

The Insolvency Act 1986

Statement of administrator's proposals**2.17B**

Name of Company TIM BATES PLANT HIRE LIMITED	Company number 04122320
In the Manchester District Registry of the High Court <small>[full name of court]</small>	Court case number 2205 of 2015

(a) insert full name(s) and address(es) of administrator(s) We (a) K G Murphy & J Irving of Leonard Curtis, Tower 12,
18/22 Bridge Street, Spinningfields, Manchester M3 3BZ

attach a copy of our proposals in respect of the administration of the above company

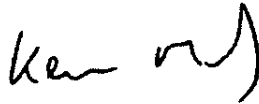
A copy of these proposals was sent to all known creditors on

* Delete as applicable

(b) Insert date

(b) 14 April 2015

Signed

K G Murphy & J Irving - Joint /Administrator(s)Dated 14 April 2015**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.

Leonard Curtis	
Tower 12, 18/22 Bridge Street, Spinningfields, Manchester,	
M3 3BZ	Tel 0161 7671250
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



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COMPANIES HOUSE



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

**TIM BATES PLANT HIRE LIMITED
(IN ADMINISTRATION)**

Registered Number. 04122320
Court Ref. 2205 of 2015
Manchester District Registry of the High Court

Joint Administrators' Report and Statement of Proposals

14 April 2015

Leonard Curtis

Tower 12, 18/22 Bridge Street, Spinningfields,
Manchester M3 3BZ
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Ref M/35/TRF/NT798K/1040

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TO: THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL SHAREHOLDERS

1 INTRODUCTION

- 1.1 I refer to the appointment of J Irving and myself as Joint Administrators ("the Joint Administrators") of Tim Bates Plant Hire Limited ("the Company") on 3 March 2015 and now write to present our proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 ("the Act")
- 1.2 We do not propose to convene a meeting of creditors in this instance, as we anticipate that the Company will have insufficient property to enable a distribution to be made to unsecured creditors and therefore the requirement to convene a meeting is disapplied by Paragraph 52(1)(b) of Schedule B1 to the Act
- 1.3 Creditors whose debts amount to at least 10% of the total debts of the Company may request a meeting. Any requests for an initial creditors' meeting must be made in writing to this office using Form 2.21B (available on request) by 28 April 2015. Security for the costs of holding the meeting must also be provided
- 1.4 In the event that no meeting is requested, the Proposals will be deemed to have been approved in accordance with Rule 2.33(5) of the Insolvency Rules 1986. Where this is the case, notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the date given in 1.3 above

2 STATUTORY INFORMATION

- 2.1 The Administration proceedings are under the jurisdiction of the Manchester District Registry of the High Court under Court reference 2205 of 2015
- 2.2 During the period in which the Administration Order is in force, any act or function required or authorised to be done by the Joint Administrators may be exercised by both or either of them
- 2.3 The Company's registered office was changed from Jackson Yard, Nicolson Way, Burton on Trent, Staffordshire, DE14 2AW to Tower 12, 18/22 Bridge Street, Spinningfields, Manchester, M3 3BZ on 19 March 2015. The registered number is 04122320
- 2.4 The Company operated from leasehold premises at Jackson Yard, Nicolson Way, Burton on Trent, Staffordshire, DE14 2AW
- 2.5 The Company's director and secretary are

Name	Role	Date Appointed
Susan Bates	Company secretary	1/4/2004
Timothy Nigel Bates	Director	11/12/2000

- 2.6 The Company's authorised share capital is £1,000 divided into 1,000 ordinary shares of £1 each. The issued share capital comprises 1 ordinary £1 share which is owned by Timothy Nigel Bates

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

Chargeholder	Date created	Description	Amount secured £	Assets Charged
National Westminster Bank plc	12/02/2001	Fixed and Floating Charge Debenture	All monies	All assets
United Trust Bank Ltd	18/08/2014	Chattels Mortgage	All monies due under mortgage	Specified Plant and Machinery

- 2.8 According to the director, no monies were owed to either chargeholder at the date of Administration. No claims have subsequently been received by the Joint Administrators.
- 2.9 The EC Regulation on Insolvency Proceedings 2000 applies to this Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

- 3.1 The business started trading in the plant hire industry in 1989 and was incorporated in 2000.
- 3.2 The Company traded successfully in this area until the general economic downturn from early 2008 onwards.
- 3.3 This downturn caused a fall in both turnover and profits which resulted in a significant strain being placed upon the Company's cashflow requirements.
- 3.4 In an effort to maintain a solvent position, the Company refinanced its borrowings. Whilst this was enough to allow the Company to survive in the short-term, it did not address the fundamental issue of a lack of profitable work.
- 3.5 In order to try and resolve this issue, the Company expanded its services, from 2008, to include groundworks and civil engineering.
- 3.6 This change in direction allowed the Company to record net profits of c£5k in both financial years ended June 2012 and 2013.
- 3.7 The Company's ability to continue to trade was assisted by historic profits generated before 2008 being retained within the Company. Its distributable reserves for the years ended June 2012 and 2013 were c£354k and c£332k respectively. In 2013, the director also injected personal funds of c£200k to assist with cashflow.
- 3.8 In November 2013, the Company began working for a customer ("the Key Customer") on various school projects with a value of c£1.2m in revenue.
- 3.9 Unfortunately, there were numerous unforeseen issues relating to these projects which resulted in significantly increased costs for the Company totalling c£1.8m.

- 3 10 Problems began when poor weather in January and February 2014 delayed works as land fill sites in the local area were closed for up to 2 months. The sub soils removed by the Company had to be transported to land fill sites over 40 miles away in Peterborough resulting in additional costs and time being lost.
- 3 11 Furthermore, the director advises that the Key Customer did not supply specialised materials on time and regularly changed specifications.
- 3 12 The Key Customer began to withhold payments alleging that the Company was responsible for their projected losses of c£2.5m, an assertion denied by the Company's director.
- 3 13 In January 2015, the Company fell behind in its obligations to United Trust Bank Ltd ("United Trust"), the financiers in relation to its plant and machinery. As the Company had no ability to make payments, the director obtained a valuation of the plant and machinery with a view to the transfer of the items in order to maintain the necessary instalment payments. Subsequently, a novation of the encumbered plant and machinery, along with the liabilities in connection with the agreements, was concluded, with the consent of United Trust, to a connected company.
- 3 14 Unfortunately, cashflow pressures meant that the Company was not able to fund what would have been costly and protracted litigation in order to secure these payments.
- 3 15 The director was aware that the Company was now insolvent as it was unable to pay its debts as and when they fell due and that immediate steps should be taken to protect the creditors' position.
- 3 16 The Company approached Leonard Curtis for insolvency advice following an introduction from Huxley Corporate Finance.
- 3 17 The Company's financial position and options available were discussed further and it was concluded that administration was the most suitable insolvency procedure for the Company.
- 3 18 In order to protect the Company from increasing creditor pressure whilst the administration strategy was being finalised, a Notice of Intention to appoint Administrators ("NOI") was filed by the director in the Manchester District Registry on 23 February 2015. The protection would allow the value in the business to be preserved whilst the possibility of selling the business as a going concern was explored.
- 3 19 As a result, Kevin Murphy and Julien Irving of Leonard Curtis were instructed to arrange for valuations of the Company's assets to be undertaken and to consider an appropriate realisation strategy. It was acknowledged by the director that the intention was for the proposed Administrators (Kevin Murphy and Julien Irving) to identify a purchaser for the business and then finalise a sale as soon as possible following their appointment as Joint Administrators.
- 3 20 On 3 March 2015, a Notice of Appointment of Administrators was filed in the Manchester District Registry by the director with the business sale to T Bates Plant Hire Limited ("the Purchaser") effected shortly after (further details provided below).

