was created on 19 September 2012 and registered on 28 September 2012.

Layher also hold security over equipment in accordance with a lease agreement.

- *If the business or business assets have been acquired from an insolvency process within the previous 24 months, or longer if the administrator deems that relevant to creditors' understanding, the administrator should disclose both the details of that transaction and whether the administrator, administrator's firm or associates were involved*

No assets have been purchased from an insolvency process

Marketing of the business and assets

- *The marketing activities conducted by the company and/or the administrator and the effect of those activities. Reference should be made to the marketing essentials below. Any divergence from these essentials is to be drawn to creditor's attention, with the reasons for such divergence, together with an explanation as to why the administrator relied upon the marketing conducted*

A sales memorandum was distributed via email to all partners and directors of RSM for onward circulation to any potentially interested parties

Agents, LSH circulated the sales memorandum to their database of interested parties via email and published it online

The sales memorandum was distributed to firms the directors identified as potentially being interested in acquiring the business and assets

It was also sent by RSM to parties known to have been interested in other local scaffolding businesses

Targeted follow up telephone calls to local firms were also made to these parties

Following the distribution of the sales memorandum, five expressions of interest were received

Following receipt of signed non-disclosure agreements ("NDA"), the following information was provided

- Employee list,
- Financial statements for the previous two years,
- Customer list,
- Ongoing contracts list,
- Sales enquiries list,
- Details of assets

Following a full inventory of the company's equipment, these details were also provided to two interested parties

- **Marketing Essentials**
 - Have the following marketing essentials been complied with? If there has been any deviation explain how the different strategy has delivered the best available outcome
 - **Broadcast**
 - *The business should be marketed as widely as possible proportionate to the nature and size of the business and to the widest group of potential purchasers using whatever media or other sources will achieve this outcome. Set out how you have complied with this*

LSH circulated the sales memorandum to their database of interested parties via email and published it online

The sales memorandum was distributed to firms the directors identified as potentially being interested in acquiring the business as well as to parties known to have been interested in another local scaffolding business. Targeted follow up telephone calls to local firms were also made to these parties

Following the distribution of the sales memorandum, 5 NDAs were received from interested parties. Information was provided to those parties and three offers were received for the business

– **Justify the Marketing Strategy**

- *What are the reasons underpinning the marketing and media strategy used?*

Due to the specialist nature of the scaffolding equipment used by the company, general and target marketing strategies were adopted

General marketing was carried out via distribution of the sales memorandum to RSM's network and via the agent's database. It was also advertised on the agent's website. The agent is a national firm of surveyors which helped to ensure wide spread coverage

RSM's network of partners and directors were made aware of the opportunity in the event that they had contacts who were active in the sector and were considering expansion

The proposed Joint Administrators were informed by the company of a competitor's interest in the business which was being explored before RSM was instructed. This organisation and other competitors were directly marketed to

RSM also identified a number of potentially interested parties from its own database where they had acquired scaffolding businesses and/or assets in the past

Follow up calls were made to parties who were specifically identified in order to ensure they were aware of the opportunity

Due to the timescales involved and reluctance to draw attention to the company's financial position, further local advertisement was not considered appropriate

– **Independence**

- *If the business has previously been marketed by the company prior to instruction, how are you satisfied as to the adequacy and independence of the marketing previously undertaken (if you are relying upon it)?*

Although no formal marketing was undertaken, the company was in discussions with a competitor prior to RSM's involvement with a view to rescuing the company as a going concern. These discussions were unsuccessful

As detailed above, this interest was further explored by RSM. Whilst the organisation submitted an offer to acquire the company's assets, the proposed Joint Administrators did not pursue this offer

– **Publicise rather than simply publish**

- *Marketing should have been undertaken for an appropriate length of time to satisfy the administrator that the best available outcome for creditors as a whole has been achieved. What length of time was settled on for marketing and why?*

The marketing exercise was undertaken for a period of seven days

The Joint Administrators considered that this length of time was sufficient for the sales memorandum to be circulated and for any interested parties to complete their due diligence and submit offers

The company's financial position meant that it was only able to meet its wages for one week. It was therefore essential to complete the marketing exercise as quickly as possible in order to prevent staff from leaving and protect the potential realisable value of the company's assets

– **Connectivity**

- *Online communication should be used alongside other media by default. If the internet has not been used, set out the justification for this*

LSH published the sales memorandum on their website as they have a facility to advertise businesses for sale

Sales memorandums have been sent by email to the partners and directors of RSM, interested parties identified by the proposed administrators and interested parties on LSH's database

– **Comply or explain**

- *Particularly with sales to connected parties How has the marketing strategy achieved the best available outcome for creditors as a whole in the circumstances?*

The marketing strategy adopted in this case has resulted in an unconnected party acquiring the company's unencumbered Layher equipment which will result in the best outcome for creditors as a whole

The Joint Administrators are confident that all prospective purchasers have been made aware of the opportunity

Valuation of the business and assets

- *The names and professional qualifications of any valuers and /or advisors You must confirm that each valuer/advisor has confirmed their independence and that they carry adequate professional indemnity insurance In the unlikely event that valuers and /or advisors who do not meet these criteria have been employed, the reasons for doing so must be explained*

Richard Kelly (MRICS) and Barry Bostock of Lambert Smith Hampton have been instructed to value the company's assets and business and provide advice in relation to any offers

LSH has confirmed their independence and that they carry adequate professional indemnity insurance

- *The valuations obtained for the business or its underlying assets Where goodwill has been valued, an explanation and basis for the value given*

Asset	In-situ £	Ex-situ £
Plant and Equipment	3,250	1,600
Office Furniture and Equipment	110	35
Unencumbered Motor Vehicles	4,000	2,000
Scaffolding Stock	300,000	150,000
Motor Vehicles Subject to Finance	15,200	11,250
	322,560	164,885