4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

- 4.1 The Company's trading results for the years ended 30 June 2013, 30 June 2014 and for the period 1 July 2014 to 30 November 2014 are detailed below

	Mgmt Period ended 30/11/2014 £	Mgmt Year ended 30/06/2014 £	Signed Year ended 30/06/2013 £
Turnover	1,183,644	3,139,168	1,728,993
Gross Profit	130,526	400,374	212,213
Gross Profit %	11.0%	12.8%	12.3%
Administrative expenses	(148,588)	(342,879)	(192,915)
Other operating income	-	-	13,280
Operating Profit/(Loss)	(18,062)	57,495	32,578
Interest and charges	Not available	Not available	(26,282)
Profit/(Loss) before tax	Not available	Not available	6,296
Taxation	Not available	Not available	(1,376)
Profit for the year	Not available	Not available	4,920
Reserves brought forward	Not available	Not available	353,791
Dividends	Not available	Not available	(27,000)
Retained profit	Not available	Not available	331,711

- 4.2 The balance sheets as at 30 June 2013, 30 June 2014 and 30 November 2014 are detailed below

	Mgmt Period Ended 30/11/2014 £	Mgmt Year ended 30/06/2014 £	Signed Year ended 30/06/2013 £
Fixed Assets			
Tangible Assets	473,759	538,775	407,589
Current Assets			
Stocks	910,892	741,387	232,181
Debtors	116,316	169,454	396,886
Cash	3,298	3,321	335
	1,030,506	914,162	629,402
Creditors: Amounts Falling due within one year	(1,170,577)	(1,033,666)	(508,248)
Net Current Assets/(Liabilities)	(140,071)	(119,504)	121,154
Total Assets less Current Liabilities	333,688	419,271	528,743
Creditors: Amounts falling due after more than one year	-	-	(119,513)
Provisions for Liabilities	-	-	(77,518)
Net Assets	333,688	419,271	331,712
Represented by			
Called up share capital	1	1	1
Profit and Loss account	333,687	419,270	331,711
Shareholders' Funds	333,687	419,271	331,712

- 4 3 Please note that none of the above figures have been audited and therefore no reliance can be placed on the accuracy of the profit and loss accounts and balance sheets. It should be noted that the profit and loss accounts from 1 July 2013 do not reconcile with the balance sheets for these periods.
- 4 4 The Company's statutory accounts for the year ended 30 June 2014, which are due to be filed by 31 March 2015, have not been filed due to the Administration.
- 4 5 The financial information noted above covering the period from 1 July 2013 to 30 November 2014 has been taken from the Company's computerised records. It is noted by the director and the Company's accountant that these figures have not been finalised.
- 4 6 The figures as at 30 November 2014 indicate an amount of £2,950 owed to the director.
- 4 7 Allens Chartered Accountants ("Allens") were instructed to value the Company's goodwill and having reviewed the Company's financial data and held discussions with the director (further details provided below) they concluded that work in progress in the balance sheet for the period ended 30 November 2014, relating to a project with the Key Customer, was overstated by at least c£661k. If this adjustment was made, Allens concluded that the Company was heavily insolvent with large net liabilities.

4 8 Statement of Affairs

The director is required to lodge a statement of affairs as at 3 March 2015 which has to be filed with the Registrar of Companies. Although the document has not yet been received, I understand that it is in the course of preparation and will be submitted shortly. In the meantime, an estimate of the financial position as at the date of the Joint Administrators' appointment is enclosed at Appendix B, together with a list of creditors including their names, addresses and details of their debts, including any security held.

The following comments are considered to be relevant and should be borne in mind when reading the figures.

4 9 Secured Creditors

4 9 1 National Westminster Bank plc ("Natwest")

Natwest holds security in the form of a fixed and floating charge debenture over the Company's undertaking and assets created on 12 February 2001 and registered on 17 February 2001. The Company operated a bank account and credit card with Natwest.

The director confirmed that no monies were owed to Natwest at the date of administration and no claims have subsequently been received by the Joint Administrators.

It is assumed for the purposes of the estimated financial position at Appendix B that Natwest have no claim in the Administration.

4 9 2 United Trust

United Trust holds security in the form of a chattels mortgage over specific plant and machinery created on 18 August 2014 and registered on 5 September 2014.

As noted above at paragraph 3.13, a novation of the encumbered plant and machinery, along with the liabilities in connection with the agreements, was concluded, with the consent of United Trust, to a connected company in January 2015.

It is assumed for the purposes of the estimated financial position at Appendix B that United Trust have no claim in the Administration

4 10 Prescribed Part

The Insolvency Act 1986 provides that, where a company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the company's net property available to the unsecured creditors and not distribute it the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims

The prescribed part does not apply in this matter as no floating charges were created by the Company after 15 September 2003

4 11 Preferential Claims

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

All seven Company employees were transferred over to the Purchaser under employment legislation ("TUPE") which prescribes that any liability owed by the Company in respect of accrued holiday pay automatically transfers over to the Purchaser

Claims for outstanding wages do not, however, transfer to the Purchaser under TUPE

The director has an outstanding claim for wages covering the period from 6 April 2014 to 3 March 2015

It is envisaged that the Joint Administrators will receive a subrogated claim from the Redundancy Payments Office in due course

A distribution will be made to this class of creditor in due course

4 12 Unsecured Claims

At present, it is considered unlikely that there will be sufficient funds available to enable a distribution to unsecured creditors. This statement is being made in accordance with paragraph 52(1)(b) of Schedule B1 to the Act. Creditors should however continue to submit details of their claims using the statement of claim form attached at Appendix H. These claims will be collated and passed to any subsequently appointed Liquidator in due course

4 13 Receipts and Payments

A receipts and payments account for the period of Administration to date is enclosed at Appendix C

5 EVENTS FOLLOWING THE JOINT ADMINISTRATORS' APPOINTMENT

5 1 Sale of Business

- 5 1 1 Prior to and upon appointment, the Joint Administrators investigated the possibility of concluding a sale of what remained of the business and assets. A pre-packaged sale was considered necessary to allow the following

Tim Bates Plant Hire Limited - In Administration

- Maximise asset realisations – a pre-packaged sale has allowed for minimal disruption in trading which has resulted in a higher value being obtained from the Purchaser for an assignment of the Company's debtor ledger, work in progress and retentions
 - Preservation of goodwill – a pre-packaged sale has allowed for a sale of the goodwill, at the high end of independent valuations, which may not have been available if the Company had ceased to trade. It was critical in maximising realisations from the goodwill, that there was minimal disruption to trading. Trading the business during administration would not have guaranteed an improved offer, and may, conversely, have devalued the goodwill,
 - The preservation of employment - 7 employees' jobs were transferred to the Purchaser, thereby mitigating employee claims for redundancy, notice pay and accrued holiday pay,
 - The Company had suffered cash flow problems and there was no funding available to support the Company should it have continued to trade, and
 - In the opinion of our agents and advisors, a pre-packaged sale should result in a better outcome for creditors due to higher realisations than in other scenarios
- 5.1.2 An offer of £32,000 was made to the proposed Administrators by the Purchaser, a connected company as its sole director and shareholder, Tim Bates, is also the Company's sole director and shareholder
- 5.1.3 Following advice from our appointed agents, Cerberus Receivables Management ("CRM"), who carried out a valuation of the debtor ledger, to include any applications for payment, work in progress and retentions, and Allens, who had valued the Company's goodwill, this offer was accepted and the business sale was concluded on 3 March 2015
- 5.1.4 The assets sold (to the extent that the Company had a right, title or interest to sell) are summarised below

	£
Goodwill	10,000
Book Debts	10,000
Work in Progress	10,000
Retentions	2,000
Total	<u>32,000</u>

The total sale consideration of £32,000 is to be paid by the Purchaser as follows

Date	Amount Due
	£
Upon completion	6,000
Within 30 days of completion	6,500
Within 60 days of completion	6,500
Within 90 days of completion	6,500
Within 120 days of completion	6,500
Total	<u>32,000</u>

To date, a sum of £12,500.00 has been received which is in accordance with the payment terms

In respect of the deferred consideration element, a debenture has been taken over the Purchaser's assets and a personal guarantee has been provided by Tim Bates

Following the completion of the pre-packaged sale of the Company's business and assets, the Joint Administrators sent a letter to creditors on 9 March 2015 to provide further information on the sale pursuant to the requirements of Statement of Insolvency Practice 16. A copy of the information provided is attached at Appendix D.

5.2 Professional Advisors Used

On this assignment the Joint Administrators have used the professional advisors listed below:

Name of Professional Advisor	Service Provided	Basis of Fees
Davis Blank Furniss	Legal advice	Time costs
Cerberus Receivables Management	Debtor Ledger valuation	Time costs
Allens Chartered Accountants	Goodwill valuation advice	Time costs

Details of this firm's policy regarding the choice of advisors and the basis for their fees are given in Appendix G.

6 ACHIEVING THE PURPOSE OF ADMINISTRATION

6.1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:

- (a) rescuing the Company as a going concern, or (if this cannot be achieved),
- (b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or (if (a) and (b) cannot be achieved),
- (c) realising property in order to make a distribution to one or more secured or preferential creditors.

6.2 The first objective is not capable of being achieved given the extent of historic liabilities.

6.3 The second objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration). It is considered that this objective is unlikely to be achieved as there is little prospect of a dividend to unsecured creditors.

6.4 The third objective is to realise property in order to make a distribution to secured or preferential creditors. This objective will be achieved as there will be a distribution to the preferential creditors.

7 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE

7.1 The Joint Administrators' Proposals for achieving the objective of Administration are attached at Appendix A.

7.2 Ordinarily the Joint Administrators would seek approval of the Proposals at a meeting of the creditors of the Company. However, in this case, as there is little likelihood of a dividend being available for unsecured creditors, the Joint Administrators are dispensing with the requirement to hold such a meeting as allowed by Para 52(1)(b) of Schedule B1 to the Act.

- 7.3 Creditors whose debts amount to at least 10% of the total debts of the Company, may request a meeting. Any requests for an initial creditors' meeting must be made in writing to this office using Form 2.21B (available on request) by 28 April 2015. Security for the costs of holding the meeting must also be provided.
- 7.4 If no meeting is requested, the Proposals will be deemed to have been approved.
- 7.5 Once approved, the affairs of the Company will be managed in accordance with the Proposals and financed out of asset realisations.
- 7.6 Once the Administration has been finalised, and if there are insufficient funds available to allow a distribution to unsecured creditors, the Joint Administrators will file a Notice with the Registrar of Companies that the Company be dissolved. Alternatively, if there are assets still to be realised or investigations concluded but there will be no return to unsecured creditors, the Company may be placed into Compulsory Liquidation.

8 EXTENSION OF ADMINISTRATION

- 8.1 The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.
- 8.2 In certain circumstances it may be necessary to extend the Administrators' term of office. In the circumstances of this case, this may be done for a specified period not exceeding six months with the consent of each secured creditor and preferential creditors whose debts amount to more than 50% of the preferential debts of the Company, disregarding debts of any creditor who does not respond to an invitation to give or withhold consent.
- 8.3 The appropriate body of creditors will be contacted in due course should an extension be required.

9 PRE-ADMINISTRATION COSTS

- 9.1 Pre-administration costs are defined as

- Fees charged, and
- Expenses incurred

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

- 9.2 Pre-appointment fees charged and expenses incurred by the Joint Administrators in the period prior to their appointment are summarised below.

Charged by	Services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
Leonard Curtis	Pre-appointment advice and assessment of the financial position Negotiation of sale of business Payment of Court fee	£7,656	Nil	n/a	£7,656
Davis Blank Furniss	Dealing with sale contract, appointment advice, appointment documentation	£3,313	Nil	n/a	£3,313
Cerberus Receivables Management	Valuation of debtor ledger Advice re maximisation of debtor ledger	£2,500	Nil	n/a	£2,500
Allens Chartered Accountants	Goodwill Valuation	£1,500	Nil	n/a	£1,500

9.3 Work undertaken by Leonard Curtis

Enclosed at Appendix E is a summary of the Joint Administrators' pre-appointment costs. The summary shows that total pre-appointment time costs of £7,606.00 have been incurred which represents 21.3 hours at a rate of £357.09 per hour. A breakdown of the tasks undertaken by Leonard Curtis is also included.

Leonard Curtis also paid the court fee of £50.00 required by the Court in order to file the NOI.

9.4 Work undertaken by Davis Blank Furniss ("DBF")

Following the decision to place the Company into Administration, further costs were incurred by DBF in dealing with the formalities associated with placing the Company into Administration, which included:

- Drafting, negotiating, taking instructions and concluding the sale and purchase agreement in respect of the Purchaser,
- Formulating appropriate debenture security documentation for the deferred consideration, and
- Drafting the appointment documentation and serving the relevant parties with these documents.

9.5 Work undertaken by CRM

CRM were instructed to value this asset and reviewed the following:

- Sales ledger dated 10 February 2015,
- Standard terms of trade largely subject to JCT contractual obligations,
- Assessment of the industry and nature of the Company's customers,

- Identifying known bad debts, doubtful debts and ongoing disputes, and
- Credit control

The basis of the valuation considered the following key issues

- The Company entering into a formal insolvency process,
- The potential for elements of the ledger being compromised,
- Potential awareness of the formal insolvency by debtors,
- The cost of collection including financing costs, and
- Potential impact on the collectability if there was a cessation of trade

CRM subsequently completed a report to support their valuation and provided a recommendation in respect of what sum constituted a fair value for the Company's book debts, its work in progress and retentions

9.6 Work undertaken by Allens

Allens provided a valuation report in respect of the goodwill, which included the Company name, intellectual property rights and business information with the following being considered

- Statutory accounts for the year ended 30 June 2012 and 30 June 2013,
- Balance sheet as at 30 November 2014, and
- Discussions with the director

Allens subsequently completed a report to support their valuation and provided a recommendation in respect of what sum constituted a fair value for the goodwill

- 9.7 The payment of unpaid pre-administration costs (set out above) as an expense of the Administration is subject to the approval of the appropriate class of creditors, separately to the approval of the Administrators' Proposals. In this case, the Joint Administrators are required to seek the approval of the preferential creditors to this resolution

10 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

- 10.1 As there is little prospect of a dividend being available for unsecured creditors, the Joint Administrators are required to agree the basis of their remuneration with the preferential creditors
- 10.2 The remuneration of the Joint Administrators may be fixed either as a percentage of the value of the property with which they have to deal, as a set amount or by reference to the time spent. In this case the Joint Administrators are requesting agreement to the latter
- 10.3 Enclosed at Appendix F is a summary of the Joint Administrators' time costs from 3 March 2015 to 3 April 2015. The summary shows that time costs of £6,917.00 have been incurred which represents 19.1 hours at a rate of £362.15 per hour. There is also some unposted time of c£2,500 from 4 April 2015 to date incurred in the preparation of this report. Further details of my firm's charge-out rates and policy regarding the recharge of disbursements, staff allocation, support staff and the use of subcontractors

are attached at Appendix G. Further guidance may be found in "A Creditors' Guide to Administrators' Fees" which may be downloaded from <http://www.leonardcurtis.co.uk/resources/creditorsguides>. If you would prefer this to be sent to you in hard copy please contact Thomas Fox of this office on 0161 7671250.

10.4 The Joint Administrators also require approval in respect of the basis upon which they recharge internal disbursements that include an element of allocated costs. These are known as Category 2 costs and the basis of the calculation of their recharge is also detailed in Appendix F. Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as a "category 1 disbursement". Category 1 disbursements will generally comprise items such as case advertising and travel costs. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and storage of company records.

10.5 Summarised below are Category 1 disbursements incurred on the case since appointment.

Category 1 disbursements

Charged by	Services provided	Total amount pd by LC £	Amount recovered from case £	Amount still to be recovered from case £
Business Tax Centre	Money Laundering Searches	5.00	0.00	5.00
Courts Advertising	Statutory Advertising	84.60	0.00	84.60

10.6 No category 2 disbursements have been incurred on the case since appointment.

10.7 The outcome of the voting on remuneration will be communicated to creditors in due course.

11 ANTICIPATED OUTCOME AND RELEASE OF ADMINISTRATORS FROM LIABILITY

11.1 As soon as all outstanding matters in the Administration have been attended to it is anticipated that we will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically to dissolution.

11.2 The appointment of the Joint Administrators will cease as soon as this notice is issued.

11.3 It is ordinarily for the creditors to fix the date upon which the Joint Administrators are discharged from liability in respect of any action of theirs during the Administration. However, as it is considered that there is little prospect of a dividend to unsecured creditors in this case, we are required to obtain approval to this resolution from the preferential creditors. The appropriate class of creditor will be contacted directly in this respect.