- *A summary of the basis of valuation adopted by the administrator or the valuers and/or advisors*

LSH have valued the assets on both an in-situ and ex-situ basis The ex-situ valuation is considered to be the estimate to realise value in a break up sale and the likely value which could be achieved in a liquidation scenario The in-situ basis is considered to be the value attributable to the assets if the business were sold as a going concern

- *The rationale for the basis of the valuations obtained e g "The basis of the valuation was on a going concern / in situ / break up basis as we had (no) reasons to believe that there was an opportunity for the business to be sold as a viable trading entity "*

In order to achieve a statutory purpose of administration, the Joint Administrators have sought to realise the in-situ value for the company's assets

It was also essential to achieve a sale where the purchaser would be responsible for removing the equipment from the company's 12 sites

- *An explanation of the value achieved of the assets compared to those valuations*

The offer for the assets is far in excess of the ex-situ figures provided by LSH LSH recommended that the offer of £280,129 42 for the unencumbered Layher equipment be accepted

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

Not applicable

The transaction

- *The date of the transaction*

26 July 2016

- *Purchaser and related parties*

- *The identity of the purchaser*

Blencowe Scaffolding Limited

- *Any connection between the purchaser and the directors, shareholders or secured creditors of the company or their associates*

There is no connection between the purchaser and the directors or shareholders

The purchaser is a customer of Layher which is the main scaffolding supplier to the company

Layher is a secured creditor owed approximately £250,000 by way of a lease agreement

- *The names of any directors, or former directors (or their associates), of the company who are involved in the management, financing, or ownership of the purchasing entity, or of any other entity into which any of the assets are transferred*

There are no directors, or former directors (or their associates) of the company who are involved in the management, financing, or ownership of the purchasing entity, or of any other entity into which any of the assets are transferred

- *In transactions impacting on more than one related company (e.g. a group transaction) the administrator should ensure that the disclosure is sufficient to enable a transparent explanation (for instance, allocation of consideration paid)*

Not applicable

- *Whether any directors had given guarantees for amounts due from the company to a prior financier and whether that financier is financing the new business*

No directors have given guarantees for amounts due from the company to a prior financier whereby that financier is financing the new business

- *Assets*

- *Details of the assets involved and the nature of the transaction*

The assets involved is the unencumbered Layher scaffolding equipment owned by the company

- *Sale consideration*

- *The consideration for the transaction, terms of payment and any condition of the contract that could materially affect the consideration*

The consideration to be paid is £280,129 42 plus VAT

- *The consideration disclosed under broad asset valuation categories and split between fixed and floating charge realisations (where applicable) and the method by which this allocation of consideration was applied*

Unencumbered scaffolding equipment £280,129 42 plus VAT

All assets deemed to be held under Layher's fixed charge are expressly excluded from the sale

The company's remaining tangible assets are also excluded from the sale and will be disposed of during the course of the administration

- *Any options, buy-back agreements, deferred consideration or other conditions attached to the transaction*

The purchaser has agreed to pay the sale consideration by way of five equal monthly instalments of £46,688 24 plus VAT followed by a final payment of £46,688 22 plus VAT at month six

The terms of the sale agreement stipulate that title to the equipment does not pass until all payments under the Sale and Purchase Agreement ("SPA") have been received

- *Details of any security taken by the administrator in respect of any deferred consideration*
Where no such security has been taken, the administrator's reasons for this and the basis for the decision that none was required

Other than the retention of title clause, no security has been taken by the Joint Administrators in respect of the deferred consideration. The proposed Joint Administrators have considered Blencowe Scaffolding Limited's financial position and are confident in its ability to meet its financial obligations.

In the event that Blencowe defaulted under the terms of the SPA and the Joint Administrators were unable to renegotiate acceptable terms, the Joint Administrators are confident that they would be able to realise fair value for the equipment.

- *If the sale is part of a wider transaction, a description of the other aspects of the transaction*

The sale is not part of any wider transaction.

Connected party sales

With effect from 2 November, connected parties had the ability to apply to a pre-pack pool to review the proposed transaction. The aim of the pool is to increase transparency of the pre-pack process where the transaction takes place with a connected party, and to provide assurance to creditors that independent business experts have reviewed the proposed transaction. Further information can be found at www.prepackpool.co.uk

As the sale of the company's assets was to an unconnected party, no consultation with the pre-pack pool was made.

Charge rate (average per hour)	Budgeted hours						Total	SCOPE
	Partners	Directors / Associate Directors	Managers	Assistant Managers	Administrators	Assistants / Support Staff		
	£480	£355	£225	£225	£190	£120	£0	
Administration and other support	11.9	20.2	3.2	43.3	3.0	13.6	-	95.4
Investigations	2.0	3.0	-	7.5	-	-	-	12.5
Realisation of Assets	4.7	-	17.9	30.3	1.4	5.0	-	59.3
Trading	-	-	-	-	-	-	-	-
Creditors	3.3	16.2	13.7	43.1	1.1	15.0	-	92.4
Case Specific Matters	-	-	-	-	-	-	-	-
Total Hours	21.9	39.4	34.6	124.2	6.5	33.6	-	259.6
Total time costs	£10,512	£13,087	£7,830	£27,845	£1,045	£4,056	£0	£55,375

Total time costs for approval

Appendix P

Joint Administrators' expenses likely to be incurred	
Bond	£85 00
Statutory advertising	£397 00
Website fee	£8 00
Chattel asset agent valuation	£5,000 00
Legal fees	£6,000 00
Debt collection fees	£21,927 50
Total	£33,417 50