12 CONCLUSION

12.1 It is important that you give careful attention to this report and its Appendices.

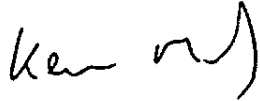
12.2 Creditors will be notified of the outcome of voting in due course.

Tim Bates Plant Hire Limited - In Administration

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

for and on behalf of

TIM BATES PLANT HIRE LIMITED



K G MURPHY

Joint Administrator

Licensed in the UK by Institute of Chartered Accountants in England and Wales

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

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

It is proposed that

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

APPENDIX B

ESTIMATED FINANCIAL POSITION AS AT 3 MARCH 2015

	Notes	Book value £	In Administration £
Assets specifically pledged			
Goodwill	1	Nil	10,000
less National Westminster Bank plc	2	Nil	Nil
Surplus as regards fixed charge holder		<u>Nil</u>	<u>10,000</u>
Assets subject to finance			
Plant and Equipment	3	Nil	Nil
less United Trust Bank	3	Nil	Nil
Surplus as regards finance company		<u>Nil</u>	<u>Nil</u>
Assets not specifically pledged			
Surplus from fixed charge holder	2	Nil	10,000
Book Debts	4	87,000	10,000
Work in Progress	5	133,000	10,000
Retentions	6	158,000	2,000
Cash at Bank	7	919	919
		<u>378,919</u>	<u>32,919</u>
Costs of Administration (est)	8	N/A	27,500
Preferential creditors	9	(8,758)	(8,758)
Net property available for prescribed part		<u>370,161</u>	<u>(3,339)</u>
Prescribed part calculation	10	N/A	N/A
Available for floating charge creditor		<u>370,161</u>	<u>(3,339)</u>
National Westminster Bank plc	2	Nil	Nil
Surplus/(Deficiency) as regards floating charge holder		<u>370,161</u>	<u>(3,339)</u>
Add back prescribed part	9	<u>N/A</u>	<u>N/A</u>
Available for unsecured creditors		<u>370,161</u>	<u>(3,339)</u>
Unsecured creditors			
H M Revenue & Customs (PAYE / NIC)	11	(32,926)	(32,926)
H M Revenue & Customs (VAT)	12	(55,000)	(55,000)
Director's Loan Account	13	(2,950)	(2,950)
Trade and expense creditors	14	(492,678)	(492,678)
Total value of unsecured creditors		<u>(583,554)</u>	<u>(583,554)</u>
Estimated deficiency as regards unsecured creditors		<u>(213,393)</u>	<u>(586,893)</u>

NOTES TO THE ESTIMATED FINANCIAL POSITION

1 Goodwill

The Company's goodwill had a nil book value in the most recent accounts and was sold by the Joint Administrators upon appointment to the Purchaser for £10,000

Allens advised this sum was fair value for the Company's goodwill

2 National Westminster Bank plc

Natwest holds security in the form of a fixed and floating charge debenture over the Company's undertaking and assets created on 12 February 2001 and registered on 17 February 2001

The Company's books and records indicate that no monies were owed to Natwest at the date of Administration

No claim has subsequently been received by the Joint Administrators

3 Plant and Equipment

United Trust holds security in the form of a chattels mortgage over specific plant and machinery created on 18 August 2014 and registered on 5 September 2014

As noted above at paragraph 3.13, a transfer of the encumbered plant and machinery, along with the liabilities in connection with the agreements, was concluded, with the consent of United Trust, to a connected company in January 2015

Consequently, United Trust have no claim in the Administration and no claim has been received by the Joint Administrators

4 Book Debts

CRM were instructed to value the Company's unencumbered book debtor ledger

The book value as stated represents the gross value as per CRM's valuation report including an application for payment

CRM noted that the Company was in dispute with the Key Customer who had expressed their intent to counter any claim brought against them. CRM also noted the Company's heavy reliance on self-employed Quantity Surveyors ("QS's") for any matters relating to applications for payments with all documentation held offsite under the control of the QS's

CRM considered that an application for payment totalling c£64k was uncollectable in its entirety

CRM noted that the remaining invoices may be subject to penalty clauses as these were raised mid contract

CRM concluded that the ledger was estimated to have a net value of between nil and £3,000 on a low to high outcome basis respectively

The Purchaser offered £10,000 to purchase the Company's book debts. As this offer significantly exceeded their high end valuation, CRM recommended that this offer be accepted.

5 Work in Progress

CRM were instructed to value this asset which included 2 projects.

The book value as stated represents the overall value once all work was completed as per CRM's valuation report.

One of these projects was with the Key Customer who as noted above was heavily in dispute with the Company.

With regards to the other project that was due to end in August 2015, CRM noted that no valuation amount had been agreed by the customer and there was no certainty that this project could be assigned to the Purchaser.

As a result, CRM concluded that there was no net value in this asset.

The Purchaser offered £10,000 and as this sum significantly exceeded their high end valuation, CRM recommended that this offer should be accepted.

6 Retentions

CRM valued this asset which included both completed and ongoing projects due to complete in August 2015.

The book value as stated represents the gross value as per CRM's valuation report.

As c£141k was due from the Key Customer, CRM applied a full provision against this account.

A provision was made by CRM against the remaining retentions due to the time lapse before the retention values actually become due and potential issues that may arise within that time. Furthermore, CRM noted potential liquidated damage claims being brought by customers.

The Purchaser offered £2,000 and as this offer was at the higher end of CRM's valuation, CRM recommended that this offer be accepted.

7. Cash at Bank

The Company operated a bank account with Natwest although it is understood that the bank account had a credit balance of £919.09 at the date of Administration.

8 Costs of the Administration

The costs of the administration are estimated and are made up of pre appointments costs, Administrators fees, accountancy fees and other expenses and disbursements. It is anticipated that these costs will exceed those estimated in the statement of affairs.

9. Preferential Creditors

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

All seven Company employees were transferred over to the Purchaser under employment legislation ("TUPE") which prescribes that any liability owed by the Company in respect of accrued holiday pay automatically transfers over to the Purchaser

Claims for outstanding wages do not, however, transfer to the Purchaser under TUPE

The director has an outstanding claim for wages covering the period from 6 April 2014 to 3 March 2015

10. Prescribed Part

The Insolvency Act 1986 provides that, where a company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the company's net property (after costs and preferential creditors) available to the unsecured creditors and not distribute it the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims

The prescribed part does not apply in this matter as no floating charges were created by the Company after 15 September 2003

11. H M Revenue & Customs (PAYE / NIC)

This value has been taken from the Company's books and records and should not be regarded as an agreed amount

12. H M Revenue & Customs (VAT)

This value has been taken from the Company's books and records and should not be regarded as an agreed amount

13. Director's Loan Account

This value has been taken from the Company's books and records and should not be regarded as an agreed amount

14. Trade and expense creditors

This value has been taken from the Company's books and records and should not be regarded as an agreed amount

AB WASTE MANAGEMENT LIMITED	JUNCTION WORKS	CEMETARY ROAD	WALSALL	WEST MIDLANDS	WS10 8NA	192 00
AGGREGATE INDUSTRIES (UK) LIMITED	BARDON HILL	COALVILLE	LEICESTERSHIRE		LE67 1TL	24,647 81
ANVIL HIRE	WALTON ROAD	DRAKELOW	BURTON ON TRENT		DE15 9UA	33 704 19
ASCUS SL LIMITED	LONGSHIPS ROAD	THE DOCKS	CARDIFF		CF10 4RP	840 00
B D FUELS LTD	AIRFIELD INDUSTRIAL ESTATE	HIXON	STAFFORD	STAFFORDSHIRE	ST18 0PF	1,792 45
BLOK N MESH UK LIMITED	5 DRIBERG WAY	BRAINTREE	ESSEX		CM7 1NB	3,627 57
BREEDON AGGREGATES	BREEDON ON THE HILL	DERBYSHIRE			DE73 1AP	3,483 41
BUILDBASE LIMITED	STATION YARD	STATION ROAD	HATTON	DERBYSHIRE	DE65 5DU	20,163 65
CAMFAUD CONCRETE PUMPS LTD	HIGH ROAD	THRONWOOD COMMON	EPPING	ESSEX	CM16 6LU	594 00
CEMEX UK OPERATIONS LIMITED	CAMDEN HOUSE	CLEARWATER PARK	THORNABY	STOCKTON ON TEES	TS17 6BR	2,954 63
CENTRAL CONSTRUCTION SERVICES	VULCAN WAY	HERMITAGE ROAD IND ESTATE	COALVILLE	LEICESTERSHIRE	LE67 3AP	1,152 50
CES UK LIMITED	UNIT D	THIRD AVENUE	CENTRUM 100	BURTON ON TRENT	DE14 2WD	373 75
CHASE PLANT HIRE LTD	LEAMORE LANE	BLOXWICH	WEST MIDLANDS		WS2 7DQ	667 80
CONTRACT LABOUR HIRE LTD	16 THE COURTYARD	GORSEY LANE	COLESHILL	BIRMINGHAM	846 1JA	3,460 80
DIAMOND TECHNIQUE	UNIT 5 DEVLEIG WORKS	LEICESTER ROAD	LUTTERWORTH		LE17 4HE	390 00
FGD LIMITED	SMESTOW BRIDGE	BRIDGNORTH ROAD	WOMBOURNE		WV5 8AY	8 010 30
FIRST FENCE LIMITED	UNIT 9C ROYLE BUSINESS CENTRE	ROYLE FARM	CALDWELL ROAD DRAKELOW	BURTON ON TRENT	DE15 9TU	5,936 45
GAP GROUP LIMITED	CARRICK HOUSE	40 CARRICK STREET	GLASGOW		G2 8DA	1,402 27
GATELEY LLP	ONE ELEVEN	EDMUND STREET	BIRMINGHAM		B3 2HJ	19,815 60
GO HIRE LIMITED	WARTELL BANK INDUSTRIAL EST	KINGSWINFORD	WEST MIDLANDS		DY6	414 00
GROUNDFORCE - VP PLC	CENTRAL HOUSE	BECKWITH KNOWLE	OTLEY ROAD	HARROGATE	GF3 1UD	5,587 57
GRS (ROADSTONE) LIMITED	10 GOLDSMITH WAY	ELIOT BUSINESS PARK	NUNEATON	WARWICKSHIRE	CV10 7RJ	8,823 60
HAULMARK EQUIPMENT LIMITED	BARLEY CASTLE LANE	APPLETON THORN	WARRINGTON	CHESHIRE	WA4 4RB	2,364 68
HEADWAY TRAFFIC MANAGEMENT	HOLLY FARM INDUSTRIAL ESTATE	ALCESTER ROAD	PORTWAY	BIRMINGHAM	B48 7HX	816 00

Tim Bates Plant Hire Limited - In Administration

HM REVENUE & CUSTOMS	DURRINGTON BRIDGE HOUSE	BARRINGTON ROAD	WORTHING	WEST SUSSEX	BN12 4SE	32,926 46
HM REVENUE & CUSTOMS	VAT CENTRAL UNIT				BX5 5AT	55,000 00
INTERBELT LIMITED	GLENSYL WAY	WHARF ROAD	BURTON ON TRENT		DE14 1LX	1,994 40
JEWSON LIMITED	PO BOX 7357	GLASGOW			G51 9AB	2,198 62
KEEBLE HAWSON LLP	16-17 EAST PARADE	LEEDS			LS1 2BR	24,907 01
KIWA CMT TESTING	PRIME PARKWAY	PRIME ENTERPRISE PARK	DERBY		DE1 3QB	5,931 60
KSD HAULAGE CONTRACTORS LTD	11 HAMMOND CLOSE	ATTLEBOROUGH FIELDS IND EST	NUNEATON		CV11 6RY	6,031 49
L M PRODUCTS LTD	UNIT 10 UNION ROAD	OLDBURY	WEST MIDLANDS		B69 3EX	2,123 77
LAFARGE TARMAC TRADING LIMITED	PO BOX 16766	PORTLAND HOUSE	BICKENHILL LANE	SOLI HULL B' HAM	837 9DE	6,877 29
LITECAST LIMITED	UNIT 6	POOL ROAD BUSINESS CENTRE	POOL ROAD	NUNEATON	CV10 9AQ	23,475 02
LMC SURVEY SOLUTIONS LIMITED	57 BRETBY HOLLOW	NEWHALL	DERBYSHIRE		DE11 0UE	5,997 60
MABEY HIRE LIMITED	SCOUT HILL	RAVENSTHORPE	DEWSBURY		WF13 3EJ	1,398 03
MARSHALLS MONO LTD	LANDSCAPE HOUSE	PREMIER WAY	LOWFIELDS IND ESTATE	ELLAND, WEST YORKS	HX5 9HT	720 48
MERCIA ROADSTONE LIMITED	DALE STREET	BILSTON	WEST MIDLANDS		WV14 7Y	2,110 32
MIDLAND ROAD SWEEPERS LTD	6 LEE CLOSE	STONE STANTON	LEICESTER		LE9 4ED	540 00
MORRIS LUBRICANTS	CASTLE FOREGATE	SHREWSBURY	SHROPSHIRE		SV1 2EL	405 90
MPS BUILDERS MERCHANTS LIMITED	LOCK LANE	WARWICK			CV34 5AG	27,753 51
NATWEST COMMERCIAL BANKING *	1ST FLOOR CROMPTON HOUSE	DERWENT STREET	DERBY		DE1 2ED	-
NWF FUELS LIMITED	PLANTATION ROAD	NEWSTEAD INDUSTRIAL ESTATE	TRENTHAM	STOKE ON TRENT	ST4 8HX	1,118 06
PIRTEK BURTON LTD	C/O PERTEK COVENTRY	4 NAPIER STREET	COVENTRY		CV1 5PR	308 79
PREMIER PLANT & TOOL HIRE	11 PUTNEY ROAD	FREEMANS COMMON	LEICESTER		LE2 7TF	14,922 74
PRO MINI MIX LIMITED	WOLVERHAMPTON ROAD	OLDBURY	WEST MIDLANDS		B69 4RJ	16,604 40
RBS INVOICE FINANCE LTD	TOTAL CONSTRUCTION SUPPLIES	A/C 90153/A0299455/GBP	SMITH HOUSE PO BOX 50	ELMWOOD AVENUE, FELTHAM	TW13 7QD	737 08
RECA-UK LIMITED	DORANDA WAY	WEST BROMWICH	WEST MIDLANDS		B71 4LU	641 64
REDDITCH CONCRETE LTD	BARDON HILL	COALVILLE	LEICESTERSHIRE		LE67 1TL	6,524 64
RIGHT FUELCARD	GIBALTAR HOUSE	BOWCLIFFE ROAD	HUNSLETT		LS10 1HB	-
S J HAULAGE	HAMPTON HOUSE	LONGFIELD ROAD	LEAMINGTON SPA		CV31 1XB	14,766 00
SMITHS CONCRETE LTD	SOUTHAM ROAD	BANBURY	OXFORDSHIRE		OX16 2RR	21,690 40

Tim Bates Plant Hire Limited - In Administration

SUTTON PARK	7 CAVENDISH	LICHFIELD ROAD IND ESTATE	TAMWORTH	B79 7XH	150,000 00
THE ROE GROUP	1 FENLAKE BUSINESS CENTRE	FENGATE	PETERBOROUGH	PE1 3BQ	765 96
TIMOTHY BATES (EMPLOYEE CLAIM)					8,758 00
REDUNDANCY PAYMENTS OFFICE	PO BOX 16685	BIRMINGHAM	B2 2LX		-
TIMOTHY BATES (DIRECTOR'S LOAN ACCOUNT)					2,950 00
TIPPERS	EUROPA WAY	LICHFIELD	STAFFORDSHIRE	WS14 9TZ	658 44
UNITED TRUST BANK *	80 HAYMARKET	LONDON		SW1 4TE	-
WITHERLEY SERVICES LIMITED	WITHERLEY HOUSE	HAZELL WAY	BERMUDA ROAD	CV10 7QG	259 20
					592,311 88

*Denotes security held

APPENDIX C

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS FROM
3 MARCH 2015 TO 14 APRIL 2015

	Statement of Affairs £	Received to date £
RECEIPTS		
Book Debts	10,000	3,906 25
Goodwill	10,000	3,906 25
Work in Progress	10,000	3,906 25
Retentions	2,000	781 25
Cash at Bank	919	-
Bank Interest	-	1 73
	<u>32,919</u>	<u>12,501 73</u>
PAYMENTS		
		-
		<u>-</u>
BALANCE IN HAND		<u>12,501 73</u>

APPENDIX D

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

1 INITIAL INTRODUCTION

- 1.1 The Company was introduced to us by Huxley Corporate Finance ("HCF") with an initial meeting held between Leonard Curtis and the Company's director on 12 January 2015
- 1.2 We do not believe that there are any significant personal or professional relationships between the Company or its directors and Leonard Curtis, and we confirm that we carried out the appropriate conflict review prior to accepting the appointment

2 PRE-APPOINTMENT CONSIDERATIONS

2.1 The extent of the Administrators' involvement prior to the appointment

Following our engagement, we wrote to the director of the Company informing him that our role before any formal appointment would involve providing the following services

- i) advising him on which insolvency process would be most appropriate for the Company,
- ii) dealing with all formalities relating to the appointment of Administrators including giving appropriate notification of the intention to make such appointment to secured creditors and other parties entitled to receive notice,
- iii) preparing any report(s) necessary and attending Court hearings if appropriate,
- iv) advising him on the financial control and supervision of the business between the date of our engagement and the date of the appointment of Administrators,
- v) advising him on whether an early sale of the Company's business and trading assets would be likely to be in the interests of creditors

We made it clear that these services were to be given for the benefit of the creditors of the Company and that our role was not to advise the director in his personal capacity. We recommended that he seek his own independent advice if he was uncertain on any matter, particularly if he had expressed, or were likely to express, an interest in purchasing the Company's business and trading assets.

- 2.2 Below is information in relation to the pre-packaged sale of the above Company's business and assets which the Joint Administrators are required to disclose. The information included has been obtained from
- A meeting and further discussions with the Company director,
 - The financial records of the Company,
 - Allens Chartered Accountants Limited ("Allens") – valuation of the Company's goodwill, and

- Cerberus Receivables Management ("CRM") – valuation of the Company's debtor ledger including an application for payment, work in progress and retentions

The business started trading in the plant hire industry in 1989 and was incorporated in 2000

The Company traded successfully in this area until the general economic downturn from early 2008 onwards

This downturn caused a fall in both turnover and profits which resulted in a significant strain being placed upon the Company's cashflow requirements

In an effort to maintain a solvent position, the Company refinanced its borrowings. Whilst this was enough to allow the Company to survive in the short-term, it did not address the fundamental issue of a lack of profitable work

In order to try and resolve this issue, the Company expanded its services, from 2008, to include groundworks and civil engineering

This change in direction allowed the Company to record net profits of c£5k in both financial years ended June 2012 and 2013

The Company's financial viability was assisted by historic profits generated before 2008 not being drawn as dividends but instead being retained within the Company. Its distributable reserves for the years ended June 2012 and 2013 were c£354k and c£332k respectively. In 2013, the director also injected personal funds of c£200k to assist with cashflow.

In November 2013, the Company began working for a customer ("the Key Customer") on various school projects with a value of c£1.2m in revenue.

Unfortunately, there were numerous unforeseen issues relating to these projects which resulted in significantly increased costs for the Company totalling c£1.8m.

Problems began when poor weather in January and February 2014 delayed works as land fill sites in the local area were closed for up to 2 months. The sub soils removed by the Company had to be transported to land fill sites over 40 miles away in Peterborough resulting in additional costs and time being lost.

Furthermore, the director advises that the Key Customer did not supply specialised materials on time and regularly changed specifications.

The Key Customer began to withhold payments alleging that the Company were responsible for their projected losses of c£2.5m, an assertion denied by the Company's director.

In January 2015, the Company fell behind in its obligations to United Trust Bank Ltd ("United Trust"), the financiers in relation to its plant and machinery. As the Company had no ability to make payments, the director obtained a valuation of the plant and machinery with a view to the transfer of the items in order to maintain the necessary instalment payments. Subsequently, a transfer of the encumbered plant and machinery, along with the liabilities in connection with the agreements, was concluded, with the consent of United Trust, to a connected company.

Unfortunately, cashflow pressures meant that the Company was not able to fund what would have been costly and protracted litigation in order to secure these payments.

The director was aware that the Company was now insolvent as it was unable to pay its debts as and when they fell due and that immediate steps should be taken to protect the creditors' position.

The Company approached Leonard Curtis for insolvency advice following an introduction from HCF. The Company's financial position and options available were discussed further and it was concluded that administration was the most suitable insolvency procedure for the Company as this would result in the best outcome for creditors.

In order to protect the Company from increasing creditor pressure whilst the administration strategy was being finalised, a Notice of Intention to appoint Administrators ("NOI") was filed by the director in the Manchester District Registry on 23 February 2015. The protection would allow the value in the business to be preserved whilst the possibility of selling the business as a going concern was explored.

As a result, Kevin Murphy and Julien Irving of Leonard Curtis were instructed to arrange for valuations of the Company's assets to be undertaken and to consider an appropriate realisation strategy. It was acknowledged by the director that the intention was for the proposed Administrators (Kevin Murphy and Julien Irving) to identify a purchaser for the business and then finalise a sale as soon as possible following their appointment as Joint Administrators.

On 3 March 2015, a Notice of Appointment of Administrators was filed in the Manchester District Registry by the director with the business sale to the Purchaser effected shortly after.

2.3 Alternative courses of action considered by the Administrator

Liquidation

The director could have placed the Company into voluntary liquidation which would have resulted in the closure of the business and realisation of the assets on a piecemeal basis. This would have resulted in significantly reduced asset realisations, particularly with regard to the debtor ledger, work in progress and goodwill.

All employment contracts would have terminated which would have given rise to additional preferential claims in respect of arrears of wages and holiday pay, in addition to a substantial increase in unsecured creditors in respect of pay in lieu of notice and redundancy pay. Placing the Company into liquidation would have resulted in a worse overall position for creditors.

Company Voluntary Arrangement ('CVA')

The director could have put a proposal to the Company's creditors for the implementation of a CVA. However, this was not considered a viable option given the lack of profitability and working capital within the Company.

Administration

It was considered that Administration would prevent enforcement action against the Company. Furthermore, Administration would allow a sale of the business to be negotiated which would result in improved realisations. Administration would also mitigate claims from employees, if a going concern sale was completed, resulting in an overall better position for creditors.

A pre-packaged sale was considered necessary to allow the following:

- Maximise asset realisations – a pre-packaged sale has allowed for minimal disruption in trading which has resulted in a higher value being obtained from the Purchaser for an assignment of the Company's debtor ledger, work in progress and retentions.
- Preservation of goodwill – a pre-packaged sale has allowed for a sale of the goodwill, at the high end of independent valuations, which may not have been available if the Company had ceased to trade. It was

critical in maximising realisations from the goodwill, that there was minimal disruption to trading. Trading the business during administration would not have guaranteed an improved offer, and may, conversely, have devalued the goodwill,

- The preservation of employment - 7 employees' jobs were transferred to the Purchaser, thereby mitigating employee claims for redundancy and notice pay,
- The Company had suffered cash flow problems and there was no funding available to support the Company should it have continued to trade, and
- In the opinion of our agents and advisors, a pre-packaged sale should result in a better outcome for creditors due to higher realisations than in other scenarios

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

The sale of the Company's business and its assets was discussed with the Company's secured creditor, National Westminster Bank plc ("Natwest")

It was considered that to consult with ordinary unsecured creditors prior to the Administration could have resulted in enforcement action being taken, which would have had an adverse impact on the likelihood of a going concern sale being achieved

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

Trading whilst in Administration was not considered viable for the following reasons

- No funding was available to trade the Company, even in the short-term,
- Trading the business would have resulted in increased professional costs in addition to overheads associated with trading. These costs would be paid as an expense of the Administration. The proposed Joint Administrators did not consider that trading the Company would result in an increase in realisations sufficient to outweigh the costs associated with trading. It was therefore concluded that trading the Company would result in less funds being available to creditors,
- Trading the business would not have guaranteed an improved offer for the assets and may, conversely, have devalued the goodwill and realisable value of the assets,
- If the Joint Administrators had traded the business they would not have been in a position to warrant any of the work undertaken by the Company, which may have resulted in the non-payment of amounts due to the Company, and
- The Company held no plant or equipment in order to trade during Administration

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

Requests to commercial funders were not considered a viable option given the insolvent position of the Company

2.7 Details of registered charges and dates of creation

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

Date of creation	Chargee	Type of charge	Amount secured and assets charged
12 February 2001	National Westminster Bank plc	Fixed and Floating Charge Debenture	All assets and all monies
18 August 2014	United Trust Bank Ltd	Chattels Mortgage	Specified Plant and Machinery

It is understood that no monies were owed to either secured creditor at the date of Administration

2.8 Details of any acquisition of business assets from an insolvency practitioner

We confirm that the business, or business assets, of the Company were not acquired from an insolvency practitioner within the 24 months prior to our appointment

3 MARKETING OF THE BUSINESS AND ASSETS

Following the advice received above, the Purchaser expressed an interest in acquiring the business and certain assets

Independent valuations of the Company's assets were obtained (detailed below) and discussions were held with the appointed agents regarding the possibility of offering the business for sale on the open market. There were a number of considerations that led us to the view that marketing the business was not in the best interests of creditors.

The principal concern was the effect on the collectability of the debtor ledger and retentions which were principal assets of the Company. Marketing the business could have worsened collections if some of the customers had terminated their relationship due to uncertainty over the Company's future.

In the opinion of our agents, it was considered highly unlikely that an independent third party would be interested in acquiring the business. Allens Chartered Accountants ("Allens"), who valued the Company's goodwill, noted that the Company was loss making and was unable to meet its debts as and when they fell due. They further noted that it was the director personally, with over 20 years experience in this industry, who held the key relationships with the Company's customers. Allens further noted that the Company held no short term or long term contracts with its customers meaning that it only gained business on an ad hoc basis. In their opinion, therefore, it was unlikely that an external marketing campaign would identify a suitable acquirer who was prepared to pay a higher amount than the offer received from the Purchaser.

In addition, the offer received from the Purchaser had been recommended for acceptance by our agents who considered that marketing the business was unlikely to result in an increased offer but may conversely devalue the goodwill and have a negative impact on debtor collections.

4 VALUATION OF THE BUSINESS AND ASSETS

4.1 Details of valuers/advisors

Allens

Allens prepared a valuation report and recommendation in respect of the Company's goodwill. Ben Furness, a director at Allens, completed the valuation and report.

Cerberus Receivables Management

CRM, providers of specialist advice and solutions in the recovery and realisation of distressed debt, prepared a valuation report and recommendation in respect of the Company's debtor ledger including an application for payment, work in progress and retentions. Christine Greenhalgh, a director at CRM, completed the valuations and report.

All valuers have confirmed their independence.

4.2 The valuations obtained of the business or the underlying assets

Category of asset	Note	Book value £	High value £	Low value £	Value achieved £
Fixed charge assets					
Goodwill	1	0	10,000	5,000	10,000
Floating charge assets					
Book Debts	2	87,000	3,000	0	10,000
Work in Progress	3	133,000	0	0	10,000
Retentions	4	158,000	3,000	0	2,000
TOTAL		378,000	16,000	5,000	32,000

Book value – No value has been attributed to goodwill in the Company's most recent financial records. The book value for the book debts and retentions represents the gross value as per CRM's valuation report of the ledger including an application for payment. The book value for work in progress represents the overall value once all work is completed as per CRM's valuation report.

High value – The best net price at which the Company assets could be sold assuming a willing buyer and willing seller and after conducting a reasonable amount of marketing.

Low value – This assumes loss of continuity of trade and the failure of the Company to fulfil contractual obligations.

Value achieved – The net value achieved for these assets.

4.3 A summary of the basis of valuation adopted and an explanation of the sale of the assets compared to those valuations

It is noted that following a transfer conducted by the director shortly before our appointment, the Company holds no tangible assets, be it encumbered or unencumbered. This transfer will be investigated further during the Administration.

4.3.1 Goodwill

Allens provided a valuation report in respect of the goodwill, which included the Company name, intellectual property rights and business information. The following information was considered:

- Statutory accounts for the year ended 30 June 2012 and 30 June 2013, and

- Balance sheet as at 30 November 2014

Following an analysis of the above financial information and discussions with the director, Allens concluded that work in progress in the balance sheet for the period ended 30 November 2014, relating to a project with the Key Customer, was overstated by at least c£661k. Once this adjustment was made, Allens concluded that the Company was heavily insolvent with large net liabilities.

As stated above at paragraph 3, it was noted by Allens that the Company held no short term or long term contracts with its customers meaning that it only gained work on an ad hoc basis.

As a result, Allens noted that the inherent value in the Company's goodwill was attributed predominately to the director's relationships with its customers and suppliers.

Allens concluded that the business had a commercial value of between £5,000 and £10,000. The Purchaser offered £10,000 for the goodwill. As this offer was at the high end of Allens's valuation, Allens recommended that this offer be accepted.

4.3.2 Book Debts

CRM were instructed to value this asset and reviewed the following:

- Sales ledger dated 10 February 2015,
- Standard terms of trade largely subject to JCT contractual obligations,
- Assessment of the industry and nature of the Company's customers,
- Identifying known bad debts, doubtful debts and ongoing disputes, and
- Credit control.

The basis of the valuation considered the following key issues:

- The Company entering into a formal insolvency process,
- The potential for elements of the ledger being compromised,
- Potential awareness of the formal insolvency by debtors,
- The cost of collection including financing costs, and
- Potential impact on the collectability if there was a cessation of trade.

CRM noted that the Company was in dispute with the Key Customer who had expressed their intent to counter any claim brought against them. CRM also noted the Company's heavy reliance on self-employed Quantity Surveyors ("QS's") for any matters relating to applications for payments with all documentation held offsite under the control of the QS's.

CRM considered that an application for payment totalling c£64k was uncollectable in its entirety.

CRM noted that the remaining invoices may be subject to penalty clauses as these were raised mid contract.

CRM concluded that the ledger was estimated to have a net value of between nil and £3,000 on a low to high outcome basis respectively

The Purchaser offered £10,000 to purchase the Company's book debts. As this offer significantly exceeded their high end valuation, CRM recommended that this offer be accepted

4.3.3 Work in Progress

CRM were instructed to value this asset which included 2 projects

One of these projects was with the Key Customer who as noted above was heavily in dispute with the Company

With regards to the other project that was due to end in August 2015, CRM noted that no valuation amount had been agreed by the customer and there was no certainty that this project could be assigned to the Purchaser

As a result, CRM concluded that there was no net value in this asset

The Purchaser offered £10,000 and as this sum significantly exceeded their high end valuation, CRM recommended that this offer should be accepted

4.3.4 Retentions

CRM valued this asset which included both completed and ongoing projects due to complete in August 2015

As c£141k was due from the Key Customer, CRM applied a full provision against this account

A provision was made by CRM against the remaining retentions due to the time lapse before the retention values actually become due and potential issues that may arise within that time. Furthermore, CRM noted potential liquidated damage claims being brought by customers

The Purchaser offered £2,000 and as this offer was at the higher end of CRM's valuation, CRM recommended that this offer be accepted

4.4 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.

Valuations were obtained for all assets

5 THE TRANSACTION

The assets sold to the Purchaser on 3 March 2015 (to the extent that the Company had a right, title or interest to sell) are summarised below

	£
Goodwill	10,000
Book Debts	10,000
Work in Progress	10,000
Retentions	2,000
Total	<u>32,000</u>

The total sale consideration of £32,000 is to be paid by the Purchaser as follows

Date	Amount Due
	£
Upon completion	6,000
Within 30 days of completion	6,500
Within 60 days of completion	6,500
Within 90 days of completion	6,500
Within 120 days of completion	6,500
Total	32,000

I can confirm that £6,000 has been received to date in accordance with the terms of the sale agreement

In respect of the deferred consideration element, a debenture has been taken over the Purchaser's assets and a personal guarantee has been provided by Tim Bates

The Purchaser's registration number is 9404631

As referred to above, the Purchaser is a connected party as its sole director and shareholder, Tim Bates, is also the Company's sole director and shareholder

This sale is not part of a wider transaction and no further clauses are included as part of the agreement

The director provided a personal guarantee to Natwest

6 STATUTORY PURPOSE OF ADMINISTRATION

6.1 The Joint Administrators must perform their functions with the objective of

- (a) Rescuing the Company as a going concern, or (if this cannot be achieved)
- (b) Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or (if (a) and (b) cannot be achieved)
- (c) Realising property in order to make a distribution to one or more secured or preferential creditors

6.2 As mentioned previously, we are obliged to perform our functions in the interests of the Company's creditors as a whole and, where the objective of the Administration is to realise property in order to make a distribution to secured or preferential creditors, we have a duty not to unnecessarily harm the interests of the creditors as a whole

6.3 In this instance, the second objective is being pursued as there will be a distribution to the Company's unsecured creditors

6.4 We confirm that, in our opinion, the transaction will enable the statutory purpose to be achieved and that the sale price achieved was the best reasonably obtainable in all the circumstances

APPENDIX E

SUMMARY OF JOINT ADMINISTRATORS' PRE APPOINTMENT TIME COSTS

	Director		Manager 2		Administrator 1		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
Financial assessment	-	-	15	480 00	-	-	15	480 00	320 00
Strategy & purpose evaluation	70	3,150 00	30	960 00	-	-	100	4,110 00	411 00
Preparation of documents	-	-	60	1,920 00	20	520 00	80	2,440 00	305 00
Chargeholder	-	-	8	256 00	-	-	8	256 00	320 00
Court related issues	-	-	10	320 00	-	-	10	320 00	320 00
Total	70	3,150 00	123	3,936 00	20	520 00	213	7,606 00	
Average Hourly Rate (£)		450 00		320 00		260 00		357 09	
All Units are 6 minutes									

APPENDIX E (CONTINUED)

DETAILED ANALYSIS OF TIME SPENT

Financial Assessment

Time has been spent liaising with the Company's director and Allens regarding financial information

Strategy & Purpose Evaluation

In the period prior to the Administration, Leonard Curtis provided insolvency advice to the Company and carried out an assessment of its financial position with a view to establishing the appropriate insolvency procedure for the Company

Time has been spent in relation to strategy, this has included but has not been limited to

- A comprehensive review of all insolvency options available to the Company,
- Providing a rationale as to why Creditors' Voluntary Liquidation was not an appropriate option for the Company,
- Providing a rationale as to why a Company Voluntary Arrangement was not an appropriate option for the Company,
- Considering whether it was appropriate to trade the Company and offer the business for sale as a going concern during the Administration,
- Providing a rationale as to why a sale of the Company's business and assets by way of a pre-packaged sale effected upon Administration was the most appropriate insolvency option for the Company,
- Liaising with the independent agents with respect to asset and goodwill valuations,
- Liaising with the independent agents to obtain their recommendations regarding the offer received from the prospective purchaser,
- Negotiating the sale of the business, and
- Liaising with DBF regarding the drafting of the appointment and business sale documentation

Preparation of documents

Time has been incurred preparing the engagement letter and verifying the identity of the director and the shareholder in line with money laundering legislation

Time was subsequently spent reviewing and agreeing

- Appointment documents,
- The sale agreement, and
- Debenture

Tim Bates Plant Hire Limited - In Administration

Chargeholder

Time was spent discussing the proposed strategy with Natwest DBF subsequently filed the NOI on Natwest

Court Related Issues

Time was spent filing the NOI and the appointment documentation at Court

SUMMARY OF JOINT ADMINISTRATORS' TIME COSTS FROM 3 MARCH 2015 TO 3 APRIL 2015

	Director		Manager 2		Administrator 4		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
Statutory & Review	10	450 00	-	-	-	-	10	450 00	450 00
Receipts & Payments	-	-	-	-	10	150 00	10	150 00	150 00
Assets	25	1,125 00	-	-	-	-	25	1,125 00	450 00
Liabilities	-	-	61	1,952 00	-	-	61	1,952 00	320 00
Appointment	-	-	35	1,120 00	-	-	35	1,120 00	320 00
Planning & Strategy	30	1,350 00	-	-	-	-	30	1,350 00	450 00
Post Appointment Creds Mtngs	10	450 00	-	-	-	-	10	450 00	450 00
Investigations	-	-	10	320 00	-	-	10	320 00	320 00
Total	75	3,375 00	106	3,392 00	10	150 00	191	6,917 00	
Average Hourly Rate (£)		450 00		320 00		150 00		362 15	
All Units are 6 minutes									

DETAILED ANALYSIS OF TIME SPENT

Statutory & Review

Time has been spent preparing and updating estimated outcome statements

Receipts & Payments

Time was spent ensuring that the receipts and payments were properly recorded

Assets

Time has been spent liaising with DBF regarding the finalisation of the sale of business following the Joint Administrators' appointment

Time has also been spent reviewing the position with regards the novation of the encumbered plant and machinery, along with the liabilities in connection with the agreements, to a connected company as noted above at paragraph 4.13

Liabilities

Time has been spent dealing with creditor queries by email, post and telephone

Time has been spent reviewing preferential claims against the Company

Time has also been spent preparing and reviewing the Joint Administrators' SIP 16 report, circulated to all known creditors on 9 March 2015

Appointment

This has involved the completion of appointment documents and notifying creditors and all relevant parties of our appointment as Administrators in line with statutory requirements. This also includes time spent dealing with various other appointment formalities

Planning & Strategy

Time has been spent planning the Administration process generally

Post appointment creditors' meeting

This includes time incurred preparing the Joint Administrators Report and Proposals dated 14 April 2015

Investigations

This includes further time investigating the novation of the encumbered plant and machinery, along with the liabilities in connection with the agreements, to a connected company to ensure that the Company suffered no loss as a result of this transaction

LEONARD CURTIS CHARGE OUT RATES AND POLICY REGARDING STAFF ALLOCATION, SUPPORT STAFF, THE USE OF SUBCONTRACTORS AND THE RECHARGE OF DISBURSEMENTS

The following information relating to the policy of Leonard Curtis is considered to be relevant to creditors

Staff Allocation and Support Staff

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

Where it has been agreed by resolution of the secured creditors, a creditors' committee or creditors generally, that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters arising in the appointment, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below.

With effect from 6 January 2014 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis

With effect from 6 Jan 2014	Standard £	1 Jan 2012 to 5 Jan 2014	Standard £
Director	450	Director	425
Senior Manager	410	Senior Manager	385
Manager 1	365	Manager 1	330
Manager 2	320	Manager 2	285
Administrator 1	260	Administrator 1	230
Administrator 2	230	Administrator 2	210
Administrator 3	210	Administrator 3	190
Administrator 4	150	Administrator 4	135
Support	0	Support	0

Subcontractors

Details and the cost of any work which has been or is intended to be sub-contracted out that could otherwise be carried out by the office holders or their staff will be provided in any report which incorporates a request for approval of the basis upon which remuneration may be charged.

Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements. The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Disbursements

- a) Category 1 disbursements. These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the office holder or his or her staff. Category 1 disbursements may be drawn without prior approval.
- b) Category 2 disbursements. These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:
- | | |
|--|---|
| Internal photocopying | 10p per copy |
| General stationery, postage, telephone etc | £100 per 100 creditors/ members or part thereof |
| Storage of office files (6 years) | £66.09 per box |
| Business mileage | 45p per mile |

Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration.

STATEMENT OF CLAIM FORM

Date of administration order. 03 March 2015

Name of creditor

Address of creditor

Gross amount of claim
(ie including VAT)

Amount of VAT

Details of any document by
reference to which the debt can be
substantiated:
(eg invoices)

Particulars of how and when debt
incurred

Particulars of any security held, the
value of the security and the date it
was given

Signature of creditor or person
authorised to act on his behalf.

Name in BLOCK CAPITALS

Position with or relation to creditor
